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Draft Letter of Offer
Dated: February 10, 2024
For Eligible Shareholders only



PAVNA INDUSTRIES LIMITED

Our Company was incorporated as 'Pavna Locks Private Limited', as a private limited company, in accordance with the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated April 19, 1994 issued by the RoC. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to 'Pavna Locks Limited' and a fresh certificate of incorporation on November 13, 2000 was issued by the RoC. Thereafter, name of our Company was changed to 'Pavna Zadi Security Systems Limited' and a fresh certificate of incorporation dated November 17, 2000 was issued to our Company by the RoC. Thereafter, name of our Company was changed to 'Pavna Industries Limited' and a fresh certificate of incorporation dated May 21, 2019 was issued to our Company by the RoC.

Registered and Corporate Office: Vimlanchal, Hari Nagar, Aligarh, 202 001, Uttar Pradesh, India
Uttar Pradesh, India; **Tel:** +91 8006409332; **E-mail:** cs@pavnagroup.com; **Website:** www.pavna.in

Contact Person: Charu Singh, Company Secretary and Compliance Officer;

Corporate Identification Number: L34109UP1994PLC016359

OUR PROMOTERS – SWAPNIL JAIN AND ASHA JAIN

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF PAVNA INDUSTRIES LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

WE HEREBY CONFIRM THAT NONE OF OUR PROMOTERS OR DIRECTORS IS A WILFUL DEFAULTER AS ON DATE OF THIS DRAFT LETTER OF OFFER

ISSUE OF UPTO 48,72,000 EQUITY SHARES OF FACE VALUE ₹ 10 EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ [●] LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARE(S) FOR EVERY [●] FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES OF THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 218 OF THIS DRAFT LETTER OF OFFER.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue, including the risks involved. The Rights Equity Shares in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Letter of Offer. Specific attention of the investors is invited to the section titled "Risk Factors" on page 22 of this Draft Letter of Offer.

OUR COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing Equity Shares are listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (together, the "Stock Exchanges"). Our Company has received 'in-principle' approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide their letters dated [●] and [●], respectively. For the purpose of this Issue, the Designated Stock Exchange is NSE.

LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE



(A wholly owned subsidiary of Punjab National Bank)

PNB Investment Services Limited
PNB Pragati Towers, 2nd Floor,
Plot No. C-9, G-Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Maharashtra, India
Tel: +91 22 2653 2682
E-mail: mbd@pnbisl.com
Website: www.pnbisl.com
Contact Person: Srinath Nair/ Shivani Tapadia
Investor grievance e-mail: complaints@pnbisl.com
SEBI Registration No.: INM000011617



Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
L.B. S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: +91 81 0811 4949
Email: Pavnaindustries.rights2024@linkintime.co.in
Website: www.linkintime.co.in
Investor grievance e-mail: pavnaindustries.rights2024@linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration No.: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIVING REQUESTS FOR APPLICATION FORMS	ISSUE CLOSSES ON
[●]	[●]	[●]

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations set forth below, which you should consider when reading the information contained herein. The following list of certain capitalized terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalized terms used in this Draft Letter of Offer shall have the meaning as defined hereunder. References to any legislations, acts, regulation, rules, guidelines, circulars, notifications, policies or clarifications shall be deemed to include all amendments, supplements or re-enactments and modifications thereto notified from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under such provision.

Provided that terms used in the sections/ chapters titled “Industry Overview”, “Summary of this Draft Letter of Offer”, “Financial Information”, “Statement of Special Tax Benefits”, “Outstanding Litigation and Material Developments” and “Issue Related Information” on pages 71, 19, 137, 65, 206 and 218, respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/ chapters.

General Terms

Term	Description
“Company”, “our Company”, “the Company”, “the Issuer” or “PIL”	Pavna Industries Limited, a public limited company incorporated under the Companies Act, 1956, having its registered and corporate office located at Vimlanchal, Hari Nagar, Aligarh, 202 001, Uttar Pradesh, India.
“we”, “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company and our Subsidiaries on a consolidated basis

Company Related Terms

Term	Description
“Articles” / “Articles of Association” / “AoA”	Articles / Articles of Association of our Company, as amended from time to time.
“Audit Committee”	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“ SEBI Listing Regulations ”) and Section 177 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 121
“Auditor” / “Statutory Auditor”/ “Peer Review Auditor”	Statutory and peer review auditor of our Company, namely, Rajeev kumar & Company, Chartered Accountants
“Board” / “Board of Directors”	Board of directors of our Company or a duly constituted committee thereof as For details please see, “ <i>Our Management</i> ” on page 121
“Chief Financial Officer / CFO”	Palak Jain, the Chief Financial Officer of our Company. For further details please see, “ <i>Our Management</i> ” on page 121
“Company Secretary and Compliance Officer”	Charu Singh, the Company Secretary and the Compliance Officer of our Company. For further details please see, “ <i>Our Management</i> ” on page 121
“Promoter(s)”	The Promoters of our Company being, Swapnil Jain and Asha Jain
“Corporate Social Responsibility Committee/ Committee”	The committee of the Board of directors constituted as our Company’s corporate social responsibility committee in accordance with Section 135 of the Companies Act, 2013. For further details please see, “ <i>Our Management</i> ” on page 121
“Director(s)”	The director(s) on the Board of our Company, unless otherwise specified, for further details please see “ <i>Our Management</i> ” on page 121
“Equity Shareholder”	A holder of Equity Shares
“Equity Shares”	Equity shares of our Company of face value of ₹ 10 each, unless otherwise specified in context thereof.

Term	Description
“Executive Directors”	Executive Directors of our Company. For further details please see “ <i>Our Management</i> ” on page 121
“Financial Information”	Collectively the Audited Consolidated Financial Statements, unless otherwise specified in context thereof.
“Independent Director(s)”	The Independent Director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013. For further details please see, “ <i>Our Management</i> ” on page 121
“Key Management Personnel” / “KMP”	Key Management Personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in the section titled “ <i>Our Management</i> ” on page 121
“Limited Reviewed Financial Information” or “Limited Reviewed Financial Statements” or “Limited Reviewed Financial Consolidated Statements” or “Limited Reviewed Consolidated Financial Information”	The limited reviewed unaudited consolidated financial statements for the six months periods ended September 30, 2023, and September 30, 2022, prepared in accordance with the Companies Act and SEBI Listing Regulations
Manufacturing Facilities	Collectively, Unit 2, Unit 3, Unit 4, Unit 5, Unit 6, Unit 7, Unit 8, Unit 9 and Unit 10
Material Subsidiary	The material subsidiary of our Company being, Pavna Auto Engineering Private Limited
Materiality Policy	Policy on determination of materiality of events adopted by our Company in accordance with Regulation 30 of the SEBI Listing Regulations
“Memorandum of Association” / “MoA”	Memorandum of Association of our Company, as amended from time to time.
“Nomination and Remuneration Committee”	The committee of the Board of directors reconstituted as our Company’s Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see “ <i>Our Management</i> ” on page 121.
“Independent Directors”	Independent Directors of our Company, unless otherwise specified. For further details please see, “ <i>Our Management</i> ” on page 121
“Non-executive Director”	Non-executive Director of our Company. For further details please see, “ <i>Our Management</i> ” on page 121
“Promoter Group”	Individuals and entities forming part of the promoter and promoter group in accordance with SEBI ICDR Regulations. Our Company does not have a promoter group.
“Registered and Corporate Office”	The registered and corporate office of our Company located at Vimlanchal, Hari Nagar, Aligarh, 202 001, Uttar Pradesh, India
“Registrar of Companies”/ “RoC”	Registrar of Companies, Kanpur
“Restated Consolidated Financial Statements”/ “Restated Financial Statements”/ “Restated Consolidated Financial Information”/ “Restated Financial Information”	Restated consolidated financial statements of our Company and our Subsidiaries for the Fiscals 2023, 2022 and 2021, prepared in accordance with the Companies Act and restated in accordance with the requirements of the SEBI ICDR Regulations. For details, see “ <i>Financial Information</i> ” beginning on page 137
“Rights Issue Committee”	The committee of our Board constituted for purposes of the Issue and incidental matters thereof
“Shareholders/ Equity Shareholders”	The Equity Shareholders of our Company, from time to time
“Stakeholders’ Relationship Committee”	The committee of the Board of Directors constituted as our Company’s Stakeholders’ Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, see “ <i>Our Management</i> ” on page 121

Term	Description
“Subsidiary(ies)”	Subsidiaries of our Company namely, Pavna Auto Engineering Private Limited, Pavna Marketing Private Limited, Pavna Sunworld Autotech Private Limited and Swapnil Switches Private Limited
Unit 2	Unit 2 located at Gopalpuri, Hari Nagar, Aligarh, Uttar Pradesh, India of owned & operated by our Subsidiary, Swapnil Switches Private Limited
Unit 3	Unit 3 located at G T Road, Bhankari, Aligarh, Uttar Pradesh, India owned & operated by our Company
Unit 4	Unit 4 located at Khasra No. 29, Chauwali, Lane Bhankhari Khas, Bhankari, Aligarh, Uttar Pradesh, India owned & operated by our Company
Unit 5	Unit 5 located at G T Road, Bhankari, Aligarh, Uttar Pradesh, India owned & operated by our Subsidiary, Pavna Auto Engineering Private Limited
Unit 6	Unit 6 located at C - 11, MIDC, Shendra, Aurangabad, Maharashtra, India owned & operated by our Subsidiary, Pavna Auto Engineering Private Limited
Unit 7	Unit 7 located at C - 11, MIDC, Shendra, Aurangabad, Maharashtra, India owned & operated by our Company
Unit 8	Unit 8 located at Plot No. 16, Sector 4, IIE Pantnagar, Rudrapur, Uttarakhand, India owned & operated by our Company
Unit 9	Unit 9 located at Nauhati Village, Mudrak, Agra Road, Aligarh, Uttar Pradesh, India owned & operated by our Subsidiary, Pavna Sunworld Autotech Private Limited
Unit 10	Unit 10 located at Nauhati Village, Mudrak, Agra Road, Aligarh, Uttar Pradesh, India owned & operated by our Company

Issue Related Terms

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

Term	Description
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncee) shall make an application for a rights issue only through ASBA facility
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue
Bankers to the Issue Agreement	Agreement to be entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “ <i>Terms of the Issue</i> ” on page 218
Consolidated Certificate	The certificate that would be issued for Rights Equity Shares Allotted to each folio in case of Eligible Equity Shareholders who hold Equity Shares in physical form
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs which coordinate Bids under the Issue with the LMs, the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , updated from time to time, or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	National Stock Exchange of India
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Draft Letter of Offer/DLoF/DLOF	This draft letter of offer dated February 10, 2024 filed with SEBI and the Stock Exchanges
Escrow Account	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank(s) for the purposes of collecting the Application Money from resident investors– eligible equity shareholders as on record date making an Application through the ASBA facility
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) will be opened, in this case being [●]
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “ <i>Notice to Investors</i> ” on page 12
Issue / Rights Issue	Issue of up to 48,72,000 Equity Shares of face value of ₹ 10 each of our Company for cash at a price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) aggregating up to ₹ [●] lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity

Term	Description
	Shares for every [●] Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date
Issue Agreement	Issue Agreement dated February 2, 2024 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Material	Collectively, the Letter of Offer, the Abridged Letter of Offer, the Common Application Form and Rights Entitlement Letter
Issue Price	₹ [●] per Rights Equity Share
Issue Proceeds	Gross proceeds of the Issue
Issue Size	Amount aggregating up to ₹ [●] lakhs
Lead Manager	PNB Investment Services Limited
Letter of Offer/LOF	The final letter of offer to be filed with the Stock Exchanges and SEBI
Monitoring Agency	Monitoring Agency appointed for the purpose of the Issue namely [●]
Monitoring Agency Agreement	Agreement dated [●] entered into between our Company and the Monitoring Agency in relation to monitoring of Issue Proceeds
Net Proceeds	Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see "Objects of the Issue" on page 56.
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renounees.
Non-Institutional Bidders or NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●], [●]
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being [●]
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●]
"Registrar to the Company"	Link Intime India Private Limited
"Registrar to the Issue" / "Registrar"	Link Intime India Private Limited
Registrar Agreement	Agreement dated February 2, 2024 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Renounee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation in accordance with the SEBI master circular bearing number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer

Term	Description
	is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Retail Individual Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s)	An individual Investor (including an HUF applying through Karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations
RE ISIN	ISIN for Rights Entitlement i.e, [●]
Rights Entitlement	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being [●] Rights Equity Shares for [●] Equity Shares held on [●], [●]. The Rights Entitlements with a separate ISIN: [●] will be credited to your demat account before the date of opening of the Issue, against the equity shares held by the Equity Shareholders as on the record date
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue
SEBI Rights Issue Circulars	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Self-Certified Syndicate Banks” or “SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 , as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchanges	Stock Exchange where the Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter and Fraudulent Borrower	A wilful defaulter or a fraudulent borrower, as defined under the SEBI ICDR Regulations
Working Day	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. “Working Day” shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI

Business and Industry related Terms or Abbreviations

Term	Description
2W	Two-wheeler
ACC	Advanced Chemistry Cell
ACMA	Automotive Component Manufactures Association of India
AMP	Automotive Mission Plan
ASEAN	The Association of Southeast Asian Nations
Bio-CNG	Bio-Compressed Natural Gas
CAGR	Compounded Annual Growth Rate
CEEW	Centre for Energy Finance

Term	Description
CNG	Compressed Natural Gas
CV	Commercial Vehicle
CY	Current Year
DHI	The Department of Heavy Industry
E2W	Electric Two-wheelers
EV	Electric Vehicle
FAME Scheme	Faster Adoption of Manufacturing of Electric Vehicles Scheme
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GNI	Gross National Income
GVA	Gross Value Added
ICE	Internal Combustion Engines
ICT	Information and communications technology
IIP	Index of Industrial Production
IMD	India Meteorological Department
IMF	International Monetary Fund
INR	Indian Rupee (₹)
IT	Information Technology
LCV	Light Commercial Vehicles
LNG	Liquefied Natural Gas
M&HCV	Medium & Heavy Commercial Vehicles
MoHI&PE	The Ministry of Heavy Industries & Public Enterprises
NATRIP	National Automotive Testing and R&D Infrastructure Project
NIP	National Infrastructure Pipeline
OBD	On-Board Diagnostics
OEM	Original Equipment Manufacturer
PFCE	Private Final Consumption Expenditure
PLI	Product Linked Incentive
PMAY	Pradhan Mantri Awas Yojna
PMP	Phased Manufacturing Plan
PV	Passenger Vehicle
PVC	Polyvinyl Chloride
SIAM	Society of India Automobile Manufacturers
SUV	Sport Utility Vehicle
QoQ	Quarter on Quarter
TMA	Tractors Manufacturers Association
USA/US	United States of America
USD/ US\$	US Dollar
WEO	World Economic Outlook
Y-o-Y	Year over Year

Conventional and General Terms or Abbreviations

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF	Alternative Investment Fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
CLRA	Contract Labour (Regulation and Abolition) Act, 1970

Term	Description
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder
Companies Act 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
CS	Company Secretary
CSR	Corporate Social Responsibility
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
Financial Year/Fiscal	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
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
Income Tax Act / IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended from time to time
INR or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India.
ISIN	International Securities Identification Number
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
Mn / mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable

Term	Description
NAV	Net Asset Value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
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 and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Regulation S	Regulation S under the Securities Act
R&D	Research and Development
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, as amended
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, since repealed and replaced by the SEBI (AIF) Regulations
Securities Act	The United States Securities Act of 1933.
STT	Securities Transaction Tax
State Government	The Government of a state in India
Trademarks Act	Trademarks Act, 1999, as amended
TDS	Tax Deducted at Source
US\$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
VAT	Value Added Tax
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
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending December 31

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement (collectively “**Issue Material**”) and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email and physical dispatch through speed post the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, the Letter of Offer will be provided, through email and speed post, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Lead Manager, SEBI and the Stock Exchanges.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer, the Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar, the Lead Manager or any other person acting on behalf of our Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

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

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR

AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither our Company nor any person acting on our behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on our behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. Our Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations. Further, Rights Entitlements may not be transferred or sold to any person in the United States.

Our Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or our agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the “**US SEC**”), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. 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 Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

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

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

All references to “India” contained in this Draft Letter of Offer are to the Republic of India and its territories and possessions and all references herein to the “Government”, “Indian Government”, “GoI”, Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Unless otherwise specified, any time mentioned in this Draft Letter of Offer is in Indian Standard Time (“IST”). Unless indicated otherwise, all references to a year in this Draft Letter of Offer are to a calendar year.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer has been derived from our Financial Statements. For details, please see “*Financial Information*” on page 137. Our Company’s financial year commences on April 01 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ended on March 31 of that year.

The GoI has adopted the Indian accounting standards (“**Ind AS**”), which are converged with the International Financial Reporting Standards of the International Accounting Standards Board (“**IFRS**”) and notified under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (the “**Ind AS Rules**”).

The Restated Consolidated Financial Statements of our Company, its Subsidiaries for the Financial Years ended March 2023, 2022 and 2021 prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. The limited reviewed unaudited consolidated financial statements for the six months periods ended September 30, 2023 and September 30, 2022, have been prepared in accordance with the Companies Act and SEBI Listing Regulations. Our Company publishes its financial statements in Rupees.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in this Draft Letter of Offer in “lakh” units or in whole numbers where the numbers have been too small to represent in lakh. One lakh represents 1,00,000 and one million represents 1,000,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 137.

Certain figures contained in this Draft Letter of Offer, including financial information, have been subject to rounded off adjustments. All figures in decimals (including percentages) have been rounded off to one or two decimals. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Letter of Offer

rounded-off to such number of decimal points as provided in such respective sources. In this Draft Letter of Offer, (i) the sum or percentage change of certain numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Any such discrepancies are due to rounding off.

Currency and Units of Presentation

All references to:

- “Rupees” or “₹” or “INR” or “Rs.” are to Indian Rupee, the official currency of the Republic of India;
- “USD” or “US\$” or “\$” are to United States Dollar, the official currency of the United States of America; and
- “Euro” or “€” are to Euros, the official currency of the European Union.

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units. One lakh represents 1,00,000 and one million represents 1,000,000. All the numbers in the document have been presented in lakh or in whole numbers where the numbers have been too small to present in lakh. Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Consolidated Financial Information.

Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	Exchange rate as on				
	September 30, 2023	September 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
1 USD	83.06	81.55	82.22	75.80	73.53

(in ₹)

(Source: www.fbil.org.in)

Industry and Market Data

The industry and market data set forth in this Draft Letter of Offer has been obtained or derived from “*Industry Research Report on Auto Component Industry*” dated October 2023 prepared and released by CARE Analytics and Advisory Private Limited and exclusively commissioned and paid by our Company for an agreed fee (the “**CareEdge Report**”) for the purposes of confirming our understanding of the industry in connection with the Issue and it is available on our Company’s website at <https://pavna.in/right-issue.html>. CARE Analytics and Advisory Private Limited was appointed by our Company on September 29, 2023. For details of risks in relation to the CareEdge Report, see “*Risk Factors – Industry information included in this Draft Letter of Offer has been derived from the CareEdge Report.*” on page 37. The CareEdge Report is subject to the following disclaimer:

“This report is prepared by CARE Advisory & Research, a Division of CARE Risk Solutions Pvt Limited (CareEdge Research). Pursuant to the resolutions of the boards of CARE Advisory Research and Training Ltd. (CART) and CARE Risk Solutions Pvt. Ltd. (CRSPL) in its meeting held on 30th September 2023 the business of CARE Advisory Research and Training Ltd. (CART) has been transferred to the Advisory division of CARE Risk Solutions Pvt. Ltd. (CRSPL) as a going concern (“Business Transfer”) effective 17th October 2023.

The transfer of the business will not have any impact on your rights and obligations under the agreements/mandates/ work orders entered into by you with CART as CRPSL will assume the rights and obligation under these agreements/mandates/work orders pursuant to the Business Transfer. CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing this report based

on information available in CareEdge Research's proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. CareEdge Research is also not responsible for any errors in transmission and specifically states that it, or its Directors, employees, parent company – CARE Ratings Ltd., or its Directors, employees do not have any financial liabilities whatsoever to the subscribers/users of this report. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorised recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research.

CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so. By accepting a copy of this Report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this Report."

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Although the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us, the LM, or any of their respective affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section 'Risk Factors' on page 22. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

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

FORWARD - LOOKING STATEMENTS

This Draft Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this Draft Letter of Offer, including, without limitation, under the chapters titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and “*Industry Overview*”. Forward-looking statements include statements concerning our Company’s plans, objectives, goals, strategies, future events, future revenues or financial performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, our Company’s competitive strengths and weaknesses, our Company’s business strategy and the trends our Company anticipates in the industries and the political and legal environment, and geographical locations, in which our Company operates, and other information that is not historical information. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “continue”, “can”, “could”, “expect”, “estimate”, “intend”, “likely”, “may”, “objective”, “plan”, “potential”, “project”, “pursue”, “shall”, “seek to”, “will”, “will continue”, “will pursue”, “forecast”, “target”, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, the competition in our industry and markets, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in laws, regulations and taxes, incidence of natural calamities and/or acts of violence. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- We supply our products to automobile OEMs, both domestic and international, and any loss of existing relationships or failure to develop new relationships may have a material adverse effect on our growth, business and results of operations;
- We have not entered into any long-term agreements with our customers for purchasing our products. We are subject to uncertainties in demand and there is no assurance that our customers will continue to purchase our products. This could impact the business and financial performance of our Company;
- We also supply our products to automobile “Aftermarket” and failure to supply these products to this market for any reason or loss of existing relationships with distributors and failure to develop relationships with new distributors may have a material adverse effect on our growth, business and results of operations;
- Failure to develop, adopt and deploy new technologies to innovate new products and solutions for the evolving automobile market may have a material adverse effect on our growth, business and results of operations; and
- If we are unable to successfully implement our proposed expansion plans, our results of operations and financial condition could be adversely affected.
- Our business operations require significant working capital. If we experience insufficient cash flows to meet required payments on our working capital requirements, there may be an adverse effect on the results of our operations.

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 22, 99 and 175, respectively of this Draft Letter of Offer. By their

nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, our Promoters, the LMs, the Syndicate Member(s) nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that investors are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchange.

SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Draft Letter of Offer, including the sections titled “Risk Factors”, “The Issue”, “Capital Structure”, “Objects of the Issue”, “Our Business”, “Industry Overview”, “Outstanding Litigation and Material Developments” and “Terms of the Issue” on pages 22, 46, 54, 56, 99, 71, 206 and 218, respectively.

1. Primary Business of our Company

We are an engineering-led manufacturer of complex and high-quality automobile components for the automotive sector, primarily supplying to leading automobile companies in India and overseas. We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles (*Source - CareEdge Report*). For further details, please refer to the chapter titled “Our Business” at page 99 of this Draft Letter of Offer.

2. Primary Industry in which our Company operate

The automotive components industry is on the top rung of the automobile industry. It is also the foundation of the development of the automobile industry. Auto parts are the different components that make up an entire vehicle. Several auto components are becoming increasingly complex to meet the requirements of weight reduction and increased productivity, given the increasing adoption of advanced technologies. These include engine components, interiors, electric systems, chassis, suspension & braking, transmission (motor and motor controller- EV), cooling systems, consumables, die cast components, ignition switches, switches, and others. However, the automotive components industry is developing rapidly, transitioning into specialization, and constantly upgrading, accredited to the thriving automobile industry.

For further details, please refer to the chapter titled “Industry Overview” at page 71.

3. Our Promoters

The Promoters of our Company are Swapnil Jain and Asha Jain.

For further details please see chapter titled “Our Promoters” beginning on page 134 of this Draft Letter of Offer.

4. Objects of the Issue

The Net Proceeds are proposed to be used in the manner set out in the following table:

Particulars	Amount	(₹ in lakhs)
Repayment and/or prepayment, in part or full, of certain of our outstanding borrowings availed by our Company		10,929.42
Funding incremental working capital requirements of our Company		1,400.00
General corporate purpose		●
Net Proceeds*		●

For further details, please see chapter titled “Objects of the Issue” beginning on page 56 of this Draft Letter of Offer.

4. Summary of Consolidated Financial Information

A summary of the unaudited limited reviewed Consolidated Financial Information for the six months period ended September 30, 2023, and September 30, 2022, and Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2023, 2022 and 2021:

(₹ in lakhs)

S. No.	Particulars	As of and for the six - months period ended		As of and for the Financial Year ended March 31, 2023	As of and for the Financial Year ended March 31, 2022	As of and for the Financial Year ended March 31, 2021
		September 30, 2023	September 30, 2022			
1.	Share Capital	1,218.08	1,218.08	1,218.08	609.04	609.04
2.	Net Worth	7,881.83	6,762.27	7,411.04	6,635.53	5,640.90
3.	Revenue from operations	15,556.67	18,876.53	36,222.20	31,561.19	21,940.72
4.	Profit after Tax	685.12	104.99	863.56	915.4	576.22
5.	Earnings per Share (Basic) (in ₹)	5.62	0.86	7.09	15.03	9.46
6.	Earnings per Share (Diluted) (in ₹)	5.62	0.86	8.88	15.03	12.16
7.	Net Asset Value per equity share (in ₹)	64.71	55.52	60.85	108.96	92.63
8.	Total borrowings	11,139.32	10,067.08	13,717.16	12,031.61	5,841.71

For further details, please refer the section titled “Financial Information” on page 137 of this Draft Letter of Offer.

5. Summary of outstanding litigation and material developments

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoters, our Directors and our Subsidiaries is provided below:

(₹ in lakhs)

Name of Entity	Criminal Proceedings	Tax Proceedings	Actions by regulatory or statutory authorities	Disciplinary actions by the SEBI or Stock Exchange against our Promoters during the last five Financial Years	Material Civil Litigation	Aggregate amount involved (₹ in lakhs)
Company						
By the Company	NIL	NIL	NIL	NIL	NIL	NA
Against the Company	NIL	2	NIL	NIL	NIL	127.11
Director						
By our Directors	NIL	NIL	NIL	NIL	NIL	NIL
Against the Directors	NIL	NIL	NIL	NIL	NIL	NIL
Promoters						
By Promoters	NIL	NIL	NIL	NIL	NIL	NIL
Against Promoters	1	NIL	NIL	NIL	NIL	NA
Subsidiaries						
By Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL
Against Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL

#To the extent quantifiable.

For further details, please refer the chapter titled “*Outstanding Litigation and Material Developments*” on page 206 of this Draft Letter of Offer.

6. Risk Factors

For details, see “*Risk Factors*” beginning on page 22 of this Draft Letter of Offer. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

7. Contingent Liabilities

There are no contingent liabilities as per unaudited limited reviewed Consolidated Financial Information for the six months period ended September 30, 2023 and September 30, 2022, and Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2023, 2022 and 2021.

8. Related Party Transactions

For details of Related Party Transactions for the six months periods ended September 30, 2023, and September 30, 2022, and Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2023, 2022 and 2021, please refer the section titled “*Financial Information*” on page 137.

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

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of this Draft Letter of Offer.

10. Split or consolidation of Equity Shares in the last one year

Our Company has not undertaken a split or consolidation of Equity Shares in the last one year preceding the date of this Draft Letter of Offer.

SECTION II - RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Issue including the merits and risks involved. The risks described below are not the only ones relevant to us, our Equity Shares, the industry or the segment in which we operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the trading price of our Equity Shares could decline, and as prospective investors, you may lose all or part of your investment. You should consult your tax, financial and legal advisors about particular consequences to you of an investment in this Issue. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors.

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 71, 99 and 175 of this Draft Letter of Offer, respectively. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue, including the LM, has independently verified the information in the industry report or other publicly available information cited in this section.

This Draft Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and, in the section titled “Forward-Looking Statements” on page 17 of this Draft Letter of Offer.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Consolidated Financial Information and the Limited Review Financial Information, prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations.

Materiality:

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

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

The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another.

In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

In this section, unless the context requires otherwise, any reference to “we”, “us” or “our” refers to Pavna Industries Limited.

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

INTERNAL RISK FACTORS

- 1. We supply our products to automobile OEMs, both domestic and international, and any loss of existing relationships or failure to develop new relationships may have a material adverse effect on our growth, business and results of operations.***

We are an engineering-led manufacturer of complex and high-quality automobile components for the automotive sector, primarily supplying to leading automobile companies in India and overseas. We manufacture and supply a wide range of aluminum and zinc die-casted components that are critical for the engine, outer body, and other parts & systems of passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial and off-road vehicles. We supply more than 500 products like steering cum ignition switches, horns, fuel tank caps, fuel cocks and oil pumps, handlebar switches, auto locks, casting components, engine components, automotive electrical products, accessories and other automotive parts and solutions for ICE 2Ws & 3Ws, 2EVWs, 3EVWs, EV Cars and agricultural equipment like tractors and lawn-movers.

Our relationship with the OEMs of ICE 2Ws & 3Ws, 2EVWs, 3EVWs, EV Cars and agricultural equipment like tractors and lawn-movers is critical to our growth, business and financial stability. Our key customers include, Bajaj Auto Limited, Atul Auto Limited, Piaggio Vehicles Private Limited, Okinawa Autotech International Private Limited and other OEMs. We depend and expect to continue to depend on our OEM clients for a substantial portion of our revenue. The loss of any of our top OEM clients for any reason (including due to loss of, or failure to renew existing arrangements, limitation to meet any change in quality specification, change in technology, disputes with the OEM, adverse changes in the financial condition of our OEM clients, such as possible bankruptcy or liquidation or other financial hardship) could have a material adverse effect on our business, results of operations and financial condition.

The details of revenue from OEM during six months period ended September 30, 2023, September 30, 2022 as per Limited Reviewed Financial Statements and for Fiscals 2023, 2022 and 2021 as per Restated Financial Statements, is set out below:

(₹ in lakhs except for percentages)

Particulars	September 30, 2023	September 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
Amount (₹ in lakhs)	14,233.33	16,807.60	34,572.98	28,914.29	19,276.64
% of our revenue from operations	91.49	89.04	95.45	91.61	87.86

Furthermore, there is no assurance that our OEM clients will continue to source products from us at volumes or rates consistent with, and commensurate to, the amount of business received from them historically, or at all. Any reduction in the demand for our products from our OEM clients, or a termination of our arrangements altogether, would adversely impact our results of operations, financial condition and cash flow.

- 2. We have not entered into any long-term agreements with our customers for purchasing our products. We are subject to uncertainties in demand and there is no assurance that our customers will continue to purchase our products. This could impact the business and financial performance of our Company.***

We have historically derived, and may continue to derive, a significant portion of our income from our top 5 and top 10 customers. The details of contribution by our top 5 and top 10 customers to our revenue from operations from operations during six months period ended September 30, 2023, September 30, 2022 as per Limited Reviewed Financial Statements and for Fiscals 2023, 2022 and 2021 as per Restated Financial Statements, is set out below:

(₹ in lakhs except for percentages)

Particulars	For Fiscal/ Period									
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)
Top ten (5) customers	10,682.63	68.67	11,372.23	60.25	20,329.91	56.13	22,042.64	69.84	13,759.97	62.71
Top ten (10) customers	11,539.67	74.18	12,180.65	64.53	21,784.49	60.14	23,265.55	73.72	14,708.82	67.04

Any reduction in orders from our top customers would adversely affect our income. The demand from our major customers, in particular our top 5 and top 10 customers, determines our revenue levels and results of operations, and our sales are directly affected by their production and inventory levels. Over the years, we have developed strong relationships with our customers through whom we have been able to expand our product offerings. Our business depends on the continuity of business with these customers.

We have not entered into any long-term agreements with our customers and instead rely on purchase orders to govern the volume and other terms of our sales of products. Consequently, there is no commitment on the part of our customers to continue to place new purchase orders with us and as a result, our cash flow and consequent revenue may fluctuate significantly from time to time. Further, we may not find other customers for the surplus or excess capacity, in which case we may be forced to incur a loss due to lack of utilization of our production capacity. Our customers are fairly and evenly spread out and none of our customers dominate our sales during the six months period ended September 30, 2023, September 30, 2022 and Fiscals 2023, 2022 and 2021. Our customers can terminate their relationships with us due to a change in preference or any other reasons, which could materially and adversely impact our business. Consequently, our revenue may be subject to variability because of fluctuations in demand for our products. Our Company's customers are under no obligation to place orders with us and may either cancel, reduce or delay orders. The orders placed by our customers are dependent on factors such as customer satisfaction with the quality of our products, pricing of our products, customer's inventory management, amongst others.

3. *We also supply our products to automobile "Aftermarket" and failure to supply these products to this market for any reason or loss of existing relationships with distributors and failure to develop relationships with new distributors may have a material adverse effect on our growth, business and results of operations.*

We also manufacture and supply products for the "Aftermarket" which includes the replacement parts, accessories, and other products after the OEM has sold the vehicle to the customer. Our distribution network is spread across seventeen (17) states and Uts in India with more than 60 distributors supplying our products to various retailers. The details of contribution by the Aftermarket to our revenue from operations during the six months period ended September 30, 2023, September 30, 2022 as per Limited Reviewed Financial Statements and for Fiscals 2023, 2022 and 2021 as per Restated Financial Statements, is set out below:

(₹ in lakhs except for percentages)

Particulars	For Fiscal/ Period									
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)
Aftermarket	2,371.70	15.25	2,870.83	15.21	5,066.74	13.99	5,232.60	16.58	4,869.67	22.19

We depend and expect to continue to depend on our distributor network for a substantial portion of our Aftermarket revenues. The loss of any of our distributors for any reason (including due to loss of, or failure to renew existing arrangements, disputes with our distributors, adverse changes in the financial condition of

our distributors, such as possible bankruptcy or liquidation or other financial hardship) could have a material adverse effect on our Aftermarket business, results of operations and financial condition.

Furthermore, there is no assurance that our Aftermarket distributors will continue to source products from us at volumes or rates consistent with, and commensurate to, the amount of business received from them historically, or at all. Any reduction in the demand for our products from our Aftermarket distributors, or a termination of our arrangements altogether, would adversely impact our results of operations, financial condition and cash flow.

Our relationships with dealers may be characterised as seller and buyer relationships which do not grant us control over their operations, inventories, and they are free to appoint authorised stockists at their own discretion or compete with one another. We are also not entitled to any indemnity from dealers for losses that we may incur as a result of actions of such dealer. As a result, our sales through third-party dealers are subject to risks, including: (i) the inability of our selected dealers to effectively sell our products; (ii) the quality of customer service provided by dealers, which could harm our reputation or brand image; (iii) our ability to extend existing dealer arrangements for subsequent periods; and (iv) a decrease in contact with our OEM customers. Furthermore, as our dealer relationships are non-exclusive, our competitors may incentivize our dealers to prefer their products over ours, which may hamper sales of our products in the Aftermarkets space. While we have not encountered any instances of customer claims attributable to the actions or inactions of our dealers in the last three Fiscals, any significant disruption of our sales to our dealers and by our dealers in the Aftermarket segment could materially and adversely affect our business and results of operations.

4. *Risks inherent to the automobile sector could materially and adversely affect our business, financial condition and results of operations.*

The automobile sector have certain risks which are generally beyond our control and include:

- Dependence on the performance of the 2W sector contributing more than 54.85%, 40.72%, 40.31%, 41.09%, 27.15% of our revenue from operations during the six months period ended September 30, 2023, September 30, 2022 as per Limited Reviewed Financial Statements and for Fiscals 2023, 2022 and 2021 as per Restated Financial Statements.;
- Our business and profitability being dependent on the availability and cost of our raw materials;
- Dependence on third parties for the supply of raw materials with whom we do not have firm commitments for supply or exclusive arrangements;
- Concentration of most our manufacturing facilities in the state of Uttar Pradesh;
- Under-utilization of our manufacturing capacities;
- Pricing pressure from our OEM clients or our inability to fully pass on costs to them;
- Pricing pressure from our Aftermarket segment or our inability to fully pass on costs to our customers;
- Dependence on the skills and experience of our Promoters, Key Managerial Personnel, Senior Management and employees with technical expertise for our business and future growth.

In addition, any significant change in plans of our OEM clients or change in our relationship with these OEM clients may affect our business prospects. Furthermore, we are dependent on our client's financial condition, success or failure of the vehicles launched by them in the market, as any adverse change in their financial condition may affect the financing and consequently the implementation of the projects. In the event our clients are adversely affected, our results of operations and financial condition could be materially and adversely affected.

5. *Failure to develop, adopt and deploy new technologies to innovate new products and solutions for the evolving automobile market may have a material adverse effect on our growth, business and results of operations.*

Electric two-wheelers (E2Ws) are a key segment of the electric vehicle market in India, with growing interest among consumers and increasing government support for electric mobility. The E2W sales in India have increased over the years witnessing significant growth in FY23 by 188% compared to the previous year. Further, the E2W sales continued to soar in 5MFY24, attributed to the shifting customer preference from petrol two-wheelers to electric ones. This shift was influenced by competitive prices (owing to government

subsidies and technological developments), lower running costs, low maintenance charges, and growing sensitivity toward the environment.

In addition to our continued focus on the ICE 2Ws and 3Ws, a part of our growth strategy includes establishing our position in the evolving EV sector in India by leveraging our position in the ICE space to the EV space by expanding our 2W ICE OEM client base to EV 2W OEMs by expanding our product portfolio, continuing to focus on our design capabilities, pursuing Research and Development (“**R&D**”) to develop innovative systems and solutions.

There can be no assurance that our efforts in the EV 2Ws segment will result in sale of our products at a comparable scale as that of ICE vehicles in the future, as the market for EVs is relatively new, rapidly evolving, and is characterized by rapidly changing technologies, price competition, additional competitors, evolving government regulation and industry standards, and frequent new vehicle announcements. We may require additional capital to develop and grow our EV business, including expanding design, research and development, and production. Our ability to remain profitable in the future is dependent on the design, development and marketability of our product portfolio, while also controlling costs to achieve expected margins. If we are unable to efficiently design, develop, market, deploy, and supply our products, our margins, profitability and prospects could be materially and adversely affected.

Even if we are successful in developing products for the EV sector, our ability to gain market share in the EV sector is dependent on our OEM client’s ability to successfully develop EVs and the end-consumers’ willingness to adopt EVs. Demand for EVs may be affected by factors directly impacting automobile prices or the cost of purchasing and operating automobiles such as sales and financing incentives, battery charging eco-system, battery replacement costs, safety concerns, prices of raw materials and components, cost of energy and governmental regulations, including tariffs, import regulation and other taxes. A decline in the trend towards electrification driven by changing consumer preference or any change in government policy, laws and regulations that reduces or eliminates support for electrification of vehicles could result in lower demand for EVs and consequently a reduction in production of EVs which could have an adverse effect on our future sales and lead to a decline in our earnings from the EV market.

Although we attempt to maintain the latest international technology standards, the technology requirements for businesses in the automobile sector are subject to continuing change and development. Some of our existing technologies and processes in the ICE business may not be of any use in manufacturing EV parts and may be considered obsolete due to newer and better technologies and processes in the future. The cost of upgrading or implementing new technologies, upgrading our existing equipment or expanding capacity could be significant and could adversely affect our results of operations. Failure to respond to current and future technological changes in the automobile industry in an effective and timely manner may have a material adverse effect on our business, financial condition or results of operations.

Further, there can be no assurance that we will be able to secure the necessary technological knowledge or capabilities which will allow us to expand our product portfolio in a timely manner or at all, or that any products we develop and introduce will achieve market acceptance as anticipated. While we have not had to discontinue a product on account of regulatory and industry changes in the past, we may be unable to anticipate changes in technology and regulatory standards in the 2W automotive sector in the future. As a result, we may not be able to successfully develop, engineer, and bring to market new and innovative and/or improved products, or respond to evolving business models (including 2EVs). Any failure to successfully develop, launch and market new products and a deterioration of the 2W automotive sector as a whole could adversely affect our business and results of operations.

6. *If we are unable to successfully implement our proposed expansion plans, our results of operations and financial condition could be adversely affected.*

Our Company is planning to establish a manufacturing facility at Hosur, Krishnagiri, in the State of Tamil Nadu for the manufacturing automotive parts which will be supplied to OEMs in South India. As per the CareEdge Report, Hosur is actually one of the major manufacturing hotspots of Tamil Nadu, with many automobile OEMs having their factories there. It has emerged as a key industrial hub covering electronics, automobiles & auto components, light-machinery, engineering, specialty chemicals, etc. This region is being preferred by several automobile manufacturers and its strong and vibrant presence of MSMEs in Hosur also make Hosur attractive for investors. We have made an application to the Government of Tamil Nadu for the allotment of a suitable land in this auto-cluster. The application is in process and we are awaiting approval.

Our Company is also exploring the acquisition of a private land in Hosur or surrounding areas in the event the process of allotment from the Government of Tamil Nadu takes more than six months. The development of this manufacturing facility will be funded from borrowings and internal accruals.

The dynamics of the Indian two-wheeler (2W) automotive sector are intricately tied to a multitude of social and economic factors. These include demographic shifts and consumer preferences, levels of employment and income, the affordability aspect for potential 2W vehicle buyers, alterations in government policies, economic circumstances, as well as the accessibility of financing options and prevailing interest rates. While some factors like overarching macroeconomic conditions and evolving consumer behaviour exert a direct influence on the demand for two-wheeler vehicles, others can lead to more indirect consequences that pose challenges for accurate prediction. The interplay of these diverse factors shapes the overall performance and trajectory of the 2W automotive sector in India. (Source: CareEdge Report)

There can be no assurance that we will not be affected by any event impacting the 2W automotive sector in India in the future. As the 2W automotive sector is subject to changes in regulatory or industry requirements, or in competitive technologies, our ability to continue to generate consistent volume of business from the 2W automotive sector also depends on our ability to develop and introduce new products in a timely manner.

Our expansion plans would involve risks, including risks associated with the timely completion of this project, and our failure to adequately manage these risks notwithstanding our operational and financial systems, procedures and controls could have a material adverse effect on our business, financial condition, results of operations and prospects. Factors that could affect our ability to complete the expansion on time, include completing the project / civil construction, receiving the machineries of desired quality and on the scheduled time, a decline in demand for our products and general economic conditions.

Our expansion plans and business growth could strain our managerial, operational and financial resources. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to attract, expand, train, motivate, retain and manage our workforce.

We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. Any of these factors may cause us to delay, modify or forego some or all aspects of our expansion plans. Further, there can be no assurance that we will be able to execute our strategies on time and within the budget estimated by our Company. In addition, our expansion plans have not been appraised by any independent or third party agency, and accordingly, in the absence of such independent appraisal, our expansion plans may be subject to change based on various factors which are beyond our control.

7. *In addition to the existing indebtedness our Company or our Subsidiaries, may incur further indebtedness during the course of business. We cannot assure that our Company or our Subsidiaries would be able to service the existing and/ or additional indebtedness.*

As on September 30, 2023, the total fund based indebtedness of our Company is ₹ 10,097.07 lakhs and our Subsidiaries is ₹ 1,042.25 lakhs. In addition to the indebtedness for the existing operations of our Company or our Subsidiaries, may incur further indebtedness during the course of their business. We cannot assure you that our Company or our Subsidiaries will be able to obtain further loans at favourable terms. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to borrow at competitive rates. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget our working capital requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows.

Any failure to service the indebtedness of our Company or our Subsidiary or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company or our Subsidiary, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations.

8. *Unsecured loans of ₹ 1,118.32 lakhs taken by us from some of our related parties can be recalled at any time.*

Our Company and some of our Subsidiaries have availed unsecured loans which may be recalled by the lenders at any time. As on September 30, 2023, the unsecured loans of our Company and its Subsidiaries that may be recalled at any time by the lenders aggregated to ₹ 1,118.32 lakhs. In the event that any lender seeks a repayment of any such loan, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. We may not have adequate working capital to undertake new projects or complete the ongoing projects, and, as a result, any such demand by the lenders may affect our business, cash flows, financial condition and results of operations. Further, in respect of such unsecured loan, no proper agreement has been executed between the parties.

9. *The agreements executed by our Company and our Subsidiaries with lenders for financial arrangements contain restrictive covenants for certain activities and if we or our Subsidiaries are unable to get their approval, it might restrict our scope of activities and impede our growth plans.*

Our Company and our Subsidiaries have entered into agreements for our borrowings with certain lenders. These borrowings include secured fund based and non-fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, repaying unsecured loans/inter corporate deposits availed from Promoters and third parties, undertake guarantee obligations on behalf of any other borrower including subsidiaries, which require our Company and our Subsidiaries to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us or our Subsidiaries with these approvals in the future.

Further, some of the financing arrangements include covenants which mandate us and our Subsidiaries to maintain total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. This might have an adverse effect on our cash flows, business, results of operations and financial condition.

10. *Our business operations require significant working capital. If we experience insufficient cash flows to meet required payments on our working capital requirements, there may be an adverse effect on the results of our operations.*

Our business requires a significant amount of working capital which is based on certain assumptions, and therefore, any change of such assumptions would result in changes to our working capital requirements. Significant amounts of working capital are required to finance the purchase of raw materials and processing of these raw materials into automobile parts and other products before they are dispatched to the OEM client or the Aftermarkets and before payment is received from our OEM clients or our distributors in the Aftermarkets. Our working capital requirements may increase due to an increase in the size of our operations or the increase in credit period of any of our clients or customers. In addition, we may need to incur additional indebtedness in the future to satisfy our working capital requirements.

The working capital requirements of our Company for Fiscals 2023, 2022 and 2021 were ₹ 7,509.28 lakhs, ₹ 6,614.14 lakhs and ₹ 3,375.91 lakhs which were funded through existing bank borrowings and internal accruals. The working capital requirements for financial years 2024 and 2025 of our Company is estimated at ₹ 14,443.44 lakhs and ₹ 14,050.76 lakhs, respectively and will be funded out of the Net Proceeds, whereas the balance working capital requirements would be arranged from our internal accruals. For further details, please see “*Objects of the Issue*” on page 56.

Delays in payments from our OEM clients or receipt of monies from the Aftermarkets may increase our working capital requirements. In general, we may make provisions for bad debts, based primarily on ageing and other factors such as special circumstances relating to specific clients. There can be no assurance that the payments will be remitted by our clients to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from such payment practice. Our working capital position is therefore also dependent on the financial position of our clients. All of these factors may result in increases in the

amount of our receivables and short-term borrowings. Continued increases in working capital requirements may have an adverse effect on our financial condition and results of operations.

Further, the success of our business operations depend on the access to adequate capital from banks/financial institutions borrowings on the terms and conditions which are mutually acceptable to us and the banks/financial institutions. We strive to maintain strong relationships with local and national banks, as well as non-banking financial institutions to increase our financing flexibility. Our credit profile often enables us to obtain financing on favourable terms from major financial institutions. However, we cannot assure you that our bankers or financial institutions may implement new credit policies, adopt new pre-qualification criteria or procedures, raise interest rates or add restrictive covenants in loan agreements, some or all of which may significantly increase our financing costs, or prevent us from obtaining financings totally. All of these factors may increase in working capital requirements and if we experience insufficient cash flows to meet required payments on our working capital requirements, there may have an adverse effect on our financial condition, cash flows and results of operations.

11. *Our business and profitability is substantially dependent on the availability and cost of our raw materials, including aluminium and zinc, and any disruption to the timely and adequate supply of raw materials, or volatility in the prices of raw materials may adversely impact our business, results of operations and financial condition.*

We procure our raw materials, including aluminium and zinc for die-casting, from third parties based on purchase orders and generally do not have firm commitments from our suppliers. The absence of long-term contracts at fixed prices and the need to maintain a continued supply of raw materials may make it difficult to resist price increases imposed by our suppliers. We are therefore exposed to volatility in the prices of raw materials. While we seek to pass on the increase in cost of metals, especially aluminium and zinc to our customers, our cash flows may be adversely affected in case of a gap in time between the date of procurement of our raw materials and the date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials.

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

As of September 30, 2023, we have entered into several related party transactions with our Promoters, our Subsidiaries relating to our operations. In addition, we have in the past also entered into transactions with other related parties. For further details, please see the section titled “*Financial Information*” at page 137 of this Draft Letter of Offer.

While we believe that all our related party transactions have been conducted on an arm’s length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or taken together, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. In addition, our business and growth prospects may decline if we cannot benefit from our relationships with them in the future.

13. *We have experienced negative cash flows from operative activities in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.*

We have experienced negative net cash flow from operating in the past, the details of which are provided below:

(₹ in lakhs)		
Financial Year	Consolidated Cash flows from	Amount
2023	Operating Activities	1,825.45
2022	Operating Activities	(2,126.83)
2021	Operating Activities	(1,081.97)

We may incur negative cash flows in the future which could have a material adverse effect on our business, prospects, results of operations and financial condition.

14. We have significant power and fuel requirements and any disruption to the supply of power and fuel could disrupt our manufacturing operations and increase our production costs, which could adversely affect our results of operations.

Our power and fuel requirement during the six months period ended September 30, 2023, September 30, 2022 as per Limited Reviewed Financial Statements and for Fiscals 2023, 2022 and 2021 as per Restated Financial Statements, is set out below:

Particulars	September 30, 2023	September 30, 2022	March 31, 2023	March 31, 2022	March 31, 2021
Amount (₹ in lakhs)	334.86	450.38	943.66	806.14	572.17
% of our total raw material	3.68	4.29	4.74	4.48	5.39

We have significant power and fuel requirements and any disruption to the supply of power and fuel could disrupt our manufacturing operations and increase our production costs, which could adversely affect our results of operations. We require substantial power and fuel to operate our manufacturing facilities, and energy costs represent a key component of the production costs for our operations. If energy costs were to continue to rise, or if electricity, fuel or supply arrangements were disrupted, our manufacturing operations could be disrupted and our profitability could decline. We source most of our electricity requirements for our manufacturing operations from state electricity boards and have entered into three power purchase agreements with third-party suppliers. The cost of electricity from third-party suppliers could be significantly higher, thereby increasing our cost of production and adversely affecting our profitability. In the event of a supply disruption from state electricity boards and third-party suppliers, we will need to rely on captive generators to ensure uninterrupted supply, which may not be able to consistently meet our requirements and may also have additional cost implications that we may be unable to pass on to our customers. Furthermore, if our generators are unable to support our operations, we may need to shut down our facilities until adequate supply of electricity is restored. We are also subject to potentially significant inflationary pressures on fuel costs and if fuel costs continue to rise and if we are unable to pass on these increased costs to our customers, our profitability could decline. Frequent production shutdowns lead to increased costs associated with restarting production and corresponding loss of production, any of which would adversely affect our results of operation and financial condition. While we have not in the past experienced any interruptions to our power and fuel, there is no guarantee that interruptions would not occur due to any events unforeseen by us.

15. There are outstanding litigations involving our Company, our Promoters and our Subsidiaries which, if determined adversely, may adversely affect our business and financial condition.

As on the date of this Draft Letter of Offer, our Company, our Promoters and our Subsidiaries are involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and/or severally from us and/or other parties, as the case may be. We cannot assure you that these legal proceedings will be decided in favour of our Company, our Promoters and our Subsidiaries, as the case may be, or that no further liability will arise out of these proceedings. We may incur significant expenses in such legal proceedings and we may have to make provisions in our financial statements, which could increase our expenses and liabilities. Any adverse decision may adversely affect our business, results of operations and financial condition.

A summary of the pending tax proceedings and other material litigations involving our Company, our Promoters and our Subsidiaries are provided below:

Name of Entity	Criminal Proceedings	Tax Proceedings	Statutory or Regulatory Proceedings	Disciplinary actions by the SEBI or Stock Exchange against our Promoters	Material Civil Litigation	Aggregate amount involved (₹ in lakhs)
Company						
By our Company	NIL	NIL	NIL	NIL	NIL	NA

Against our Company	NIL	2	NIL	NIL	NIL	127.11
Directors						
By our Directors	NIL	NIL	NIL	NIL	NIL	NIL
Against our Directors	NIL	NIL	NIL	NIL	NIL	NIL
Promoters						
By our Promoters	NIL	NIL	NIL	NIL	NIL	NIL
Against our Promoters	1	NIL	NIL	NIL	NIL	NIL
Subsidiaries						
By our Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL
Against our Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL

#To the extent quantifiable.

For further details, please refer to the section titled “*Outstanding Litigation and Other Material Developments*” on page 206.

16. If we are unable to protect our intellectual property and proprietary information, or if we inadvertently infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected.

We have two (2) registered trademarks and three (3) trademark registration applications currently pending with the Trademarks Registry. Further, there are currently three (3) trademark registration applications currently pending in India. Further, our Company has entered into Memorandum of Understanding dated April 1, 2021, with one of our Promoters, Asha Jain, for use of certain trademarks for a period of five years till March 31, 2026 at a royalty at 0.25% of turnover of our Company. There can be no assurance that we will be able to use this logo in the event of any dispute or usage restrictions or any early termination of this arrangement which could have a material adverse effect on our business and operations.

We also rely on certain patents and designs to protect our proprietary intellectual property. As on the date of this Draft Letter of Offer we have five (5) patents granted by the Patent Office, Government of India and four (4) design patterns registered with the Controller General of Patents, Designs and Trademarks in India. Our existing and future patents and designs may be insufficient to provide us with meaningful protection or a commercial advantage. Further, we cannot assure you that patents granted to us or design pattern registered in our name or in the future will not be challenged or circumvented by competitors or that such patents or designs will be found to be valid or sufficiently broad to protect our proprietary products or provide us with any competitive advantage. Any inability to protect or renew our intellectual properties or other existing proprietary information could adversely affect our business.

17. We rely on third-party suppliers and our in-house team to maintain our key equipment. Any failure of our operations and maintenance contractors or personnel to provide adequate operations and maintenance services, or our inability to hire or retain qualified operations and maintenance personnel, could have a material adverse effect on our business and financial performance.

The equipment installed in our Manufacturing Facilities require (i) scheduled and unscheduled maintenance in accordance with day-to-day operational guidelines and maintenance routines and (ii) component repair or replacement. After the expiration of supplier maintenance contract, we generally subcontract operations and maintenance to third parties or use our in-house team. In addition, our operations also rely on computer information and communications technology and related systems in order to operate properly.

If the third-party suppliers or our in-house operations and maintenance team were to fail to provide inspection, maintenance or repair works for our key equipment and systems in a timely manner or at all, our manufacturing operations could be interrupted or delayed, possibly without warning. In addition, we may be unable to hire or retain qualified operations and maintenance personnel. The occurrence of any of these events could have a material adverse effect on our business, financial condition or results of operations.

- 18. *Our operations are subject to various operational risks that could expose us to material liabilities, loss in revenues and increase in expenses. We may also be subject to liability claims arising from defects in services provided by us.***

We own and operate nine (9) Manufacturing Facilities strategically located at Aligarh (Uttar Pradesh), Aurangabad (Maharashtra) and Pantnagar (Uttarakhand), which are key auto-clusters. Our Manufacturing Facilities include modern equipment, engineered layout with process controls and necessary automations for quality and productivity.

Our operations are subject to hazards inherent in operation of modern equipment, such as risk of equipment failure, work accidents, including hazards that may cause injury and loss of life, damage to and destruction of property and equipment, and environmental damage. Project sites often put our employees and others in close proximity with mechanized equipment, moving vehicles, high platforms and materials. We are responsible for the safety of our workforce and implementation of safety procedures. If we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may be injured. Unsafe work sites also have the potential to increase employee turnover and raise our operating costs. Any of the foregoing could result in financial losses, which could have a material adverse effect on our business, results of operations and financial condition. Although we endeavour to provide adequate insurance coverage and a safe working environment to all our employees, we cannot rule out the possibility of accidents at our project sites in the future. Any liability in excess of our insurance limits could result in additional costs, which would reduce our profits and adversely affect our business and results of operations. For further information, see “*Our Business*” on page 99.

- 19. *We may not be able to obtain, renew or maintain our statutory and regulatory permits and approvals required to operate our businesses on time or at all. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our operations.***

We own and operate nine (9) Manufacturing Facilities strategically located at Aligarh (Uttar Pradesh), Aurangabad (Maharashtra) and Pantnagar (Uttarakhand), which are key auto-clusters, which are subject to regulatory authorities of respective state governments as well as the Central Government, and there can be no assurance that the consents or other approvals required from third parties, which include central, state and local governmental bodies, in connection with the running, operation and maintenance of these Manufacturing Facilities will be issued or granted to us in a timely manner or at all. Our Manufacturing Facilities require significant infrastructure support, including roads, electrical power, telecommunications and other support services. We may be dependent on third parties, including local authorities, to facilitate in obtaining these approvals and also provide such services. Any delay or failure by any third party to provide such additional services (where we depend on them) or a failure to obtain any required consents and approvals on acceptable terms or in a timely manner may affect our ability to operate our plants.

Even after we have obtained the required licenses, permits and approvals, our operations are subject to continued review and the governing regulations may change. Further, certain of our contractors and other counterparties are required to obtain approvals, licenses, registrations and permits with respect to the services they provide to us. We cannot assure you that such contractors or counterparties have obtained and will maintain the validity of such approvals, licenses, registrations and permits. We cannot assure you that we or any other party will be able to obtain or comply with all necessary licenses, permits and approvals required for Manufacturing Facilities in a timely manner to allow for the uninterrupted operations of our Manufacturing Facilities, or at all.

Furthermore, our government approvals and licenses, including environmental approvals are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditure, specifically with respect to compliance with environmental laws. We cannot assure you that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change, we may incur increased costs, be subject to penalties and suffer a disruption in our operations, any of which could materially and adversely affect our business and results of operations. Any failure to renew

the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to us, may adversely affect our operations.

- 20. *A portion of our manufacturing operations are conducted through our Subsidiaries, joint ventures and third party suppliers, over which we may not have full control. The realization of any of the risks inherent in our operations conducted through certain of our Subsidiaries, joint ventures and third party suppliers may lead to disputes and may affect the operations of our Company and our Subsidiaries, joint ventures and third party suppliers, as a result, our financial condition and results of operations may be materially and adversely affected.***

We generally seek to enter into collaborations with domestic and international players in the respective fields as part of our efforts to expand our business. We also source various parts from third party suppliers and assemble most of them at our Manufacturing Facilities. The success of our business collaboration depends significantly on the satisfactory performance by our partners as per their contractual and other obligations. These arrangements involve a number of risks, including:

- Disputes with partners and minority shareholders in connection with the performance of each party's obligations under the relevant arrangements;
- Failure of joint venture partners and third party suppliers to fulfill their contractual obligations;
- Conflicts between the policies and objectives adopted by joint venture partners or third party suppliers and those by us;
- Third party suppliers having economic or business interests inconsistent with ours; and
- third party suppliers that follow inconsistent business processes, internal controls and internal control over financial reporting than we follow.

The realization of any of these risks and other factors may lead to disputes and may affect the operations of our Company, Subsidiaries, joint ventures and sourcing arrangements with third party suppliers and, as a result, our financial condition and results of operations may be materially and adversely affected.

- 21. *We have undertaken and may continue to undertake technical collaborations, joint ventures and acquisitions in the future, which may be difficult to integrate and manage, exposing us to risks that could adversely affect our business.***

We have undertaken and may continue to undertake technical collaborations, joint ventures and acquisitions in the future, which may be difficult to integrate and manage, exposing us to risks that could adversely affect our business. We have pursued and may continue to pursue technical collaborations, joint ventures and alliances as a mode of expanding our operations. We entered into a joint venture in November 2018 with Sunworld Moto Industrial Co. Ltd., a company based in Tainan City, Taiwan and pursuant to the agreement incorporated Parna Sunworld Autotech Private Limited (PSAPL) with 75:25 shareholding. Sunworld under this joint venture agreement provides know how, technology, experience and expertise products like chain tensioners, oil pumps, fuel pumps etc. to the PSAPL. The PSAPL has been manufacturing these products at Factory 5, Nauhati Village, Aligarh since June 2019.

The technical collaboration agreements enable the providers of such technical assistance to terminate their arrangements with us, including in some instances, without cause. An inability to continue these arrangements may impact our ability to carry out certain design and manufacturing processes, or commercially manufacture certain types of products which could adversely affect our ability to cater to our customers' requirements. Each of these arrangements typically include reciprocal obligations as well as representations and warranties, along with indemnity obligations for any liabilities arising in connection with breaches of such representations and warranties, which will cause us to pay for the requisite remedies on a breach. In addition, we may require additional financial resources for the expansion or reorganization of acquired businesses and to integrate their operations into our operations. There can be no assurance that we will be able to successfully integrate and realize the strategic and/or operational benefits of alliances we enter into in the future or that such arrangements will contribute to our profitability. Any disruption or termination of such arrangements in the future would impair our investments and impact our business, results of operations and financial condition.

22. *Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our results of operations, cash flows and financial condition.*

Our operations are subject to various risks and hazards inherent in the manufacturing business, including breakdowns, failure or substandard performance of equipment, third party liability claims, labor disturbances, employee fraud and infrastructure failure, as well as fire, theft, robbery, earthquake, flood, acts of terrorism and other force majeure events. We have obtained insurance policies in relation to plant and machinery, burglary, finished goods stocks. In addition, we have also obtained insurance to safeguard our immovable properties.

Our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at commercially acceptable terms or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

23. *Our success largely depends upon the services of our Directors, Senior Management Personnel and Key Managerial Personnel (KMP) and our ability to attract and retain them. Demand for Senior Management Personnel and Key Managerial Personnel (KMP) in the industry is intense and our inability to attract and retain our Senior Management Personnel and Key Managerial Personnel may affect the operations of our Company.*

Our Directors, Senior Management Personnel and Key Managerial Personnel have substantially contributed to our growth. Our success is substantially dependent on the expertise and services of our Directors, Senior Management Personnel and Key Managerial Personnel. They provide expertise which enables us to take well-informed decisions in relation to our business and prepare our Company for future challenges. Our future performance will depend upon the continued services of these people. Demand for Senior Management Personnel and Key Managerial Personnel in the industry is intense. However, our Board of Directors, as a part of their role and responsibilities, have been entrusted with the obligation of selecting, compensating, monitoring, replacing and succession planning for Senior Management Personnel and Key Managerial Personnel of our Company. In the event of an exit by any Senior Management Personnel and/or Key Managerial Personnel, appropriate steps for replacement of the person are taken by our Company to ensure smooth transition of roles and responsibilities so as to avoid any disruptions in the operations and management of the business of the Company. The loss of the services of such Director or Senior Management Personnel or Key Managerial Personnel of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

Further, we have strengthened our team by recruiting several high-level executives and employees who bring experience in administration and development, together with, in many cases, automobile industry specialists. Our future success depends significantly on the full involvement of these key executives and employees and our ability to continue to retain and recruit high-level personnel. Furthermore, competition for qualified personnel with relevant expertise in India is intense due to the scarcity of qualified individuals in the rapidly evolving automobile industry, and the EV segment in particular. We may need to offer higher compensation and other benefits to attract and retain the employees. Our retention efforts include selecting the right people in our hiring process through adequate screening and through hiring individuals with relevant experience, providing opportunities for employees to share knowledge with one another through training sessions and presentations and offering an attractive, competitive salary and benefits package. In addition, we also offer a performance and potential-based career growth plan aimed at retaining talented employees based on performance goals. Our inability to retain such key employees, or, alternatively to adequately replace them or hire qualified new executives and employees as our business grows, could adversely affect our ability to achieve our objectives and business strategy, and thereby have a material adverse effect on our business, financial condition or results of operations.

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

Our Promoters, Directors and Key Managerial Personnel, may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them

or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. For further details, please see the section titled “*Financial Information*” at page 137 of this Draft Letter of Offer.

There can be no assurance that our Promoters, Directors, Key Management Personnel and Senior Management will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors and our Key Management Personnel may take or block actions with respect to our business, which may conflict with the best interests of our Company or that of minority shareholders.

25. *Our Promoters have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.*

After the completion of the Issue, our Promoters will hold approximately [●]% of the paid-up equity share capital of our Company. Our Promoters and Promoter group members vide their letters each dated February 2, 2024, informed us that they may renounce their Rights Entitlement to full extent in favour of third parties. The extent of renouncement, if any, shall be finalized before the filing of Letter of Offer with SEBI and Stock Exchanges. Our Promoters and Promoter group vide their letters each dated February 2, 2024 (the “**Subscription Letters**”) have undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters of our Company or Promoter group member; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters of our Company or Promoter group member, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue. since they will not be subscribing to their Rights Entitlement in the Issue and confirmed by their letter dated February 2, 2024 informing us that they may renounce their Rights Entitlements in favour of other Promoter or third parties.

So long as the Promoters have a majority holding, they will be able to elect the entire Board and control most matters affecting us, including the appointment and removal of the officers of our Company, our business strategy and policies and financing. Further, the extent of the Promoters’ shareholding in our Company may result in the delay or prevention of a change of management or control of our Company, even if such a transaction may be beneficial to the other shareholders of our Company.

26. *We operate in a highly competitive industry and an inability to compete effectively may lead to a lower market share or reduced operating margins.*

We operate in a competitive environment. The principal factors affecting competition include: price; customer relationships; technical excellence or differentiation; service quality; health, safety and environmental standards and practices; financial strength; technology and technical sophistication and risk management awareness and processes. The level of competition also varies depending on the business vertical i.e. ICE or EV, as well as the size, nature and complexity of the product that is required to be supplied.

We compete both against domestic and international companies operating in our industry. Some of our domestic and international competitors may have greater financial and other resources and better access to capital than we do, which may enable them to compete more effectively. Competitors may, whether through consolidation or growth, present more credible integrated and/or lower cost solutions than we do, causing us to supply fewer parts to OEMs. If we do not succeed in supplying existing and newer parts to OEMs, we could fail to increase, or maintain, our volume of order intake and operating revenues. There can be no assurance that we can continue to effectively compete with our competitors in the future, and the failure to compete effectively could have a material adverse effect on our business, financial condition and results of operations. Moreover, the competitive nature of the industry may result in lower prices for our products and decreased gross profit margins, either of which may materially adversely affect our profitability.

27. *Inability to obtain sufficient funding in the future could result in the delay or abandonment of our expansion and diversification strategies and may have a material adverse effect on our business and results of operations.*

Our future expansion and diversification plans are dependent on various circumstances, including business developments, new businesses, products or investment opportunities or unforeseen contingencies. We may require additional external funding to meet our expenditure plans related to expansion and diversification plans, including borrowings or sale of equity or debt securities. An inability to obtain sufficient funding in the future could result in the delay or abandonment of our expansion and diversification strategies. In addition, if we raise additional funds through incurrence of debt, our interest and debt repayment obligations will increase, and we may be subject to additional covenants, which could limit our ability to access cash flow from operations and/or other means of financing. Our ability to arrange financing and the costs of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued participation with OEMs and increase in sales of our products and other laws that are conducive to our raising capital in this manner. We cannot assure that we will be able to raise adequate financing to fund future capital requirements on acceptable terms, in time or at all. Any failure to obtain sufficient funding could result in the delay or abandonment of our development and expansion plans and would have a material adverse effect on our results of operations and financial condition.

28. *One of the Objects for the Issue is repayment or prepayment of certain secured loans availed by our Company and Subsidiaries for which part of Net Proceeds will be utilized by our Company. Accordingly, the utilization of the Net Proceeds will not result in creation of any tangible assets.*

One of the Objects for the Issue is repayment or prepayment of certain secured loans availed by our Company Subsidiaries for which part of Net Proceeds will be utilized by our Company. The details of the loans identified to be repaid or prepaid using the Net Proceeds by our Company have been disclosed in the section titled “*Objects of the Issue*” on page 56 of this Draft Letter of Offer. While we believe that utilization of Net Proceeds for repayment of secured loans would help us to reduce our cost of debt and enable the utilization of our funds for our business growth and expansion, the pre-payment of loans will not result in the creation of any tangible assets for our Company.

29. *We do not own certain premises used by us. Disruption of our rights as licensee/ lessee or termination of the agreements with our licensors/ lessors would adversely impact our manufacturing operations and, consequently, our business.*

As on the date of this Draft Letter of Offer, we have taken certain immovable properties on lease/ leave & license basis for our manufacturing and business operations. For details of our properties, please refer to the chapter titled “*Our Business-Immovable Properties*” on page 119 of this Draft Letter of Offer.

There is no assurance that our Company will be able to renew the lease or leave & license agreements in a timely manner or at all. Further, there is no assurance that we will not face any disruption of our rights as a lessee/ licensee and that such leave and license and lease agreements will not be terminated prematurely by the licensor/lessor. Any such non-renewal or early termination or any disruption of our rights as lessee / licensee might adversely affect our business operations.

30. *Our business is seasonal in nature.*

We have historically experienced seasonal fluctuation in the automobile sector, with higher sales volumes and usage during the second half of the year, *i.e.*, from August until December. These seasonal variations in consumer demand subject our sector to a considerable degree of volatility. As a result, our revenue and profits may vary during different quarters of the Financial Year and certain periods may not be indicative of our financial position for a full Financial Year or future quarters or periods and may be below market expectations. Since our business is seasonal in nature, we are vulnerable to non-availability of adequate resources to respond to the increased demand during the peak season. In the event, we are unable to source adequate resources and effectively respond to the increased demand, we may face the risk of losing our clients and customers to our competitors which could lead to significant reduction in our customer base. Our inability to effectively and in a timely manner respond to the above-mentioned events might affect our brand image and our ability to capitalize the opportunities which such spurred demand offers for our business and in turn could adversely affect our cash flows, financial condition and business operations.

31. *Our Manufacturing Facilities are located in three states in India and expanding into other states poses risks.*

We own and operate nine (9) Manufacturing Facilities strategically located at Aligarh (Uttar Pradesh), Aurangabad (Maharashtra) and Pantnagar (Uttarakhand), which are key auto-clusters. Our operations have been geographically concentrated in the states of Uttar Pradesh, Maharashtra and Uttarakhand as these areas are key automobile hubs and close to OEMs manufacturing units. Our business is significantly dependent on the general economic condition and activity in the states in which we operate, and the central, state and local government policies relating to the automobile sector.

Our Company is planning to establish a manufacturing facility at Hosur, Krishnagiri, in the State of Tamil Nadu for the manufacturing automotive parts which will be supplied to OEMs in South India. We have made an application to the Government of Tamil Nadu for the allotment of a suitable land in this auto-cluster. The application is in process and we are awaiting approval. Our Company is also exploring the acquisition of a private land in Hosur or surrounding areas in the event the process of allotment from the Government of Tamil Nadu takes more than six months. The development of this manufacturing facility will be funded from borrowings and internal accruals.

We face additional risks if we undertake projects in other geographic areas in which we do not possess the same level of familiarity. We may be affected by various factors, including but not limited to:

- adjusting our development and operational methods to different geographic areas and to comply with different legal and regulatory requirements;
- obtaining the necessary government and other approvals in time or at all;
- finding reputable third party suppliers; and
- hiring sufficiently experienced employees and absorbing increased management costs.

Further, our competition may have a significant foothold over such geographies. If we undertake any expansion, we may not be able to successfully manage some or all of these risks, which may have a material adverse effect on our revenues, profits and financial condition.

32. *Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.*

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. Our business is working capital intensive and we are required to obtain consents from certain of our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. Although our Company has declared dividends in the past, however there can be no assurance that our Company will declare dividends in the future also. For further details, please refer to the chapter titled “*Dividend Policy*” on page 136 of this Draft Letter of Offer.

33. *Industry information included in this Draft Letter of Offer has been derived from the ‘Industry Research Report on Auto Component Industry’.*

The industry and market data set forth in this Draft Letter of Offer has been obtained or derived from “*Industry Research Report on Auto Component Industry*” dated October 2023 prepared and released by CARE Analytics and Advisory Private Limited and exclusively commissioned and paid by our Company for an agreed fee (the “**CareEdge Report**”) for the purposes of confirming our understanding of the industry in connection with the Offer and it is available on our Company’s website at <https://pavna.in/right-issue.html>. CARE Analytics and Advisory Private Limited was appointed by our Company on September 29, 2023. For further details, see, “*Industry Overview*” on page 71.

The data used in the CareEdge Report may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry

sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section 'Risk Factors' on page 22. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

- 34. As the securities of our Company are listed on Stock Exchanges in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us liable to prosecution and/or penalties.**

The Equity Shares of our Company are listed on BSE and NSE, therefore we are subject to the obligations and reporting requirements prescribed under the SEBI Listing Regulations. There have been instances in the past wherein, our Company has failed to comply with the requirements of the SEBI Listing Regulations in a timely manner.

Our Company endeavours to comply with all such obligations/reporting requirements, there may be non-disclosures/delayed/erroneous disclosures and/or any other violations which might have been committed by us, and the same may result into Stock Exchanges and/or SEBI imposing penalties, issuing warnings and show cause notices against us and/or taking actions as provided under the SEBI Act and Rules and Regulations made there under and applicable SEBI Circulars. Any such adverse regulatory action or development could affect our business reputation, divert management attention, and result in a material adverse effect on our business prospects and financial performance and on the trading price of the Equity Shares.

ISSUE SPECIFIC RISKS

- 35. We will not distribute the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter to overseas Shareholders who have not provided an address in India for service of documents.**

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars our Company will send, only through email, the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares permitted under laws of such jurisdictions and in each case who make a request in this regard. The Issue Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in overseas jurisdictions. However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules made thereunder with respect to distribution of Issue Materials in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdictions. While we have requested all the shareholders to provide an address in India for the purposes of distribution of Issue Materials, we cannot assure you that the regulator or authorities would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject us to fines or penalties.

- 36. SEBI has recently, by way of circular dated January 22, 2020 streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars, and in this Draft Letter of Offer.**

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has been introduced by the SEBI in 2020. Accordingly, the process for such credit of Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circular dated January 22, 2020 and May 19, 2022, as applicable ("SEBI Rights Issue Circulars"), and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. Further, while in accordance with the SEBI Rights Issue Circulars, the credit of Rights Entitlements shall be made into the demat accounts of the Eligible Equity Shareholders as on the Record Date, such Eligible Equity Shareholders shall participate in the Issue only in accordance with the applicable laws in their respective jurisdictions. SEBI, vide circular dated May 19, 2022, has changed the minimum time period between closure of trading of Rights Entitlements

on the stock exchange platform and closure of the rights issue to at least three working days. For details, see “*Terms of the Issue*” beginning on page 218.

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

37. *No market for the Right Entitlements may develop and the price of the Right Entitlements may be volatile.*

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares.

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

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares). For details, please refer chapter “*Terms of the Issue*” on page 218.

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

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renounees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the demat account of the Renounees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renounee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 218.

40. Any future issuance of Equity Shares, or convertible securities or other equity-linked securities by our Company may dilute your shareholding and any sale of Equity Shares by our Promoter may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by our Company may dilute your shareholding in our Company; adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. We cannot assure you that our Promoter will not dispose of, pledge or encumber their Equity Shares in the future.

41. Overseas shareholders may not be able to participate in our Company's future rights offerings or certain other equity issues.

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company is not offering the rights (including their credit) in this offering to the holders of Equity Shares who have a registered address in the United States. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in this offering or in future rights offerings and may experience a dilution in their holdings as a result.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. 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 may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a 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 gains made upon the sale of the Equity Shares.

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

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

44. Investors will be subject to market risks until the Equity Shares credited to the investors demat account

are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

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

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

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

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

- 47. *Holder of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

- 48. *Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may adversely affect the value of our Equity Shares, independent of our operating results.***

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by equity shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated substantially in recent years and may

continue to fluctuate substantially in the future, which may adversely affect the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results.

49. *Investors will not have the option of getting the allotment of Equity Shares in physical form.*

In accordance with the SEBI ICDR Regulations, the Equity Shares shall be issued only in dematerialized form. Investors will not have the option of getting the allotment of Equity Shares in physical form. The Equity Shares Allotted to the Applicants who do not have demat accounts or who have not specified their demat details, will be kept in abeyance till receipt of the details of the demat account of such Applicants. For details, see “*Terms of the Issue*” on page 218. This may impact the ability of our shareholders to receive the Equity Shares in the Issue.

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

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

51. *Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.*

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

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

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

EXTERNAL RISK FACTORS

53. *Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and International Financial Reporting Standards (“IFRS”), which investors may be more familiar with and consider material to their assessment of our financial condition.*

The Restated Consolidated Financial Statements of our Company, its Subsidiaries for the Financial Years ended March 2023, 2022 and 2021 prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. The limited reviewed unaudited consolidated financial statements for the six months period ended September 30, 2023 and September 30, 2022, have been prepared in accordance with the Companies Act and SEBI Listing Regulations.

We have not attempted to quantify the impact of US GAAP, IFRS or any other system of accounting principles on the financial data included in this Draft Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP, IFRS or any other accounting principles. US GAAP and IFRS differ in significant respects from Ind AS and Indian GAAP. Accordingly, the degree to which the Restated Consolidated Financial Information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Ind AS, Indian GAAP and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited.

54. *Political instability or changes in the Government in India or in the Government of the states where we operate could cause us significant adverse effects.*

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products or services may be adversely affected by an economic downturn in domestic, regional and global economies.

Economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates, and annual rainfall which affects agricultural production.

Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

55. *A slowdown in economic growth in India could cause our business to suffer.*

We are incorporated in India, and all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow our assets, the quality of our assets, and our ability to implement our strategy.

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

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- variations in exchange rates;
- changes in India's tax, trade, fiscal or monetary policies;
- political uncertainty due to the 2024 general elections in India;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- geo-political issues and conflicts in the Middle East and Europe;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India.

Any slowdown in the Indian economy or in the growth of the sectors we participate in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of our Equity Shares.

56. *Financial instability in both Indian and international financial markets could adversely affect our results*

of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging market in Asian countries. Financial turmoil in Asia, Europe, the United States and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have an adverse effect on the securities of companies in other countries, 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 global financial instability, including further deterioration of credit conditions in the U.S. market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

The Indian economy is also influenced by economic and market conditions in other countries. This includes, but is not limited to, the conditions in the United States, Europe and certain economies in Asia. Financial turmoil in Asia and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and its business.

Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Financial instability in other parts of the world could have a global influence and thereby impact the Indian economy. Financial disruptions in the future could adversely affect our business, prospects, financial condition and results of operations. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections.

These could include further falls in Stock Exchange indices and greater volatility of markets in general due to the increased uncertainty. These and other related events could have a significant impact on the global credit and financial markets as a whole, and could result in reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the global credit and financial markets. There are also concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance and the trading price of the Equity Shares.

57. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

58. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.

As an Indian Company, we are subject to exchange controls that regulate borrowing in foreign currencies, including those specified under FEMA. Such regulatory restrictions limit our financing sources for our projects under development and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, or at all. Limitations on foreign debt may adversely affect our business growth, results of operations and financial condition.

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

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

Any adverse revisions to India's credit ratings international debt by international rating agencies may adversely affect our ability to raise additional overseas financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

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

We are incorporated in India and we conduct our corporate affairs and our business in India. Our Equity Shares are listed on BSE and NSE. Consequently, our business, operations, financial performance and the market price of our Equity Shares will be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

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

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

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. For example, our manufacturing facilities are located in western India, hence any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect our operations.

SECTION III – INTRODUCTION

THE ISSUE

This Issue has been authorised through a resolution passed by our Board at its meeting held on January 10, 2024 pursuant to Section 62(1)(a) of the Companies Act.

The following is a summary of this Issue and should be read in conjunction with and is qualified entirety by, the information detailed in the chapter titled “*Terms of the Issue*” on page 218 of this Draft Letter of Offer.

Particulars	Details of Equity Shares
Equity Shares proposed to be issued	Upto 48,72,000 Equity Shares
Rights Entitlement	Upto [●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date
Record Date	[●]
Face value per Equity Shares*	₹ 10 each
Issue Price per Rights Equity Shares	₹ [●]
Issue Size	Upto 48,72,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] (Including a premium of ₹ [●]) per Rights Equity Share not exceeding an amount of ₹ [●] lakhs.
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari passu</i> in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid up prior to the Issue	1,21,80,800 Equity Shares
Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto [●] Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	1,70,52,800 Equity Shares
Money payable at the time of Application	₹ [●]
Script Details	ISIN: INE07S101020 Rights Entitlement ISIN: [●] BSE: PAVNAIND/543915 NSE: PAVNAIND
Use of Issue Proceeds	For further details, please refer to the chapter titled “ <i>Objects of the Issue</i> ” on page 56 of this Draft Letter of Offer.
Terms of the Issue	For further details, please refer to the chapter titled “ <i>Terms of the Issue</i> ” on page 218 of this Draft Letter of Offer.

Please refer to the chapter titled “*Terms of the Issue*” on page 218 of this Draft Letter of Offer.

Issue Schedule

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

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights**	[●]
Issue Closing Date*	[●]

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

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

GENERAL INFORMATION

Our Company was incorporated as 'Pavna Locks Private Limited', as a private limited company, in accordance with the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation dated April 19, 1994 issued by the RoC. Subsequently, our Company was converted into a public limited company and the name of our Company was changed to 'Pavna Locks Limited' and a fresh certificate of incorporation on November 13, 2000 was issued by the RoC. Thereafter, name of our Company was changed to 'Pavna Zadi Security Systems Limited' and a fresh certificate of incorporation dated November 17, 2000 was issued to our Company by the RoC. Thereafter, name of our Company was changed to 'Pavna Industries Limited' and a fresh certificate of incorporation dated May 21, 2019 was issued to our Company by the RoC.

Changes in the registered office of our Company

There has been no change in the address of the registered office of our Company since the date of the incorporation.

Registered and Corporate Office of our Company

Pavna Industries Limited

Vimlanchal, Hari Nagar,
Aligarh, 202 001
Uttar Pradesh, India

Telephone: +91 80064 09332

E-mail: info@pavnagroup.com

Website: www.pavna.in

Company Registration Number: 016359

CIN: L34109UP1994PLC016359

Registrar of Companies

Our Company is registered with the Registrar of Companies, Kanpur, which is situated at the following address:

The Registrar of Companies, Kanpur

37/17, Westcott Buidling,
The Mall, Kanpur 208 001,
Uttar Pradesh, India

Board of Directors of our Company

Set forth below are the details of our Board of Directors as on the date of this Draft Letter of Offer:

Name	Age	Designation	Address	DIN
Swapnil Jain	39	Managing Director	Vimlanchal, Harinagar, Gopal Puri, Aligarh 202 001, Uttar Pradesh, India	01542555
Asha Jain	56	Chairperson and Executive Director	19/407, Vimlanchal, Gopal Puri, Aligarh 202 001, Uttar Pradesh, India	00035024
Priya Jain	34	Executive Director	Vimlanchal, Harinagar, Gopal Puri, Aligarh 202 001, Uttar Pradesh, India.	03355623
Sanjay Kumar Jain	58	Non-Executive Director	109, Supar Market, Sahu Mohalla, Jabalpur Indian Coffee House Ke Saamne, Lamti, Jabalpur 482 002, Madhya Pradesh, India	03008142

Name	Age	Designation	Address	DIN
Naozer Firoze Aibara	67	Independent Director	1001, Prateek Edifice, Sector 107, Gautam Budh Nagar, Noida 201 304, Uttar Pradesh, India	08759817
Achyutanand Ramchandra Mishra	86	Independent Director	3/25, Vinay Khand Gomati Nagar, Lucknow 226 010, Uttar Pradesh, India	08940098
Dhruv Jain	37	Independent Director	26/31, Raja Road, Dehradun 248 001, Uttarakhand, India	09835701
Priyanka Moondra Rathi	30	Independent Director	Plot No 16/2 B, Bhatti ki Bavri, Chopasni Housing Board, Jodhpur 342 008, Rajasthan, India	09485101
Himani Bhootra	31	Independent Director	17/642, Chopasani Housing Board, Jodhpur, 342 008, Rajasthan, India	09811030

For detailed profile of our Directors, please refer to the chapter titled “*Our Management*” on page 121 of this Draft Letter of Offer.

Chief Financial Officer

Palak Jain, Chief Financial Officer of our Company. Her contact details are set forth hereunder:

Pavna Industries Limited

Vimlanchal, Hari Nagar,
Aligarh, 202 001
Uttar Pradesh, India

Telephone: +91 80064 09262

E-mail: cfo@pavnagroup.com

Company Secretary and Compliance Officer

Charu Singh, Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder:

Pavna Industries Limited

Vimlanchal, Hari Nagar,
Aligarh, 202 001
Uttar Pradesh, India

Telephone: +91 80064 09332

E-mail: cs@pavnagroup.com

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

Lead Manager to the Issue

PNB Investment Services Limited

PNB Pragati Towers, 2nd Floor,
Plot No. C-9, G-Block, Bandra Kurla Complex,
Bandra (E), Mumbai – 400 051
Maharashtra, India

Tel: +91 22 2653 2682

E-mail: mbd@pnbisl.com

Website: www.pnbisl.com

Contact Person: Srinath Nair/ Shivani Tapadia

Investor grievance e-mail: complaints@pnbisl.com

SEBI Registration No.: INM000011617

Registrar to the Issue

Link Intime India Private Limited

C-101, 1st Floor, 247 Park,
L.B. S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India
Tel: + 91 22 4918 6200

Email: Pavnaindustries.rights2024@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance e-mail: Pavnaindustries.rights2024@linkintime.co.in

Contact Person: Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

Legal Counsel to the Issue

Desai & Diwanji

Forbes Building, 4th floor,
Charanjit Rai Marg,
Fort, Mumbai 400 001
Maharashtra, India
Tel: +91 22 4560 1000

Statutory and Peer Review Auditor of our Company

Rajeev kumar & Company, Chartered Accountants

B-120, Centre Point,
Marris Road, Aligarh 202 001
Uttar Pradesh, India

E-mail: auditors.aligarh@gmail.com

Telephone: +91 80575 55520

Firm registration number: 000633C

Peer review certificate number: 013843

Changes in auditors

Except as disclosed below, there have been no changes in our statutory auditors during the last three years preceding the date of this Draft Letter of Offer:

Particulars	Date of change	Reasons for change
Das Maheshwari & Company, Chartered Accountants 58, Avas Vikas Colony, Sasni Gate, Agra Road, Aligarh 202 001, Uttar Pradesh, India E-mail: dasmaheshwari@rediffmail.com Telephone: +91 98370 42282 Firm registration number: 007259C	August 30, 2022	Due to expiry of peer review certificate
Rajeevkumar & Company, Chartered Accountants B-120, Centre Point, Marris Road, Aligarh 202 001 Uttar Pradesh, India	September 27, 2022	Appointment as Statutory Auditors

Particulars	Date of change	Reasons for change
E-mail: auditors.aligarh@gmail.com Telephone: +91 80575 55520 Firm registration number: 000633C Peer review certificate number: 013843		

Bankers to the Issue/ Refund Bank

The Banker to the Issue/ the Refund Bank shall be appointed prior to filing of the Letter of Offer.

Designated Intermediaries

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

Inter-se Allocation of Responsibilities

PNB Investment Services Limited being, the Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence, a statement of inter se allocation of responsibilities is not required.

Expert Opinion

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

Our Company has received written consent dated January 19, 2024 from our Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated February 2, 2024 on our Restated Consolidated Financial Information for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated November 7, 2023 on the Limited Reviewed Financial information for the six months periods ended September 30, 2023 and September 30, 2022 disclosed in this Draft Letter of Offer; and (iii) the statement of tax benefits dated February 2, 2024 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Our Company has received written consent dated February 2, 2024 from M/s. Wg. Cdr. Harish Kumar Aggarwal, (Director – SSHB Techno Consultants Pvt. Ltd, Govt. Approved Valuer (Plant and Machinery) Independent Chartered Engineer to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Letter of Offer, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and their capacity as independent chartered engineer in respect of details in relation to capacity and capacity utilisation of manufacturing units of our Company and Subsidiaries and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Investor grievances

Investors may contact the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment/ share certificates/ demat credit/ Refund Orders, etc.

Investors are advised to contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer/ Application Form and Rights Entitlement Letter/ Letter of Allotment, Split Application Forms, Share Certificate(s) or Refund Orders, etc. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, ASBA Account number and the Designated Branch of the SCSBs, number of Equity Shares applied for, amount blocked, where the Application Form and Rights Entitlement Letter or the plain paper application, in case of Eligible Equity Shareholder, was submitted by the ASBA Investors through ASBA process.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

Our Company will appoint a monitoring agency, in accordance with Regulation 82 of the SEBI ICDR Regulations, prior to filing of the Letter of Offer with the Stock Exchanges.

For details in relation to the proposed utilisation of the Net Proceeds, see “*Objects of the Issue*” on page 56.

Filing

This Draft Letter of Offer will be filed with SEBI and the Stock Exchange as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will undertake an online filing of Draft Letter of Offer with SEBI through the SEBI intermediary portal at www.siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI and simultaneously file the same with the Designated Stock Exchange.

Underwriting Agreement

Our Company may enter into an Underwriting Agreement with Underwriter(s) for underwriting the Rights Equity Shares. The details of such Underwriting Agreement, if entered into, shall be included in the Letter of Offer to be filed with the SEBI and the Stock Exchange pursuant to receipt of SEBI’s observations on this Draft Letter of Offer. Our Company shall ensure and provided a declaration to the effect that the Underwriter(s) appointed shall have sufficient resources to enable them to discharge their underwriting obligations in full.

Issue Schedule

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

Event	Indicative Date
Issue Opening Date	[●]
Last Date for On Market Renunciation of Rights [#]	[●]
Issue Closing Date*	[●]

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

[#]Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee(s) on or prior to the Issue Closing Date.

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts at least one day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Neither our Company nor the Registrar to the Issue will be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Common Application Forms, see “*Terms of the Issue*” beginning on page 218 of this Draft letter of Offer.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the amount paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at [●] after keying in their respective details along with either security control measures implemented there at. For further details, see “*Terms of the Issue*” on page 218 of this Draft Letter of Offer.

Minimum Subscription

Our Promoters and Promoter group members vide their letters each dated February 2, 2024, informed us that they may renounce their Rights Entitlement to full extent in favour of third parties. The extent of renouncement, if any, shall be finalized before the filing of Letter of Offer with SEBI and Stock Exchanges. Our Promoters and Promoter group vide their letters each dated February 2, 2024 (the “**Subscription Letters**”) have undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters of our Company or Promoter group member; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters of our Company or Promoter group member, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Since, our Promoters and Promoter group members have decided to renounce their Right Entitlement in favour of third parties, therefore the minimum subscription criteria provided under Regulation 86 (1) of the SEBI ICDR Regulations may apply to this Issue. In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive minimum subscription of at least 90% of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rate as prescribed under the applicable laws.

CAPITAL STRUCTURE

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

S. No.	Particulars	Amount (in ₹ lakhs, except for share data)	
		Aggregate value at nominal value	Aggregate value at Issue Price
A.	Authorised Share Capital		
	1,80,00,000 Equity Shares of ₹ 10 each	1,800.00	
B.	Issued, Subscribed and Paid-Up Share Capital before the Issue		
	1,21,80,800 Equity Shares of face value of ₹ 10 each	1,218.08	
C.	Present Issue in terms of this Draft Letter of Offer⁽¹⁾		
	Up to 48,72,000 Equity Shares of ₹ 10 each	[●]	[●]
D.	Issued, Subscribed and Paid-Up Share Capital after the Issue		
	[●] Equity Shares of face value of ₹ 10 each	[●]	[●]

(1) The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated January 10, 2024

Notes to the Capital Structure

1. **Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the SEBI LODR Regulations**
 - a) The shareholding pattern of our Company as on December 31, 2023, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/pavna-industries-ltd/pavnaind/543915/shareholding-pattern/> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PAVNAIND&tabIndex=equity>.
 - b) Statement showing shareholding pattern of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2023 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=543915&qtrid=120.00&QtrName=December%202023> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PAVNAIND&tabIndex=equity>
 - c) Statement showing holding of Equity Shares of persons belonging to the category “Public” including shareholders holding more than 1% of the total number of Equity Shares as on December 31, 2023 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=543915&qtrid=120.00&QtrName=December%202023> and on the website of the NSE at: <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PAVNAIND&tabIndex=equity>.
2. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans, or other instruments convertible into our Equity Shares as on the date of this Date letter of Offer.

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

Our Promoters and Promoter group members vide their letters each dated February 2, 2024, informed us that they may renounce their Rights Entitlement to full extent in favour of third parties. The extent of renouncement, if any, shall be finalized before the filing of Letter of Offer with SEBI and Stock Exchanges. Our Promoters and Promoter group *vide* their letters each dated February 2, 2024 (the “**Subscription Letters**”) have undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters of our Company or Promoter group member; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters of our Company or Promoter group member, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Since, our Promoters and Promoter group members have decided to renounce their Right Entitlement in favour of third parties, therefore the minimum subscription criteria provided under Regulation 86 (1) of the SEBI ICDR Regulations may apply to this Issue. In accordance with Regulation 86 of the SEBI ICDR Regulations, if our Company does not receive minimum subscription of at least 90% of the Equity Shares being offered under this Issue, on an aggregate basis, our Company shall refund the entire subscription amount received within 4 (four) days from the Issue Closing Date in accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. If there is a delay in making refunds beyond such period as prescribed by applicable laws, our Company will pay interest for the delayed period at rate as prescribed under the applicable laws.

4. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●] per equity share.
5. Our Company shall ensure that any transaction in the securities of our Company by our Promoter and the Promoter Group during the period between the date of filing this Draft Letter of Offer and the Issue Closing Date shall be reported to the Stock Exchanges within 24 hours of such transaction.
6. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.
7. At any given time, there shall be only one denomination of the Equity Shares of our Company.
8. There will be no further issue of Equity Shares whether by way of a public issue, qualified institutions placement, issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Letter of Offer with SEBI until the Equity Shares have been listed on the Stock Exchanges, or all application monies have been refunded, as the case may be.

OBJECTS OF THE ISSUE

The Net Proceeds from the Issue are proposed to be utilised by our Company towards funding for the following objects:

1. Repayment and/or pre-payment, in full or in part, of certain borrowings availed by our Company;
2. Funding the incremental working capital requirements of our Company; and
3. General corporate purposes.

(Collectively, referred to herein as the “**Objects**”).

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable our Company to undertake (i) its existing activities; (ii) to undertake the activities for which borrowings were availed and which are proposed to be repaid or prepaid from the Net Proceeds.

Net Proceeds

The details of the Net Proceeds are summarized in the table below:

(in ₹ lakhs)

Particulars	Estimated Amount
Gross proceeds*	12,329.42
Less: Issue related expenses	[●]
Net Proceeds#	[●]

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

#To be finalized upon determination of the Issue Price and updated in the Letter of Offer. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Requirement of Funds and Utilisation of Net Proceeds

The Net Proceeds are proposed to be utilized in accordance with the details provided hereunder:

(in ₹ lakhs)

Particulars	Amount
Repayment and/or prepayment, in part or full, of certain of our outstanding borrowings availed by our Company	10,929.42
Funding incremental working capital requirements of our Company	1,400.00
General corporate purpose	[●]
Net Proceeds*	[●]

**To be finalized upon determination of the Issue Price and updated in the Letter of Offer. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Deployment of funds and schedule of implementation

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below.

(in ₹ lakhs)

Particulars	Amount to be funded from Net Proceeds	Year wise break-up of the expenditure	
		Fiscal 2024	Fiscal 2025
Repayment and/or prepayment, in part or full, of certain of our borrowings availed by our Company	10,929.42	10,929.42	-
Funding incremental working capital requirements of our Company	1,400.00	1,400.00	-
General Corporate Purpose*	[●]	[●]	[●]
Net Proceeds*	[●]	[●]	[●]

*To be finalized upon determination of the Issue Price and updated in the Letter of Offer. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Our fund requirements and proposed deployment of the Net Proceeds are based on our internal management estimates as per our business plan based on current circumstances of our business prevailing market conditions. Further, such fund requirements and proposed deployment of funds have not been appraised by any bank or financial institution or any other independent agency. We may need to revise our estimates from time to time in light of various factors such as changes in costs, our financial condition, business and strategy or external circumstances such as market conditions, the economic conditions, changing regulatory policies, prevailing competitive environment, interest or exchange rate fluctuations, which may not be in our control. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from our planned allocation at the discretion of our management, subject to compliance with applicable laws. In the event that the estimated utilization out of the Net Proceeds in a Fiscal is not met (in part or full), such unutilised amount shall be utilised in the succeeding Fiscal(s), as determined by our Company, in accordance with applicable law.

In case we require additional capital towards meeting the objects of the Fresh Issue, our Company may explore arrange of options including utilising internal accruals and availing additional debt from existing and/or future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. If the actual utilisation towards any of the objects is lower than the proposed deployment, such balance will be used for funding future growth opportunities, and/or towards funding any of the other existing objects (if required), and/or general corporate purposes within the permissible limit in accordance with applicable law.

For further details, please refer “Risk Factors” on page 22.

Means of finance

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of our management, subject to applicable law. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them, subject to compliance with applicable laws. Further, depending on the funding requirements of our Company and subject to market and other considerations, our Company may increase the size of the Issue by 20% as disclosed in this Draft Letter of Offer in accordance with the SEBI ICDR Regulations and other applicable law. Since our Company is not proposing to fund any specific project from the Net Proceeds, the requirement to make firm arrangements of finance through verifiable means towards 75% of the stated means of finance for such project proposed to be funded from the Net Proceeds is not applicable.

Details of the Objects

1. Repayment or prepayment, in full or in part, of all or a portion of certain outstanding borrowings availed by us from banks and financial institutions

We have entered into various financing arrangements from time to time, with various lenders. As on January 20, 2024, we had total sanctioned limit of borrowings of ₹ 12,727.13 lakhs and has utilized ₹ 10,929.42 lakhs. Our Company proposes to utilise an estimated amount of up to ₹ 10,929.42 lakhs from the Net Proceeds towards pre-payment or scheduled repayment of all or a portion of the outstanding borrowings availed by us. We may repay or refinance certain loans set out in the table below, prior to filing of the Letter of Offer. In such a situation, we may utilise the Net Proceeds for part or full repayment of any such additional loan or loans obtained to refinance any of our existing loans. We may choose to repay or pre-pay certain borrowings availed by us, other than those identified in the table below, which may include additional borrowings we may avail after the filing of this Draft Letter of Offer. Given the nature of these borrowings and the terms of repayment/pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. In light of the above, at the time of filing the Letter of Offer, the table below shall be suitably updated to reflect the revised amounts or loans as the case may be which have been availed by us. In the event our Board deems appropriate, the amount allocated for estimated schedule of deployment of Net Proceeds in a particular fiscal may be repaid/ pre-paid in part or full by us in the subsequent fiscal. The selection of borrowings proposed to be repaid/prepaid by us shall be based on various factors including (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) levy of any prepayment penalties and the quantum thereof, (iii) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan, (iv) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our lenders and (v) provisions of any law, rules, regulations governing such borrowings. Further, we have obtained written consents from our lenders for undertaking the Offer. We believe that such repayment or prepayment will help reduce our outstanding indebtedness and our debt-equity ratio and enable utilization of our internal accruals for further investment in business growth. We may avail further loans after the date of this Draft Letter of Offer and/or draw down further funds under existing loans. In addition, we believe that the strength of our balance sheet and our leverage capacity will further improve, which shall enable us to raise further capital in the future at competitive rates to fund potential business development opportunities and plans to grow and expand our business in the coming years. The following table sets forth details of certain borrowings availed by us, which are outstanding as on January 20, 2024 out of which we may repay/prepay, all or a portion of, any or all of the borrowings, from the Net Proceeds:

Sr. No	Name of Lender and Date of Sanction	Type of borrowing ⁽²⁾	Name of Borrower	Amount sanctioned (₹ in Lakhs)	Principle amount outstanding as on 20 th January 2024 (₹ in lakhs) ⁽²⁾	Purpose for which loan was obtained ⁽¹⁾⁽²⁾	Tenure (months)	Rate of interest (in %)	Pre-payment Penalty
1	HDFC Bank Ltd 30/06/2021	Term Loan	Pavna Industries Limited	429.00	113.86	Working Capital Requirements	39	9.25	4%
2	HDFC Bank Ltd 30/06/2021	Term Loan	Pavna Industries Limited	609.60	102.64	Working Capital Requirements	35	9.02	4%
3	HDFC Bank Ltd 27/06/2023	Term Loan	Pavna Industries Limited	1,000.00	805.63	Working Capital Requirements	60	9.14	4%
4	HDFC Bank Ltd 27/02/2023	Term Loan	Pavna Industries Limited	1,200.00	1,141.90	Working Capital Requirements	60	9.18	4%
5	HDFC Bank Ltd 09/10/2023	Working Capital Demand Loan	Pavna Industries Limited	1,310.53	1,310.53	Working Capital Requirements	12	9.00	4%
6	HDFC Bank Ltd 27/06/2023	Cash Credit	Pavna Industries Limited	5,000.00	4,528.76	Working Capital Requirement	12	9.02	4%
7	Bajaj Finance Ltd 27/03/2023	Purchase Order Facility	Pavna Industries Limited	2,000.00	2,000.00	Working Capital Requirement	12	8.50	2%
8	HDFC Bank Ltd 20/07/2023	Cash Credit	Pavna Auto Engineering Pvt Ltd	500.00	484.28	Working Capital Requirement	12	9.20	4%
9	HDFC Bank Ltd 20/07/2023	Term Loan	Pavna Auto Engineering Pvt Ltd	19.00	11.78	Working Capital Requirements	14	9.19	4%
10	Bajaj Finance Ltd 27/03/2023	Purchase Order Facility	Pavna Auto Engineering Pvt Ltd	200.00	60.00	Working Capital Requirements	12	8.50	2%
11	HDFC Bank Ltd 08/12/2023	Cash Credit	Pavna Marketing Pvt Ltd	350.00	319.22	Working Capital Requirements	12	8.80	2%
12	HDFC Bank Ltd 13/06/2020	Term Loan	Pavna Marketing Pvt Ltd	59.00	10.87	Working Capital Requirements	48	9.25	2%
13	HDFC Bank Ltd 11/12/2023	Cash Credit	Swapnil Switches Pvt Ltd	50	39.95	Working Capital Requirements	12	8.64	2%
TOTAL				12,727.13	10,929.42				

(1) In accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations which requires a certificate from the statutory auditor certifying the utilization of loan for the purpose availed, our Statutory Auditors have confirmed that the loans have been utilised for the purpose for which it was availed pursuant to certificate dated February 2, 2024.

(2) As certified by the Statutory Auditors of the Company, vide their certificate dated February 2, 2024.

In the event that there are any prepayment or repayment penalties required to be paid under the terms of the relevant financing arrangements, the amount of such prepayment or repayment penalties shall be paid by us out of our internal accruals.

2. Funding incremental working capital requirements of our Company

Our Company proposes to utilise ₹ 1,400.00 lakhs from the Net Proceeds to fund our working capital requirements. Our business is working capital intensive and we fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals and financing from various banks and financial institutions. As on January 20, 2024, the Company had total sanctioned limit of working capital facilities of ₹ 11,549.13 lakhs and has utilized ₹ 10,003.32 lakhs. As on January 20, 2024, our total borrowings amounted to ₹ 10,003.32 lakhs. For further information, see “Financial Information” on page 137.

Basis of estimation of incremental working capital requirement

The details of our Company’s working capital as at March 31, 2021, March 31, 2022 and March 31, 2023, and the sourcing of funding, derived from the restated standalone financial statements of our Company as certified by M/s. Ratan Chandak & Co., Chartered Accountants through their certificate dated February 2, 2024 are provided in the table below:

(in ₹ lakhs)

Sr. No	Particulars	For the year ended 31 March 2021	For the year ended 31 March 2022	For the year ended 31 March 2023
I.	Current Assets			
a)	Inventories	2,925.49	5,725.41	6,682.00
b)	Trade Receivable	2,774.53	4,078.91	4,333.45
c)	Other current assets including other financial assets	888.84	863.70	1,263.81
	TOTAL CURRENT ASSETS (I)	6,588.86	10,668.02	12,279.26
II.	Current Liabilities			
a)	Trade payables	2,749.88	3,650.33	4,227.49
b)	Other current liabilities	402.52	339.00	472.36
c)	Short term provisions	60.55	64.55	70.13
	TOTAL CURRENT LIABILITIES (II)	3,212.95	4,053.88	4,769.98
III.	Net Working Capital Requirements (I-II)	3,375.91	6,614.14	7,509.28
IV.	Existing funding pattern			
a)	Less: Existing Bank Borrowings (Short term)	2,718.54	5,772.80	6,553.18
b)	Internal Accruals	390.86	642.25	746.14
	Total	3,109.40	6,415.05	7,299.32

Holding Period	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Current Assets			
Inventories	135	119	94
Trade Receivable	60	60	59
Current Liabilities			
Trade Payables	83	69	83

Note: As certified by M/s. Ratan Chandak & Co., Chartered Accountants, by way of their certificate dated February 02, 2024.

On the basis of our existing working capital requirements and the projected working capital requirements, our Board pursuant to its resolution dated January 10, 2024 has approved the working capital requirements of our Company, details of which are provided below:

(in ₹ lakhs)

Sr. No.	Particulars	For the year ended 31 March 2024	For the year ended 31 March 2025
I.	Current Assets		
a)	Inventories	7,260.68	7,531.15
b)	Trade Receivable	4,515.59	6,192.93
c)	Other current assets	7,191.37	3,761.11
	TOTAL CURRENT ASSETS (I)	18,967.64	17,485.19
II.	Current Liabilities		
a)	Trade payables	3,956.31	2,789.81
b)	Other current liabilities	489.29	555.42
c)	Short term provisions	78.60	89.20
	TOTAL CURRENT LIABILITIES (II)	4,524.20	3,434.44
III.	Working Capital Requirements (III)=(I)-(II)	14,443.44	14,050.76
	Less: Existing Bank Borrowings (Short term)	-	-
	Net Working Capital Requirement	14,443.44	14,050.76
IV.	Existing Funding pattern		
a)	Proposed Working Capital to be funded from Rights Issue	1,400.00	-
b)	Funded through internal accruals and other borrowings	13,043.44	14,050.76
	Assumptions for Working Capital Requirements		
	Holding Period	Number of Days	
	Inventories	140	126
	Trade Receivable	60	71
	Current Liabilities		
	Trade Payables	74	46

Note: As certified by M/s Ratan Chandak & Co, Chartered Accountants, by way of their certificate dated February 2, 2024.

Our Company proposes to utilize ₹ 1,400.00 Lakhs from the Net Proceeds towards funding the working capital requirements of the Company.

Assumption for working capital requirements

The table below contains the details of the holding levels and justifications for holding period levels on the basis of audited standalone financial statements of our Company and the assumptions based on which the working plan projects has been made and approved by our Board of Directors is as under:

Key assumptions for working capital projections made by our Company:

Sr. No.	Particulars	Assumptions
Current Assets		
1	<i>Inventories:</i>	In order to achieve cost competitiveness and shorter lead times through constant innovation, we need to maintain sufficient inventory levels. In Fiscals 2021, 2022 and 2023, our inventory days were 94 days, 119 days and 135 days, respectively. To timely cater the newly developed products range of our esteemed buyers and to ensure adequate availability of material due to addition of capacity and our expected organic growth, we have estimated 140 days and 126 days of inventory for the Fiscal 2024 and Fiscal 2025, respectively.
2	Trade receivables	In Fiscals 2021, 2022 and 2023 our receivable days were 59 days, 60 days and 60 days, respectively. We expect the receivable days at 60 days and 71 days for Fiscal 2024 and Fiscal 2025, respectively with the availability of Net Proceeds.
3	Other current assets including Short term loans and advances	The key items under this head are prepaid expenses, advance to suppliers, balance with government authorities etc. However, going forward, we do not foresee any major change.
Current Liabilities		
4	Trade payables	Our trade payables have been for 83 days, 69 days and 83 days for Fiscals 2021, 2022 and 2023, respectively. However, going forward we estimate to maintain payables at 74 days and 46 days for Fiscal 2024 and Fiscal 2025 to avail best pricing and also buy from large suppliers.
5	Other current liabilities	Other current liabilities include provisions, statutory dues, expenses payable, etc. However, going forward, we do not foresee any major change.

Note: As certified by As certified by M/s Ratan Chandak & Co, Chartered Accountants, by way of their certificate dated February 02, 2024.

To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned object of the Issue, as per the estimated schedule of utilisation specified above, our Company shall deploy the Net Proceeds in the subsequent Financial Years towards the aforementioned object, in accordance with applicable law

3. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating to ₹ [●] lakhs towards general corporate purposes, subject to such amount not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise Net Proceeds include, but are not restricted to, strategic initiatives, funding growth opportunities, strengthening marketing capabilities, acquisitions, meeting ongoing general corporate exigencies and contingencies; meeting our business requirements, expenses incurred in ordinary course of business, payment of commission and/or fees to consultants, acquisition of fixed assets, business development initiatives, employee welfare activities, other expenses including salaries and wages, administration, insurance, repairs and maintenance, payment of taxes and duties and any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

The quantum of utilization of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company and other relevant considerations, from time to time. Our Company's management, in accordance with the policies of our Board, shall have flexibility in utilizing surplus amounts, if any. In addition to the above, our Company may utilize the balance Net Proceeds towards any other expenditure considered expedient and as approved periodically by our Board or a duly appointed committee thereof, subject to compliance with applicable law. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and

deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

4. Issue Related Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] Lakhs.

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

Expenses	Expenses (₹ in lakhs)*	Expenses (% of total Issue expenses)	Expenses (% of Gross Issue Proceeds)
Fees payable to the Lead Manager (including underwriting commission, brokerage and selling Commission)	[●]	[●]	[●]
Fees payable to the Registrar to the Issue	[●]	[●]	[●]
Advertising, marketing and shareholder outreach expenses	[●]	[●]	[●]
Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	[●]	[●]	[●]
Others, Printing and stationery, Fees payable to the legal counsels, Miscellaneous expenses	[●]	[●]	[●]
Total estimated Issue related expenses	[●]	[●]	[●]

*Amounts will be finalised and incorporated in the Letter of Offer on determination of Issue Price.

5. Interim Use of Net Proceeds

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

6. Bridge financing facilities and other financial arrangements

Our Company has not raised any bridge loans or entered into any other similar financial arrangements from / with any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

7. Monitoring of Utilization of Funds

Our Company shall appoint the Monitoring Agency for the Issue to monitor the utilization of the Net Proceeds. The Monitoring Agency shall submit a report to our Board, till 100% of the Net Proceeds has been utilised, as required under Regulation 82 of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Fiscals subsequent to receipt of listing and trading approvals from the Stock Exchanges. Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds. Further, pursuant to Regulation 32(5) of the SEBI LODR Regulations, our Company shall, on an annual basis, prepare

a statement of funds utilised for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor(s) of our Company, which shall be submitted by our Company with the Monitoring Agency.

Furthermore, in accordance with Regulation 32(1) of the SEBI LODR Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Director's report, after placing it before the Audit Committee.

8. Appraising Agency

None of the Objects for which the Net Proceeds will be utilised, require appraisal from, or have been appraised by, any bank/ financial institution/ any other agency, in accordance with applicable law.

9. Other Confirmations

No part of the proceeds of the Issue will be paid by our Company to our Promoters, our Promoter Group, our Directors or our Key Managerial Personnel or Senior Management, except in the normal course of its business.

Our Promoter, our Promoter Group and our Directors do not have any interest in the objects of the Issue, and there are no material existing or anticipated transactions in relation to utilization of the Net Proceeds with our Promoter, Promoter Group, Directors or Key Managerial Personnel or Senior Management Personnel.

Our Company does not require any material government and regulatory approvals in relation to the objects of the Issue.

STATEMENT OF TAX BENEFITS

To,

**The Board of Directors,
Pavna Industries Limited**

Vimanchal Hari Nagar
Aligarh 202 001
Uttar Pradesh, India.

Re: Proposed Rights Issue of equity shares (“Equity Shares” and such rights issue, an “Issue”) of Pavna Industries Limited (the “Company”).

This report is issued in accordance with the Engagement Letter dated 30.11.2023.

We, Rajeev Kumar & Company, Chartered Accountants, are the present Statutory Auditors of the Company. We enclose herewith a statement in **Annexure 1** showing the current position of the possible special tax benefits available to the Company and to its shareholders and material subsidiary of the Company, under direct and indirect taxes (together “**the Tax Laws**”), presently in force in India as on the signing date, which are defined in **Annexure I**. These possible special tax benefits are dependent on the Company, shareholders of the Company and material subsidiary of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or shareholders of the Company or material subsidiary of the Company to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company or shareholders of the Company or material subsidiary of the Company may face in the future and accordingly, the Company or shareholders of the Company or material subsidiary of the Company may or may not choose to fulfill.

Following is the Material Subsidiary as identified by the Company:

1. Pavna Auto Engineering Private Limited

The benefits discussed in the enclosed **Annexure I** cover the possible special tax benefits available to the Company, shareholders of the Company and material subsidiaries of the Company but does not cover any general tax benefits available to the Company, shareholders of the Company and material subsidiary of the Company. Further, the preparation of the enclosed Annexures and its contents is the responsibility of the management of the Company and is not exhaustive. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing Tax Laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed rights issue of equity shares of the Company comprising a fresh issue of the Equity Shares by the Company. Neither we are suggesting nor advising the investors to invest money based on this Statement.

We conducted our examination in accordance with the “Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)” (the “**Guidance Note**”) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

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

- i) the Company, shareholders of the Company and material subsidiaries of the Company will continue to obtain these possible special tax benefits in future; or
- ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/ would be met with.
- iii) the revenue authorities/courts will concur with the views expressed herein.

The contents of enclosed Annexure are based on the information, explanation and representations obtained from the company; from the statutory auditor of the material subsidiary; from the tax auditor of the company and based on our understanding of the business activities and operations of the Company and material subsidiary of the Company.

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

We also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Draft Letter of Offer and Letter of Offer “(Offer Documents)” of the Company or in any other documents in connection with the Issue.

This certificate may be relied on by the Company, Lead Manager (LM), its affiliates and the legal counsel in relation to the Issue.

We undertake to update the LM in writing as and when required by the LM, upon receipt of relevant information from the Company, of any changes in the above-mentioned position until the date the Equity Shares issued pursuant to the Issue commence trading on the stock exchanges.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours faithfully,

For and on behalf of
Rajeev Kumar & Company
Chartered Accountants
FRN: 000633C

CA. Rajeev Kumar
Proprietor
Membership No.: 070103
UDIN: 24070103BKCOLS1385

Place: Aligarh
Date: 02-02-2024

Encl: As above

CC:

Legal Counsel to the Issue

Desai & Diwanji

Forbes Building, 4th floor,
Charanjit Rai Marg, Fort,
Mumbai – 400 001.

ANNEXURE 1

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO PAVNA INDUSTRIES LIMITED (“THE COMPANY”) AND ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY UNDER THE APPLICABLE DIRECT AND INDIRECT TAXES (“TAX LAWS”)

Outlined below are the Possible Special Tax Benefits available to the Company, its shareholders and its material subsidiary under the Tax Laws. These Possible Special Tax Benefits are dependent on the Company, its shareholders and its material subsidiary fulfilling the conditions prescribed under the Tax Laws. Hence, the ability of the Company, its shareholders and its material subsidiary to derive the Possible Special Tax Benefits is dependent upon fulfilling such conditions, which are based on business imperatives it faces in the future, it may or may not choose to fulfill.

LIST OF DIRECT AND INDIRECT TAX LAWS (‘TAX LAWS’)

Sr. No. Details of tax laws

1. Income-tax Act, 1961 and Income-tax Rules, 1962
2. Central Goods and Services Tax Act, 2017
3. Integrated Goods and Services Tax Act, 2017
4. State Goods and Services Tax Act, 2017
5. Customs Act, 1962 and Customs Tariff Act, 1975 read with respective Rules, Circulars and Notifications issued thereunder.
6. Foreign Trade Policy 2023 read with Handbook of Procedures

UNDER THE DIRECT TAX LAWS

A. Special tax benefits available to the Company

1. Lower corporate tax rate under Section 115BAA of the Income Tax Act, 1961 (‘the Act’)

Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020 - 21). Section 115BAA of the Act grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the Act further provides that domestic companies availing the said option will not be required to pay Minimum Alternate Tax (‘MAT’) on their ‘book profits’ under Section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives/deductions under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

2. Section 80M of the Act - Deduction in respect of inter-corporate dividends

Section 80M provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the due date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the Company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

3. Section 80JJAA of the Act- Deduction in respect of employment of new employees

As per the section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfillment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

B. Special tax benefits available to Shareholders of the Company

1. As per section 112A of the Act, long-term capital gains arising from transfer of an equity share, or a unit of an equity- oriented fund or a unit of a business trust shall be taxed at 10% (without indexation) of such capital gains subject to fulfillment of prescribed conditions under the Act as well as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 1 October 2018. It is worthwhile to note that tax shall be levied where such capital gains exceed INR 100,000.
2. As per section 111A of the Act, short term capital gains arising from transfer of an equity share, or a unit of an equity- oriented fund or a unit of a business trust shall be taxed at 15% subject to fulfillment of prescribed conditions under the Act.
3. With respect to resident corporate shareholders, deduction under section 80M of the Act as mentioned above could be available subject to fulfillment of certain conditions.

C. Special tax benefits available to material subsidiary of the Company

Name of the material subsidiary - Pavna Auto Engineering Private Limited (PAEPL)

Lower corporate tax rate under Section 115BAA of the Income Tax Act, 1961 ('the Act')

Section 115BAA has been inserted in the Act w.e.f. 1 April 2020 (A.Y. 2020 - 21). Section 115BAA of the Act grants an option to a domestic company to be governed by the section from a particular assessment year. If a company opts for section 115BAA of the Act, it can pay corporate tax at a reduced rate of 25.168% (22% plus surcharge of 10% and education cess of 4%). Section 115BAA of the Act further provides that domestic companies availing the said option will not be required to pay Minimum Alternate Tax ('MAT') on their 'book profits' under Section 115JB of the Act.

However, such a company will no longer be eligible to avail specified exemptions / incentives/deductions under the Act and will also need to comply with the other conditions specified in section 115BAA of the Act. Further, it shall not be allowed to claim set-off of any brought forward loss arising to it on account of additional depreciation and other specified incentives.

Section 80M of the Act- Deduction in respect of inter-corporate dividends

Section 80M provides for deduction from gross total income of a domestic company, of an amount equal to dividends received by such company from another domestic company or a foreign company or a business trust as does not exceed the amount of dividend distributed by it on or before one month prior to the due date of filing its tax return as prescribed under Section 139(1) of the Act.

Where the company receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act.

Section 80JJAA of the Act - Deduction in respect of employment of new employees

As per the section 80JJAA of the Act, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the

course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided. The eligibility to claim the deduction is subject to fulfillment of prescribed conditions specified in sub-section (2) of section 80JJAA of the Act.

SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

The industry and market data set forth in this Draft Letter of Offer has been obtained or derived from “Industry Research Report on Auto Component Industry” dated October 2023 prepared and released by CARE Analytics and Advisory Private Limited and exclusively commissioned and paid by our Company for an agreed fee (the “CareEdge Report”) for the purposes of confirming our understanding of the industry in connection with the Issue and it is available on our Company’s website at <https://pavna.in/right-issue.html>. CARE Analytics and Advisory Private Limited was appointed by our Company on September 29, 2023. For details of risks in relation to the CareEdge Report, see “Risk Factors – Industry information included in this Draft Letter of Offer has been derived from the CareEdge Report.” on page 37. The CareEdge Report is subject to the following disclaimer:

Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. Although the industry and market data used in this Draft Letter of Offer is reliable, it has not been independently verified by us, the LM, or any of their respective affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section ‘Risk Factors’ on page 22. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

The extent to which the market and industry data used in this Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section is obtained or extracted from “Industry Research Report on FIBC Industry – Global Flexible Intermediate Bulk Packaging Industry” dated December 14, 2023 (the “CARE Report”) prepared and issued by CARE Advisory Research & Training Limited (CARE) and exclusively commissioned by and paid for by us in connection with the Offer. The Care Report forms part of the material contracts for inspection, and is accessible on the website of our Company at www.pavna.net.

The data included herein includes excerpts from the CARE Report and may have been re-classified by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect.

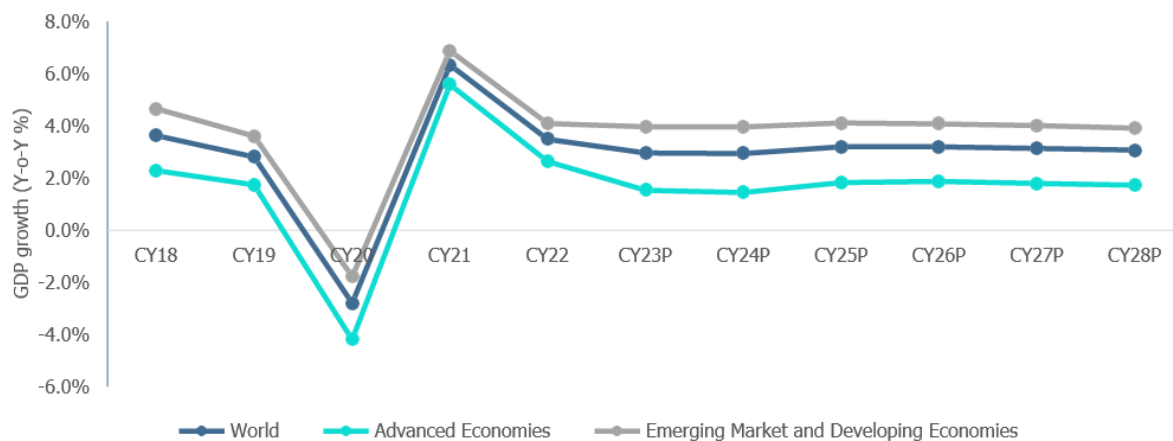
Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. Also see “Risk Factors” – This Draft Red Herring Prospectus contains information from third parties, including an industry report prepared by an independent third-party research agency, CARE Advisory Research and Training Limited, which we have commissioned and paid for purposes of confirming our understanding of the industry exclusively in connection with the Offer.

While preparing its report, CARE has also sourced information from publicly available sources, including our Company’s financial statements available publicly. However, financial information relating to our Company presented in other sections of this Draft Red Herring Prospectus has been prepared in accordance with Ind AS and restated in accordance with the SEBI ICDR Regulations. Accordingly, the financial information of our Company in this section is not comparable with Ind AS financial information presented elsewhere in this Draft Red Herring Prospectus.

1. Economic Outlook

1.1. Global Economy

As per the International Monetary Fund (IMF)’s World Economic Outlook growth projections released in October 2023, the global economic growth for CY22¹ stood at 3.5% on a year-on-year (y-o-y) basis, down from 6.3% in CY21 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. On the other hand, the global economic growth for CY23 is projected to slow down further to 3.0% and 2.9% in CY24, attributed to compressing global financial conditions, expectant steeper interest rate hikes by major central banks to fight inflation, and spill-over effects from the Russia-Ukraine conflict, with gas supplies from Russia to Europe expected to remain tightened. For the next 4 years, the IMF projects world economic growth in the range of 3.0%-3.2% on a y-o-y basis.



Notes: P-Projection;

Source: IMF – World Economic Outlook, October 2023

1.2 Advanced Economies Group

The major advanced economies registered GDP growth of 2.6% in CY22, down from 5.5% in CY21, which is further projected to

decline to 1.5% in CY23. This forecast of low growth reflects increased central bank interest rates to fight inflation and the impact of the Russia-Ukraine war. About 90% of advanced economies are projected to witness decline GDP growth in CY23 compared to CY22. In addition, this is further expected to decline to 1.4% in CY24. One of the major countries from this group is the United States. The United States registered GDP growth of 2.1% in CY22 compared to 5.9% in CY21. Whereas, growth for CY23 and CY24 is projected at 2.1% and 1.5%, respectively. Among advanced economies group, private consumption has been stronger in the United States than in the euro area.

Further, the Euro Area registered GDP growth of 3.3% in CY22 compared to 5.6% in CY21. For CY23 and CY24, the growth is projected at 0.7% and 1.2%, respectively.

1.3 Emerging Market and Developing Economies Group

For the emerging market and developing economies group, GDP growth stood at 4.0% in CY22, compared to 6.8% in CY21. This growth is further projected at 4.0% in CY23 and CY24. About 90% of the emerging economies are projected to make positive growth. While the remaining economies, including the low-income countries, are expected to progress slower. Further, in China, growth is expected to pick up to 5.0% with the full reopening in CY23 and subsequently moderate in CY24 to 4.8%. The property market crisis and lower investment are key factors leading to this moderation. Whereas, India is projected to remain strong at 6.3% for both CY23 and CY24 backed by resilient domestic demands despite external headwinds.

Table 1: GDP growth trend comparison - India v/s Other Emerging and Developing Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)									
	CY19	CY20	CY21	CY22	CY23P	CY24P	CY25P	CY26P	CY27P	CY28P
India	3.9	-5.8	9.1	7.2	6.3	6.3	6.3	6.3	6.3	6.3
China	6.0	2.2	8.5	3.0	5.0	4.2	4.1	4.1	3.7	3.4
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Saudi Arabia	0.8	-4.3	3.9	8.7	0.8	4.0	4.2	3.3	3.3	3.1
Brazil	1.2	-3.3	5.0	2.9	3.1	1.5	1.9	1.9	2.0	2.0

The Indonesian economy is expected to register growth of 5% both in CY23 and CY24 with a strong recovery in domestic demands, a healthy export performance, policy measures, and normalization in commodity prices. In CY22, Saudi Arabia was the fastest-growing economy in this peer set with 8.7% growth. The growth is accredited to robust oil production, non-oil private investments encompassing wholesale and retail trade, construction and transport, and surging private consumption. Saudi Arabia is expected to grow at 0.8% and 4.0% in CY23 and CY24, respectively. On the other hand, Brazil is expected to project growth of 3.1% in CY23 driven by buoyant agriculture and resilient services in the first half of CY23.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the GDP has been estimated to be at USD 3.4 trillion for CY22 and is projected to reach USD 5.2 trillion by CY27. Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6% in the period of CY24-CY28, outshining China's growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7% share in the global economy, with China [~18%] on the top followed by the United States [~15%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19's impact, high inflationary and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience.

1.4 Indian Economic Outlook

GDP Growth and Outlook

During FY24, strong agricultural and allied activity prospects are likely to boost rural demands. However, a rebound in contact-intensive sectors and discretionary spending is expected to support urban consumption.

- Strong credit growth, resilient financial markets, and the government’s continual push for capital spending and infrastructure are likely to create a compatible environment for investments.
- External demand is likely to remain subdued with a slowdown in global activities, thereby indicating adverse implications for exports. Additionally, heightened inflationary pressures and resultant policy tightening may pose a risk to the growth potential.

Taking all these factors into consideration, in October 2023, the RBI in its bi-monthly monetary policy meeting estimated a real GDP growth of 6.5% y-o-y for FY24.

Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

Industry and Services sector leading the recovery charge

- The gap between GDP and GVA growth turned positive in FY22 (after a gap of two years) due to robust tax collections. Of the three major sector heads, the service sector has been the fastest-growing sector in the last 5 years.

Table 2 : Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY18	FY19	FY20 (3RE)	FY21 (2RE)	FY22 (1RE)	FY23 (PE)	Q1FY23	Q1FY24
Agriculture, Forestry & Fishing	6.6	2.1	6.2	4.1	3.5	4	2.4	3.5
Industry	5.9	5.3	-1.4	-0.9	11.6	4.4	9.4	5.5
Mining & Quarrying	-5.6	-0.8	-3	-8.6	7.1	4.6	9.5	5.8
Manufacturing	7.5	5.4	-3	2.9	11.1	1.3	6.1	4.7
Electricity, Gas, Water Supply & Other Utility Services	10.6	7.9	2.3	-4.3	9.9	9	14.9	2.9
Construction	5.2	6.5	1.6	-5.7	14.8	10	16	7.9
Services	6.3	7.2	6.4	-8.2	8.8	9.5	9.4	10.3
Trade, Hotels, Transport, Communication & Broadcasting	10.3	7.2	6	-19.7	13.8	14	25.7	9.2
Financial, Real Estate & Professional Services	1.8	7	6.8	2.1	4.7	7.1	8.5	12.2
Public Administration, Defence and Other Services	8.3	7.5	6.6	-7.6	9.7	7.2	21.3	7.9
GVA at Basic Price	6.2	5.8	3.9	-4.2	8.8	7	11.9	7.8

1.4.1 Industrial Growth

Improved Core and Capital Goods Sectors helped IIP Growth Momentum

The Index of Industrial Production (IIP) is an index to track manufacturing activity in an economy. On a cumulative basis, IIP grew by 11.4% y-o-y in FY22 post declining by 0.8% y-o-y and 8.4% y-o-y, respectively, in FY20 and FY21. This high growth was mainly backed by a low base of FY21. FY22 IIP was higher by 2.0% when compared with the pre-pandemic level of FY20, indicating that while economic recovery was underway, it was still at very nascent stages.

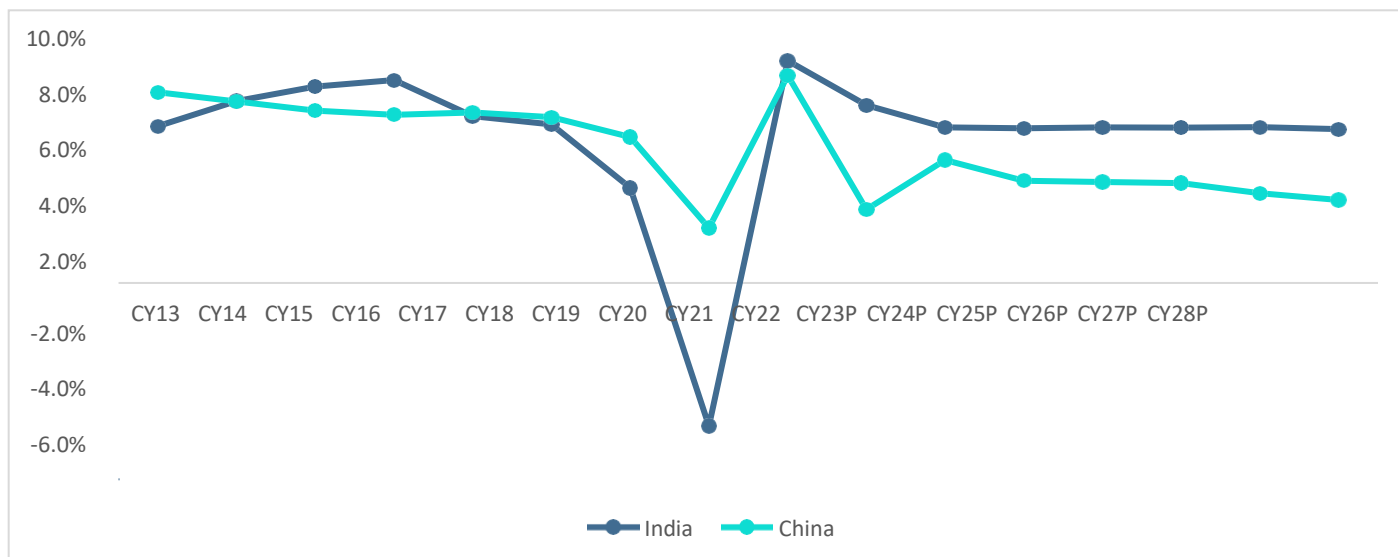
During FY23, the industrial output recorded a growth of 5.1% y-o-y supported by a favourable base and a rebound in economic activities. During April 2023 and May 2023, IIP grew by 4.2% y-o-y and 5.3% y-o-y growth, respectively. This growth in April and May 2023 was aided by encouraging performance of the mining and manufacturing sectors. However, in June 2023, the industrial output slowed to 3.7% mainly due to moderation in the manufacturing sector’s output. This industrial growth rebounded to 5.7% in July 2023 with improvement in the manufacturing segment and further accelerated to 10.3% in August 2023 with improvement in the manufacturing segment. Sectors like mining and electricity as well aided this performance.

Emerging Market and Developing Economies Group

For the emerging market and developing economies group, GDP growth stood at 4.0% in CY22, compared to 6.8% in CY21. This growth is further projected at 4.0% in CY23 and CY24. About 90% of the emerging economies are projected to make positive growth. While the remaining economies, including the low-income countries, are expected to progress slower.

Further, in **China**, growth is expected to pick up to 5.0% with the full reopening in CY23 and subsequently moderate in CY24 to 4.8%. The property market crisis and lower investment are key factors leading to this moderation. Whereas, India is projected to remain strong at 6.3% for both CY23 and CY24 backed by resilient domestic demands despite external headwinds.

Chart 1: GDP growth trend comparison - India and China (Real GDP, Y-o-Y change in %)



Notes: P-Projection;

Source: IMF – World Economic Outlook, October 2023

2. Automobile Industry

2.1 Global Automobile Industry Overview

The global automobile industry is one of the largest and most important industries in the world. It is responsible for the production, sale, and maintenance of vehicles and it employs millions of people around the world. The industry is also a major contributor to the global economy, generating trillions of dollars in revenue each year. Several key trends are shaping the global automobile industry, including the transition to electric vehicles, the rise of autonomous vehicles, and the growth of the shared mobility market.

Electric vehicles are becoming increasingly popular as consumers become more aware of the environmental benefits of electric transportation. Governments around the world are also offering incentives to promote the adoption of electric vehicles. Similarly, autonomous vehicles are the future of transportation and automakers are racing to develop and deploy self-driving cars.

The global automobile industry is divided into four main regions: Asia Pacific, Europe, North America, and South America. Each region has its own unique dynamics and challenges. The Asia Pacific region is expected to be the fastest-growing market, followed by Europe and North America. Whereas the South American market is expected to grow at a slower pace. At the same time, it remains an important market for global automakers.

Similarly, rising incomes in emerging markets such as China, India, and Indonesia are expected to see strong growth in the middle-class segments in the coming years. This will lead to increased demand for vehicles. Also, electric vehicles are becoming increasingly popular as consumers become more aware of the environmental benefits of electric transportation. Besides, governments around the world are offering incentives to promote the adoption of electric vehicles.

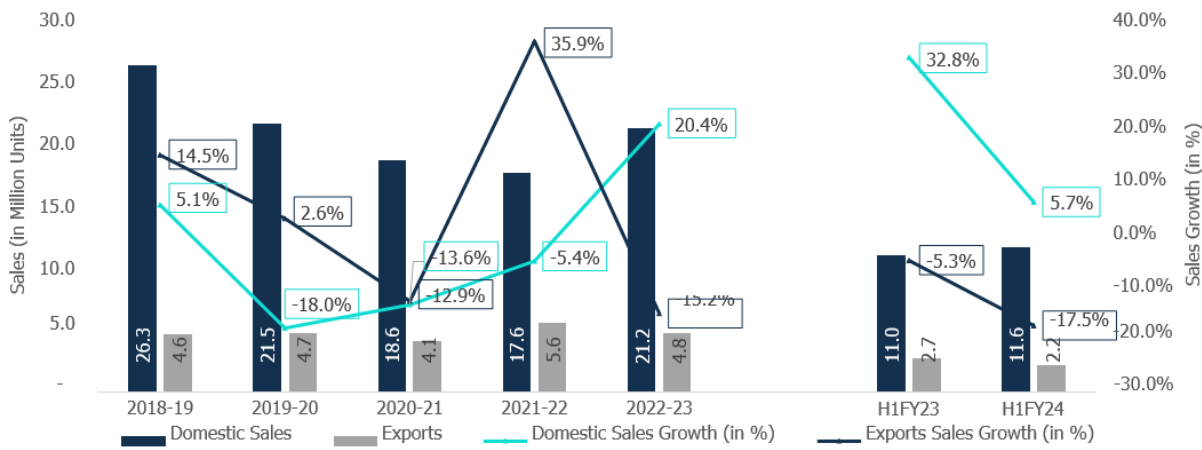
2.2 Indian Automobile Industry Overview

The automotive industry is considered to be one of the major drivers of economic growth due to its linkages with multiple industries. Its contribution to the GDP of India stands at around 7%. The growth of this sector benefits the commodity sector as vehicle manufacturing requires steel, aluminum, plastic, etc. It also holds importance for the NBFC/Banks in the form of automobile financing. Moreover, it is a crucial source of demand for the oil & gas industry.

India is the largest manufacturer of two-wheelers, three-wheelers, and tractors. With a vibrant supply chain ecosystem, favorable policies, close proximity to port and other factors, India’s southern states continue to be the front runners in EV manufacturing and consumption. Hosur is actually one of the major manufacturing hotspots of Tamil Nadu, with many automobile OEMs having their factories there. It has emerged as a key industrial hub covering electronics, automobiles & auto components, light-machinery, engineering, specialty chemicals, etc. This region is being preferred by several automobile manufacturers and its strong and vibrant presence of MSMEs in Hosur also make it attractive for investors.

The domestic automobile sales grew by 20% on a year-on-year (y-o-y) basis in FY23, the first full year without any impact of the pandemic after a gap of two years. The growth in sales volume across segments was supported by healthy demand in the urban areas, increasing replacement demand, growing demand for utility vehicles in the passenger vehicle segment, vehicle scrappage policy, and higher infrastructure spending.

Chart 2: Domestic Sales and Export of Automobiles in India

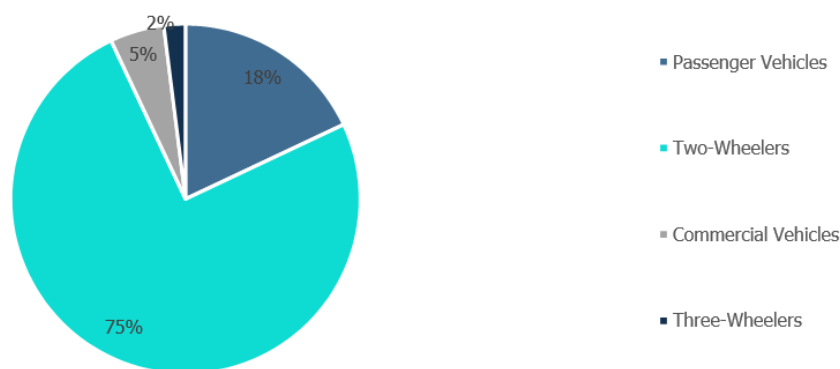


Source: Society of India Automobile Manufacturers (SIAM)
 Note: Tractors sales are not included both in domestic and exports graph

India is expected to be the third-largest in terms of volume by FY26. Across segments of the industry, India is positioned amongst the leading markets, globally. India is the largest manufacturer of two-wheelers, three-wheelers, and tractors. It is also among the top 5 manufacturers of passenger and commercial vehicles. The major growth drivers for the automobile industry in India are growing household income, favourable demographics with a large proportion of the young population, expanding R&D hub, and government support.

Besides growth prospects, India’s favourable Foreign Direct Investment (FDI) policy with 100% FDI through automatic route, relatively low cost of manufacturing, and adequate manpower pool has attracted several foreign OEMs of the industry to invest in India and set up a manufacturing footprint.

The Indian automobile market can be categorized into four segments, two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles. Two-wheelers and passenger vehicles dominate the domestic Indian auto market. Two-wheelers and passenger cars contributed to about 75% and 18% respectively of total automobile sales in FY23. The share of various segments in automobile sales in India in FY23 is depicted below:



Source: SIAM

➤ Two Wheelers

This is the largest segment in the Indian automobile industry contributing to around 75% of domestic sales volume in FY23. The trend of domestic sales and exports of two wheelers in India is presented below:

Table 3: Market Trends of two-wheelers in India

Sales (in Units)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Domestic Sales	2,02,00,117	2,11,79,847	1,74,16,432	1,51,20,783	1,35,70,008	1,58,62,087
Exports	28,15,003	32,80,841	35,19,405	32,82,786	44,43,131	36,52,122

Source: SIAM

➤ Passenger Vehicles

This is the second-largest segment in terms of sales with 18% market share in FY23. The trend of domestic sales and exports of passenger vehicles in India is presented below:

Table 4: Market Trends of passenger vehicles in India

Sales (in Units)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Domestic Sales	32,88,581	33,77,389	27,73,519	27,11,457	30,69,523	38,90,114
Exports	7,48,366	6,76,192	6,62,118	4,04,397	5,77,875	6,62,891

Source: SIAM

➤ Commercial Vehicles

This segment is considered a lifeline for the economy as about two-thirds of goods and 87% of the passenger traffic in the country moves via road. The growth of this segment is closely related to the industrial activity in the economy. The trend of domestic sales and exports of commercial vehicles in India is presented below:

Table 5: Market Trends of commercial vehicles in India

Sales (in Units)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Domestic Sales	8,56,916	10,07,311	7,17,593	5,68,559	7,16,566	9,62,468
Exports	96,865	99,933	60,379	50,334	92,297	78,645

Source: SIAM

➤ Three Wheelers

The three-wheelers contribute to around 3% of total automobile domestic sales volume in India respectively. The trend of domestic sales and exports in India is presented below:

Table 6: Market Trends of three-wheelers in India

Sales (in Units)	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Domestic Sales	6,35,698	7,01,005	6,37,065	2,19,446	2,61,385	4,88,768
Exports	3,81,002	5,67,683	5,01,651	3,93,001	4,99,730	3,65,549

Source: SIAM

2.3 Automobile Industry broad Outlook

Domestic automobile sales grew by 20% on a year-on-year (y-o-y) basis in FY23, the first full year without any impact of the pandemic after a gap of two years. The growth in sales volume across segments was supported by healthy demand in the urban areas, increasing replacement demand, growing demand for utility vehicles in the passenger vehicle segment, vehicle scrappage policy, and higher infrastructure spending.

Despite inflationary pressure throughout the year, preponing purchases before the implementation of new fuel emission norms (BS-VI Phase -II), easing of semiconductor chip supply, and pent-up demand supported the sales growth. All the categories saw double-digit growth, with two-wheelers at 17%, passenger vehicles at 27%, commercial vehicles at 34%, tractors at 12%, and 3-wheelers at 87% y-o-y growth in domestic sales.

On the other hand, exports declined by 15% y-o-y in FY23 due to ongoing global headwinds. Barring the passenger vehicles segment, which grew by 15% on the back of increasing demand in the sports utility vehicle segments, the exports for two-wheelers, commercial vehicles, tractors, and three-wheelers declined by 1%, 15%, 3%, and 27% respectively. Exports are expected to remain subdued in FY24 due to recessionary pressures across key export markets.

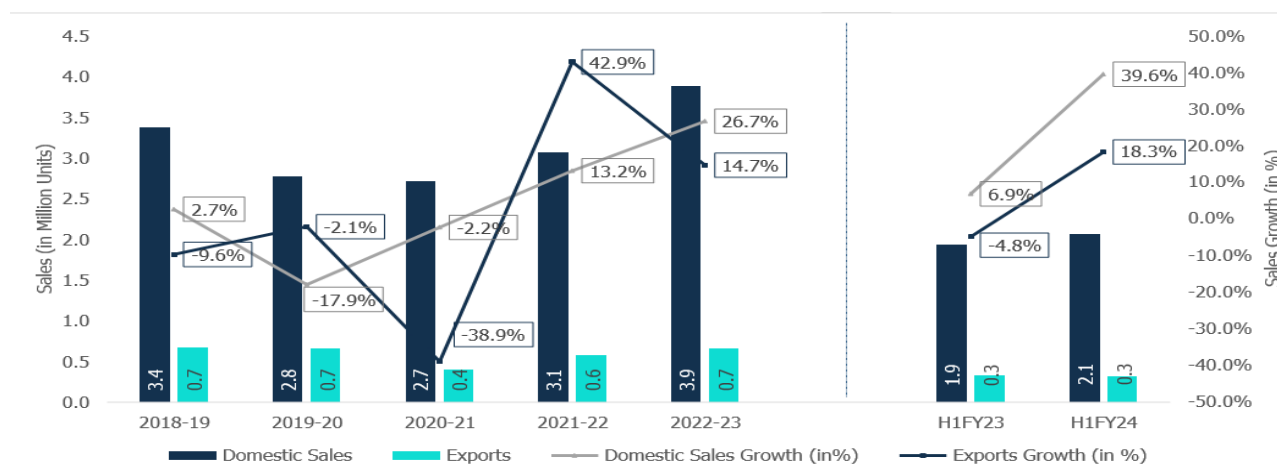
Further, the domestic automobile sales volume is expected to show moderate growth by 7-9% in FY24, after witnessing double-digit growth in FY23. Overall, the domestic automobile industry sales are expected to grow with a CAGR of around 5%-7% over the period of 2024-2028. Although consistently high inflationary and interest rate environment could dampen consumer sentiment, monsoons remain a key monitorable for rural demand growth going forward.

3. Indian Passenger Vehicle Industry

3.1 Overview

The Indian passenger vehicle industry forms around 18% of the total automobile industry in India in terms of domestic sales. Indian PV industry is grouped into three major categories namely passenger cars, vans and Utility Vehicles (UVs). The historical trend of domestic sales and of PV in India is depicted below:

Chart 3 : Historical Trend of Domestic Sales and Exports of Passenger Vehicle Industry in India

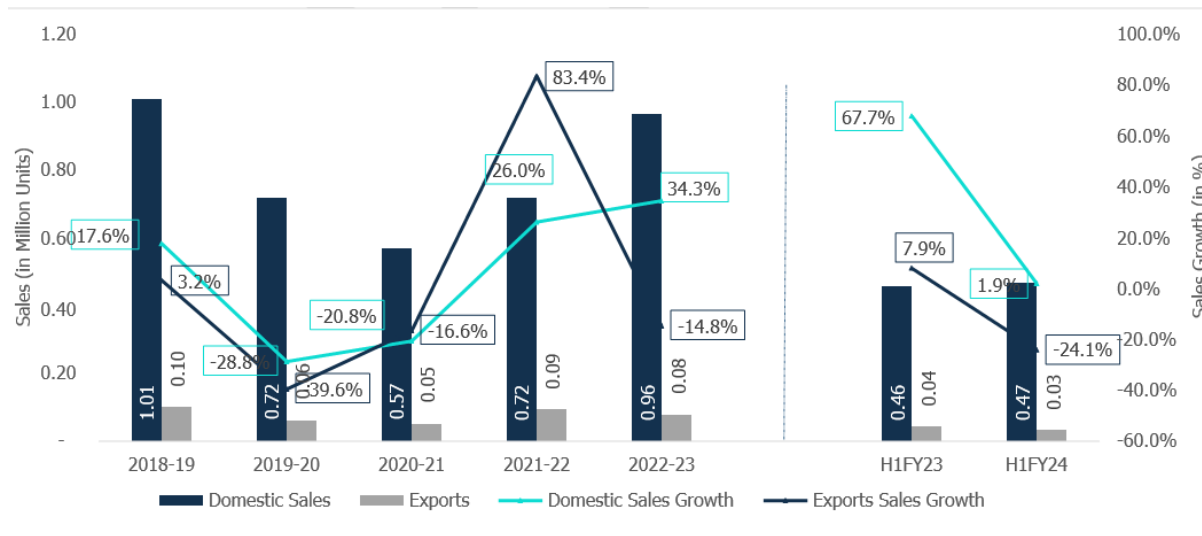


Source: SIAM, CMIE

4. Commercial Vehicle Industry

The Indian Commercial Vehicle (CV) industry is the lifeline of the economy. About two-thirds of goods and 87% of the passenger traffic in the country moves via road. Past trends have shown that CV demand is closely correlated with the GDP growth rate (more strongly with the Index of Industrial Production, IIP) of the country. Therefore, it is believed that a phase of growth or slowdown in CV demand is a harbinger of a simultaneous upturn or downturn in the economy, respectively. The growth in Medium & Heavy Commercial Vehicles (M&HCV) is considered to be a crucial indicator for pickup in investment activities while growth in Light Commercial Vehicles (LCV) is considered an indicator of consumption demand.

Chart 4: Domestic sales and Exports of Commercial Vehicles in India



Source: SIAM

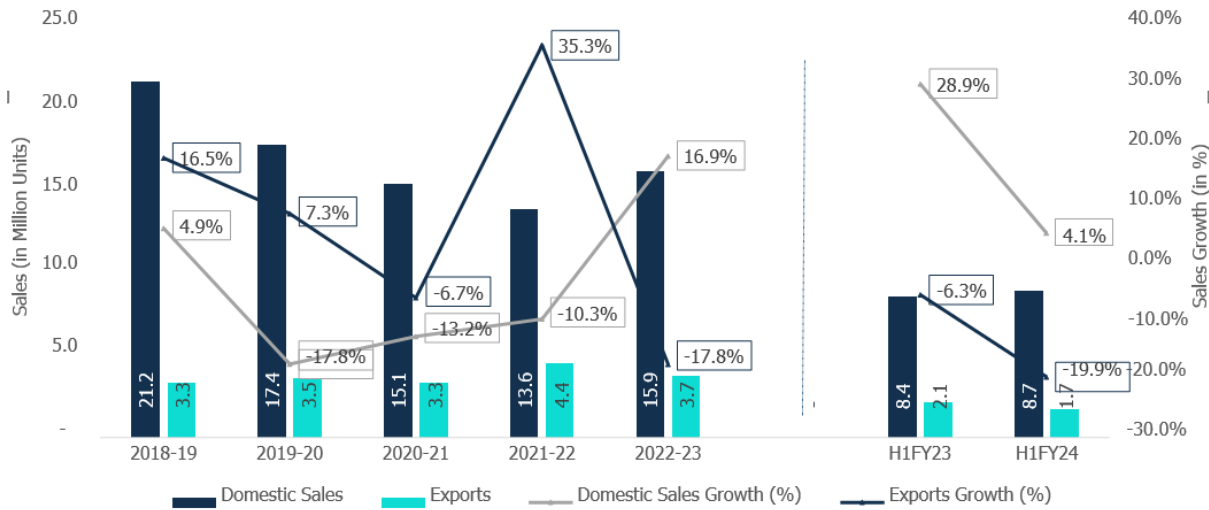
5. Indian two-wheeler industry

a. Overview

India has shown various moderations across domains of economy, geopolitics, and environment in the last few years. With regard to the Indian automobile industry, the two-wheeler (2Ws) segment takes the largest chunk of the pie, with around 75% share of the total domestic sales volume. The two-wheeler industry has three sub-segments namely, Motorcycles, Scooters, and Mopeds. This segment had witnessed around three consecutive years of the slowdown in domestic sales. The consumer demand dipped because of the rise in vehicle prices, commodity price escalations, high petrol prices, and inflationary headwinds, amid job losses and income uncertainty.

The two-wheeler (2W) segment grew by 4.1% y-o-y in H1FY24. This segment witnessed positive shifts as the festive season approaches. With the introduction of new models and attractive promotional offers, demand increased, especially in rural areas, fostering improved market sentiments. This uptick in demand was accompanied by heightened customer walk-ins and an overall positive market response. Additionally, better stock availability compared to the previous year and a favourable reception to newly launched entry-level products have set an optimistic tone for the upcoming festive season. This segment wrestled with supply constraints from certain OEMs and a softer demand attributed to economic conditions and higher entry-level bike costs despite new model launches and festive promotions. Erratic rainfall distribution especially in North India may have an impact on the recovery of two-wheeler sales going forward.

Chart 5: Domestic Sales & Exports of Two-Wheeler Industry



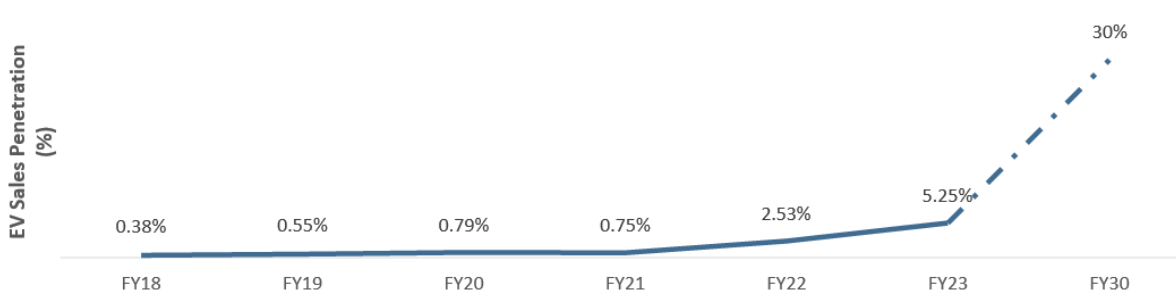
Source: SIAM (Society of Automobile Manufacturers)

6. Electric Vehicles Industry in India

6.1. Overview of electric vehicle industry in India

The Electric Vehicle (EV) segment in India has been on an upward trend, parallel to the declining domestic sales of Internal Combustion Engine (ICE) vehicles in the last few years, attributed to the slowdown in the economy and consumption demand in FY20, COVID-19 impact, and economic degrowth in FY21. The other factors impacting ICE vehicle sales include increased fuel prices, semiconductor shortages, and rising vehicle prices. Whereas, in FY23, domestic automobile sales grew by 20% across segments, supported by healthy demand in the urban areas, increasing replacement demand, growing demand for utility vehicles in the passenger vehicle segment, vehicle scrappage policy, and higher infrastructure spending. The sales trend of Electric Vehicles in India is depicted below:

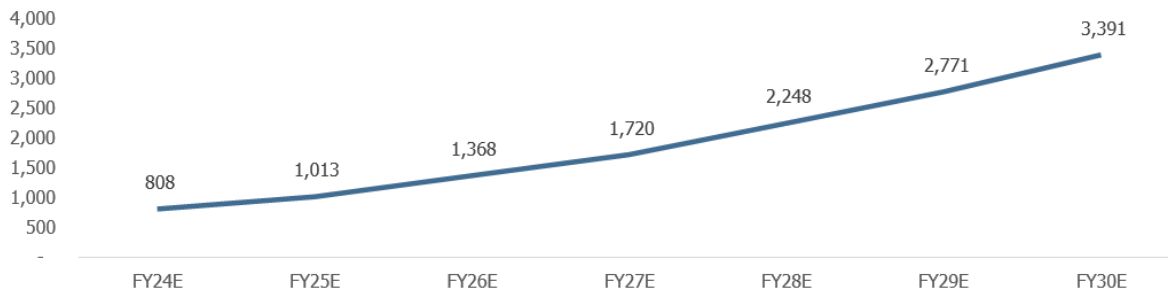
Chart 6: Overall EV Sales Penetration in India



Source: Center for Energy Finance, SIAM, CareEdge Research

The two-wheeler and three-wheeler segments dominate the electric vehicles market in India, constituting around 62% and 34%, respectively, of total EV sales in FY23. Electric two-wheelers (E2Ws) are a key segment of the electric vehicle market in India, with growing interest among consumers and increasing government support for electric mobility. On the other hand, electric three-wheelers (E3Ws) are an important mode of public transportation in India, particularly for last-mile connectivity and intra-city transportation.

Chart 7: Annual Revenue Forecast from EV sales



Source: Centre of Energy Finance, CareEdge Research

Table 7: Charging Demand by Vehicle Segment

Vehicle segments	Total daily charging demand in kWh -2025	Total daily charging demand in kWh – 2030
E – 2W	1,25,596	7,65,442
E-3W (passenger / cargo)	2,55,162	9,72,757
E-car (personal)	17,498	1,64,786
E-car (commercial)	55,931	4,91,838
Total	4,54,187	23,94,823

Source: Handbook of electric vehicle charging infrastructure implementation by NITI Aayog – Version 1

The progress of EV adoption is likely to create an unprecedented demand for batteries. Battery manufacturing in India could become an INR 85,900 crore (USD 12 billion) business in India by 2030. The demand will be driven by both new sales of EVs and the need for replacement batteries in existing EVs. Further, NITI Aayog estimates a market demand for 100-260 GWh of lithium cells in India by 2030. The government's Production Linked Incentive (PLI) scheme aims to establish 50 GWh of manufacturing capacity with 60% value addition over a five-year period. The Indian market should grow to mitigate the high import costs through various initiatives such as promoting domestic lithium-ion battery cell production plants

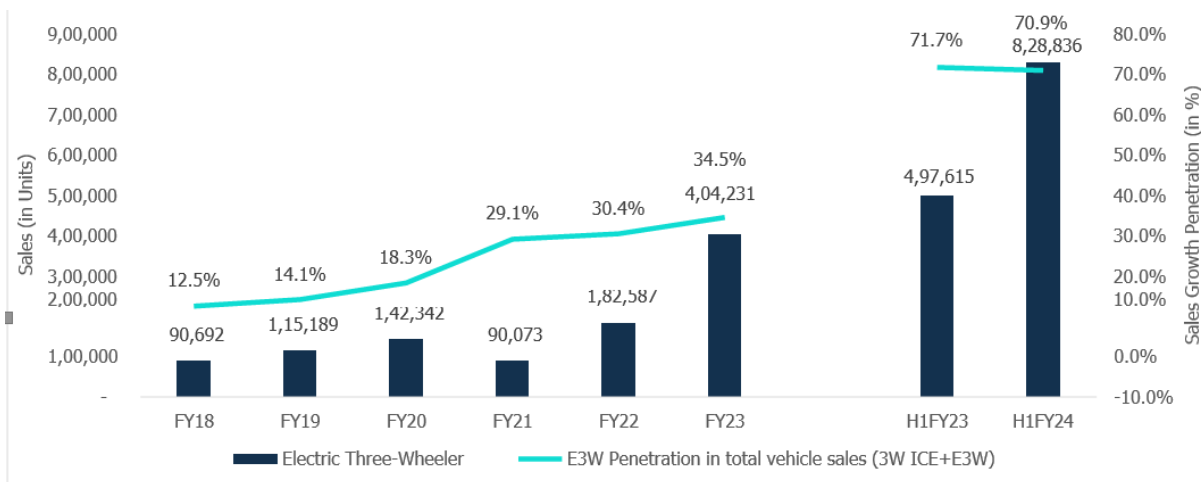
Besides, OEMs are mandated to achieve 50% localization for EV components, although the extent of localization may vary across different components due to technological challenges, raw material availability, and scalability requirements. Accordingly, the Indian market for battery manufacturers is expected to grow in a span of a decade. With the world turning toward decarbonization, companies producing EV batteries are gaining momentum.

6.2. Electric Two-Wheelers Industry

6.2.1. Electric 2-Wheeler (E2W) Market in India

Electric two-wheelers (E2Ws) are a key segment of the electric vehicle market in India, with growing interest among consumers and increasing government support for electric mobility. The E2W sales in India have increased over the years witnessing significant growth in FY23 by 188% compared to the previous year. The CAGR of E2W during the period FY19 to FY23 stood at 92%.

Chart 8: Sales Units of E2Ws and Penetration of E2W in overall two-wheeler volumes



Source: Center for Energy Finance, CareEdge Research

6.2.2. Overview of Offerings by Key Players across Categories and Pricing Tiers

In India, there are 346 electric scooters and motorcycles currently on sale from various manufacturers like Ather, Ola, TVS and many more. Some of the major key players product offerings with key features and pricing is listed below in the table: -

Table 8: Pricing Tiers and Range across various E-Scooters Categories

Source: Company Website, CareEdge Research Secondary Sources

Company	Product	Range/Charge	Battery Capacity	Motor Power (w)	Price
Simple Energy Pvt. Ltd.	Simple One	212 km	5 kWh	8,500	Rs. 1.45 - 1.50 Lakh
Okinawa Autotech International Pvt. Ltd.	Okinawa OKHI-90	160 km	3.6 kWh	3,800	Rs. 1.86 lakh onwards
Ather Energy Pvt. Ltd.	Ather 450X	146 km	3.7 kWh	6,400	Rs. 1.28 - 1.49 Lakh
Greaves Electric Mobility Private Limited	Ampere Magnus	121 km	60 V / 38.25 Ah	2,100	Rs. 1.04 lakh
PuREnergy Pvt. Ltd.	PURE EV ETrance Neo	90-120 km	2.5 kWh	2,200	Rs. 86 thousand onwards
TVS Motors Ltd.	TVS iQube Electric	145 km	4.56 kWh	4,400	Rs. 1.61 Lakh onwards
Ola Electric Mobility Pvt. Ltd.	Ola S1	128 km	3 kWh	8,500	Rs. 1.30 Lakh
Bajaj-Auto Ltd.	Bajaj Chetak	90 km	50.4 V / 60.4 Ah	4,200	Rs. 1.33 lakh
Hero Electric Vehicle Pvt. Ltd.	Hero Electric Optima	135 Km	3 kWh	1,200	Rs. 67 thousand onwards

Table 9: Pricing Tiers and Range across various E-Motorcycles Categories

Company	Product	Range/Charge	Battery Capacity	Motor Power (w)	Price
RattanIndia Enterprises Ltd.	Revolt RV400	150 km	3.24 KWh	3,000	Rs. 1.34 – 1.50 Lakh
Dalmia Cyborg Pvt. Ltd.	Cyborg Yoda	150 km	3.24 kWh	BLDC	Rs. 1.85 lakhs onwards
Matter Motor Works Pvt. Ltd.	Matter Aera	125 km	5 kWh	10,000	Rs. 1.44 lakhs onwards
Tork Motors Pvt. Ltd.	Tork Kratos	180 km	4 kWh	9,000	Rs. 1.32 lakhs onwards
Joy e-bike Pvt. Ltd.	Joy e-bike Monster	75 km	72 V / 23 Ah	250	Rs. 1 lakh onwards
Pure	Pure EV EcoDryfts	80-130 km	3 kWh	3,000	Rs. 1.22 lakhs onwards
Ultraviolette Automotive Pvt. Ltd.	Ultraviolette F77	307 KM	10.3 kWh	32,000	Rs. 3.80 -5.50 Lakh

Source: Company Website, CareEdge Research Secondary Sources

6.3. Electric Three-Wheeler Industry

Electric three-wheelers (E3Ws) are an important mode of transportation in India, particularly for last-mile connectivity and intra-city transportation. The impact of the Covid-19 pandemic was adverse on the E3W sales which declined by 37% in FY21. This contraction in sales was due to mobility restrictions and personal vehicle preference amid the Covid-19 pandemic. However, as the restrictions eased, the sales recovered. The sales in FY23 grew by 121% to 404,231 units as compared to FY22, thereby indicating recovery towards pre-pandemic level.

The E3W segment penetration within the total Indian 3W market is around 34.5% in FY23 and grew to 71% in H1FY24. On the other hand, the E3W segment contributes approximately 65% of the total EV market sales in H1FY24. Electric three-wheelers are gaining traction owing to their low operating costs. As per the Society of Manufacturers of Electric Vehicles, the demand incentives are given under the Faster Adoption and Manufacturing of (Hybrid and) Electric Vehicles in India (FAME) scheme phase-II till October'22 for E3Ws is Rs. 351 Cr. approx. which is further supporting the growth. Although passenger carriers dominate the major market for E3Ws, there has been a significant increase in demand for electric freight and delivery vans due to an increase in e-commerce business. E3W cargo vehicles have huge potential supported by the increased offtake from e-commerce players, lower operating cost with high capacity utilization and a stable business model with a charging infrastructure.

7. Government Initiative under Automobile Industry

Various government initiatives for the automobile industry are as below: -

1. Production Linked Incentive (PLI) scheme

The government has launched PLI scheme in April 2020 which offers a production linked incentive to boost domestic manufacturing and attract large investments in specified sectors. The scheme shall extend an incentive on incremental sales (over base year) of goods manufactured in India and covered under target segments, to eligible companies, for a period of five (5) years. The schemes will help to boost domestic manufacturing and attract large investments in specified sectors.

2. BS-VI Norms

The Bharat Stage-6 norms are standards instituted by the government to regulate the emission of air pollutants from motor vehicles. With appropriate fuel and technology, they limit the release of air pollutants such as nitrogen oxides, carbon monoxide, hydrocarbons, particulate matter (PM), and sulphur oxides from vehicles using internal combustion engines. As the stage goes up, the control over emissions becomes stricter. Thus, Bharat Stage-VI norms are two stages ahead of the present Bharat Stage IV norms in regulating emissions. These norms are based on similar norms in Europe called Euro 4 and Euro 6. The new norms will bring down nitrogen

oxides from diesel cars by 70% and patrol cars by 25%. In BS-VI Phase 2, which has been applicable since April 2023, the On-Board Diagnostics (OBD) mandatory for all vehicles

3. Use of Dual Fuel

The Ministry of Road Transport and Highways has issued a notification for Dual fuel usage which covers emissions from agriculture tractors, power tillers, construction equipment vehicles and combine harvesters driven by dual fuel diesel with Compressed Natural Gas (CNG) or Bio-Compressed Natural Gas (Bio-CNG) or Liquefied Natural Gas (LNG) engines.

4. Battery Swapping Policy

The government in the recent budget 2022-23 announced Battery Swapping policy for electric vehicles to focus on clean technologies and sustainable mobility along with formulation of inter-operability standards. This policy is formulated due to the inconvenience of vehicle owners considering the long time taken to charge the vehicle at the charging stations. Inter-operability standards will lead to interchangeability of batteries between vehicles of different models, which is more convenient for the owners and is less time consuming.

8. Demand Drivers of Automobile Industry

The government is prioritizing clean mobility and has implemented multiple initiatives to promote the manufacturing and adoption of electric vehicles in India. NITI Aayog projects the E2W sales penetration of 80% by 2030. The demand drivers for automobile industry under PV, CV, 2W, 3W segments are mentioned below: -

- **Economic Situation**

The economy has bounced back supported by government's favorable policies and higher spending on critical areas such as infrastructure, health care, rural development, recovery in manufacturing and service industry. The 2W industry will also benefit from the increased localized mobility, festive season and increasing farm income, thereby increasing demand from the rural sector.

- **Infrastructure Development and Industrialization**

The growth of commercial vehicle industry is directly correlated with the industrial and infrastructure growth in the economy. With the government's increased spending in the infrastructure projects such as roads, irrigation, affordable housing, etc. and its ambitious Make in India programme supported by favorable schemes such as Production Linked Incentive scheme, the industrial and infrastructure growth of India is expected to pick-up. The development of infrastructure and the expansion of industrial sector will be the key growth drivers for the commercial vehicle industry.

- **Urbanization**

Urbanization is a key driver of India's overall growth. Urbanization of India's population is growing on a larger population base, warranting a need for more vehicles. This would create opportunity for sales of vehicles. Delhi, Mumbai, and Kolkata will be among the world's largest cities and cumulatively become home to ~100 million people. This rapid urbanization would increase the demand for vehicles across the country.

- **Increase in rural income**

The rural population represents more than 60% of total population of India and contributes to a significant portion of consumption demand in India. Monsoons, government's thrust on improving farm income, hike in minimum support price, announcements on farm loan waiver by various states impact the income level of rural population and rural consumption. India, in spite of being the largest manufacturer of two wheelers in the world, has the lowest penetration at 110 per 1000 people v/s an average of 240 per 1000 people in Southeast Asian countries, hence providing a large untapped opportunity for the industry.

- **Favourable Demographic Profile and increase in Per Capita Income**

India has a favorable demographic profile with a median age of 28.4 years compared to a median age of 37.4 years in both China and the USA. Growth in population along with growth in per capita income will lead to increase in earning capacity which will in turn lead to higher disposable income. Rise in education among the youth could lead to a decline in dependency ratio and enhance lifestyles. This, in turn could strengthen discretionary spending on new two wheelers for day-to-day commute and travelling to work.

- **Exports**

India is a prominent exporter of commercial vehicles to various countries across the world. Some of the major markets include

Bangladesh, Indonesia, Nepal, Sri Lanka, Tanzania, Bhutan, etc. The exports serve as one of the key demand drivers for this sector.

- **Favourable Government Policies**

The industry has received significant government support over the past few years to boost EV penetration in India. The initiatives undertaken by both the central government and various states to accelerate the EV transition, foster local battery production, and enhance the affordability of electric vehicles, bode well for the sector. Schemes like the Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India (FAME II) have been introduced to render EV two-wheeler more cost-effective.

- **Increasing Consumer Awareness**

Electric vehicles have zero tailpipe emissions, thereby contributing to enhanced air quality in cities. They are eco-friendly and can improve the quality of life, especially in urban areas. However, consumer awareness is necessary to build real space for EVs and there is a need to create a robust EV ecosystem. At the same time, consumers are hesitant to convert to EVs due to the lack of availability of charge points. Highlighting the incentives of buying an EV, like saving on fuel, insurance, and operating costs, can further push the EV sector. In addition, organizing public events will foster EV awareness among customers. These include rides, drives, and electric vehicle showcases that offer the EV experience.

- **Cost of Electric Vehicles**

One of the major roadblocks faced by the industry initially was the high upfront costs. Due to the implementation of BS-VI norms, the price of many conventional two-wheelers has gone up. On the other hand, prices of e-motorcycles and e-scooter models approved under the FAME II scheme have dropped by more than 10%. This has further enabled the electric two-wheelers to become more price-competitive in the market.

- **Bridging the Local Manufacturing Void**

The leading global lithium-ion battery manufacturers are increasingly inclined to start manufacturing large-scale lithium-ion cells in India. The recently approved PLI scheme worth Rs. 18,100 crores for battery manufacturing by the GOI, is expected to further increase manufacturing capacities and reduce reliance on imports bringing down the overall costs of batteries significantly, which forms a significant portion of EV cost.

- **Falling Battery Prices**

In EVs, batteries constitute about 40%-50% of the total cost. India is majorly dependent on imports to meet battery demands. Due to economies of scale combined with improvements in battery technology, battery prices are expected to reduce further.

- **Last mile connectivity**

E-rickshaws tend to bridge the gap between demand and supply of last mile connectivity in the peripheral areas and areas far off from urban connectivity.

9. Challenges faced by Automobile Industry

There are many roadblocks in the Indian market preventing the growth of automobile industry. Factors such as higher total cost of ownership are affecting the growth in automobile sector. The various challenges faced by the automobile industry are mentioned below:

- **Rising Operational Costs**

The fuel cost comprises 50-60% of the freight rate, making it the single-largest cost head for transporters. With the recent upward trend in the diesel cost, the operational cost has increased. The road freight transportation sector in India is highly fragmented and unorganized with the presence of large no. of small truck operators. This fragmented and competitive nature of market has taken away the pricing power of small operators who face inability to pass on the rise in operational costs. So, a fleet operator's ability to protect the margins depends on his ability to pass on any hike which in the current demand scenario looks challenging.

- **Semi-Conductor dependence**

The automobile industry has been impacted due to shortage of semiconductor chips. The production volumes have been under pressure

and OEMs had to take significant production cuts. The semi-conductors for automotive segments accounts for 11% to the overall semiconductor demand. The use of electronics in vehicles have been continuously increasing. Currently it accounts for 40% of average automobile usage, thus increasing higher dependence on semi-conductors.

- **Dependence on monsoons and agriculture**

The two-wheelers and tractors industry face a number of challenges, including its dependence on the monsoon and agriculture. India is a monsoon-dependent country and the monsoon season is crucial for agricultural production, which in turn affects the disposable income of rural consumers. A poor monsoon can lead to a decline in agricultural production, which can then lead to a decline in demand for two-wheelers. These industries are also dependent on the agricultural sector for its raw materials.

- **Rising Cost of Raw Materials**

OEMs across the automobile industry are facing challenge of high raw material prices. While the prices of inputs such as steel, aluminum, paints and tyres spiked due to the Russia-Ukraine conflict, manufacturers are unable to completely pass on the increase to consumers. In response, manufacturers have increased prices of two wheelers, especially the affordable commuter motorcycles. The entry level vehicles primarily cater to the economically less-privileged segment of buyers which are sensitive to increase in price.

The cost of a battery in an electric vehicle accounts for 40–50% of the vehicle's overall production cost. Metals including lithium, cobalt, nickel, and manganese, among others are used to make lithium-ion cells. These raw materials are not easily available and are frequently restricted to certain geographical areas, making them more expensive. India imports lithium-ion batteries. So, the industry must sustain enough to mitigate the high import costs through various initiatives such as by promoting domestic lithium-ion battery cell production plants. Also, India does not have a battery energy storage industry, but with the proposed government plans of providing \$4.6 billion in incentives for setting up battery manufacturing facilities with modern technologies, battery costs could significantly fall in the coming years.

- **Dependence on Lithium Ion Imports**

Due to import dependency, many E2W manufacturers are importing lithium and lithium-ion, not complying with the Make-in-India initiatives. Lithium-ion batteries are the most popular and commonly used energy source for electric vehicles. India does not have enough lithium reserves for manufacturing lithium-ion batteries and almost all electric vehicles in the country run on batteries imported mostly from China, which is the largest producer. Accordingly, India's heavy dependency on imports for electric vehicle batteries has resulted in exorbitant prices for these vital components, and eventually, the high costs of electric vehicles

- **EV Battery Fires**

There is prolonged exposure to extremely high temperatures in India on a sustained basis. Lithium batteries are susceptible to fire at high temperatures. During the process of charging or even discharging, battery temperature increases the fire risk and the need for an effective thermal management system/process. An EV on fire is to be handled very differently than a regular internal combustion car/vehicle that is on fire. Indian EV manufacturers need to ensure fire incidences are quickly investigated and integrated into safety protocols to ensure that the issues are addressed.

- **Lack of Financial Support**

Although there has been a steady growth in EV sales and adoptions in recent years, there is a dearth of finance mechanisms to support consumers in financing their purchases. A normal two-wheeler loan from banks comes with interests ranging from 16%-21% per annum. Also, due to the limited availability of data on EVs, insurers and banks are not able to competitively price their offerings. This coupled with the high price tag that an EV comes with can dissuade prospective buyers from making the purchase. The unknown risks of technology, residual value, and newer brands contribute to electric vehicle financing's high interest rates.

- **Lack of Adequate Infrastructure**

EV adoption and development of sufficient charging infrastructure is a classic example of chicken-egg problem. The range anxiety and limited availability of on-route charging infrastructure are the main concern of people shying away from purchasing EVs. Further, policies have not provided sufficient focus on promotion of development of home charging/ workplace charging infrastructure that could potentially offer a convenient alternative to on-route charging infrastructure for vehicle owner. Further, concept such as e-roaming are still not evolved in India that could provide flexibility and interoperability

in charging across multiple location.

- **Stringent Conditions for Availing Subsidies**

The subsidies on E2W purchases were announced to bridge the gap between the prices of E2W and ICE 2W vehicles. However, various riders placed around eligibility conditions for availing subsidies, which have largely defeated the purpose of extending subsidy support. For end-users, riders were put on minimum range per charge and minimum speed. Similarly, OEMs are mandated to undergo a re-certification process for conformity check to obtain a certificate of ‘FAME II India Phase II’ eligibility fulfilment from approved testing agencies in India. However, the current reduction in EV subsidies threatens industry progress and hinders the entry of new players in E2W manufacturers. Further, the government reduced the subsidy amount for electric two-wheelers from 40% to 15% of the ex-factory price, effective from June 2023. The initial subsidy for electric two-wheelers was set at Rs 10,000 per kWh of battery capacity, which was later increased to Rs 15,000 per kWh. This drastic reduction in subsidies impacts the affordability of electric two-wheelers and poses a significant challenge to achieving lower emissions targets through increased EV penetration.

- **Technological Capability**

The technological capability is at a very nascent stage across the board for higher-performance electric vehicles. It requires several years of in-depth research, development, and testing on multiple fronts – the price of batteries, the cost of production, new product development, start-up costs, and new technology research. The initial purchase price of an electric motorcycle is higher than an e-scooter. Most scooter users do not travel more than 15 kilometres in a day, which makes it more conservative. The battery requirement in a scooter is small, resulting in their competitive prices.

10. Auto Components Industry

The automotive components industry is on the top rung of the automobile industry. It is also the foundation of the development of the automobile industry. Auto parts are the different components that make up an entire vehicle. Several auto components are becoming increasingly complex to meet the requirements of weight reduction and increased productivity, given the increasing adoption of advanced technologies. These include engine components, interiors, electric systems, chassis, suspension & braking, transmission (motor and motor controller- EV), cooling systems, consumables, die cast components, ignition switches, switches, and others. However, the automotive components industry is developing rapidly, transitioning into specialization, and constantly upgrading, accredited to the thriving automobile industry.

Table 10: Types of Auto Components

Parts	Description
Engine Components	An engine converts energy from fuel to some mechanical energy, creating motion in the process.
Interiors	The interior component of the car is the part that the driver and passengers see most and experience most closely - the steering wheel, dashboard, seats, door panels and so on.
Electric systems	The electrical system comprises a storage battery, generator, starting (cranking) motor, lighting system, ignition system, and various accessories and controls.
Chassis	"Chassis" is a term that should be used to refer to the load-bearing part of a car's frame. It is the horizontal section of the vehicle that connects other components of the structure. The chassis is a set of mechanical components that make it possible to transfer power from the drive unit to the wheels.
Suspension & Braking	The suspension system is a protective lattice of shock-absorbing components such as springs and dampers. Suspension components eliminate “lag” and maintain proper vehicle geometry, which reduces braking time and braking distance.
Transmission (Motor and Motor Controller- EV)	In a car, a transmission, or a gearbox, acts as the medium that transmits power generated by the engine to the wheels via a mechanical system of gears and gear trains. A transmission allows a person to apply power to the vehicle in a controlled manner without which the car would not efficiently move.
Cooling Systems	Almost all cars have liquid cooling systems in their engines. A typical automotive cooling system consists of a series of channels cast into the engine block and cylinder head, a radiator, a thermostat, a fan, and a centrifugal water pump.

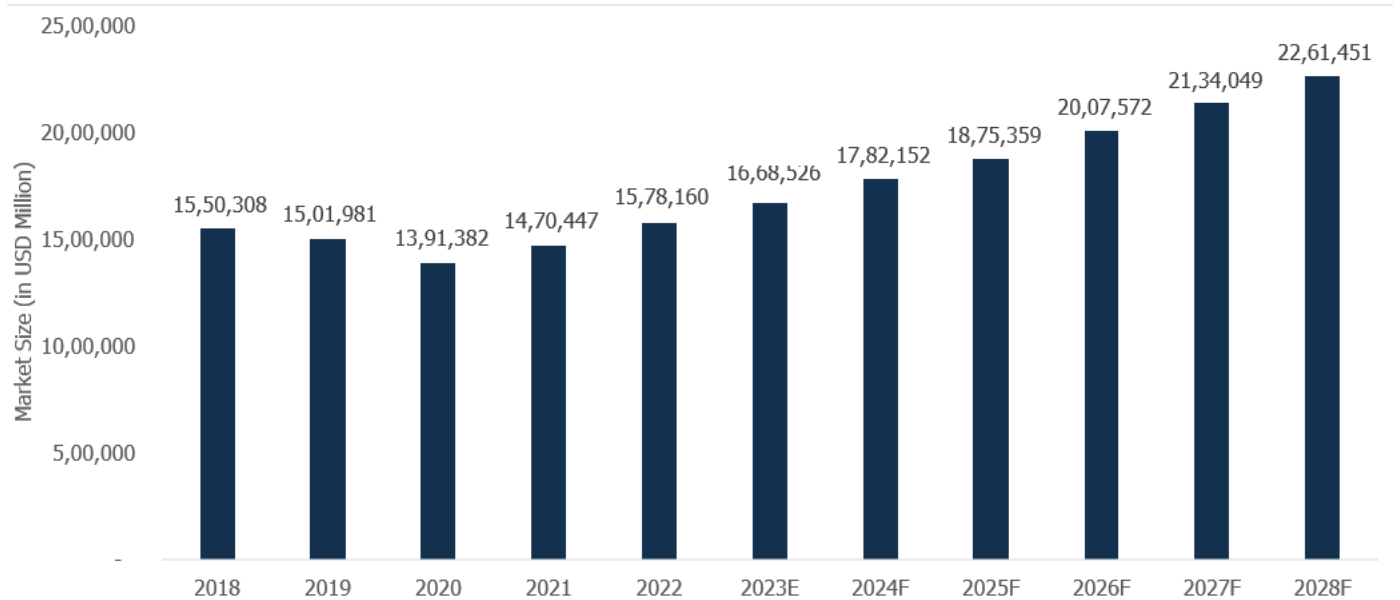
Consumables	Consumables simply refer to the items that require constant expenditure like brake oil, nuts, bolts, screws, washers, engine oil, gearbox oil.
Die Cast Components	The major automobile components made using casting are pistons, engine blocks, valve covers, wheels, transmission housing, carburetors, fan clutches.
Ignition Switches	The ignition switch performs a primary function. It connects the circuit that provides voltage to the starter motor, allowing the engine to crank over and the engine to eventually start.
Switches	Switches, whether toggle, push button, disconnect, or rockers, are to be seen in every 12v and 24v electrical circuit. These switches for vehicles are used to turn on or off the engine, lights, and moderate electrical systems.

\ Source CareEdge Research

10.1. Global Auto-Component Industry

The global auto components industry comprises auto component manufacturers, aftermarket parts manufacturers, suppliers, dealers, and retailers in all its diversity. The production and demand of the auto component industry are directly proportional to that of the automobile industry. China dominates the global manufacturing of auto components. However, the wind is shifting toward other Asian nations, including India, due to higher market potential and the availability of low-cost manufacturing options. Further, the global exports of auto components have grown over the past decade in most sub-categories. Gearboxes, drive axles, steering wheels, road wheels, suspension shock absorbers, clutches, bumpers, radiators & brakes, and servo-brakes are the most globally traded auto components.

Chart 9: Global Auto Component Market Size



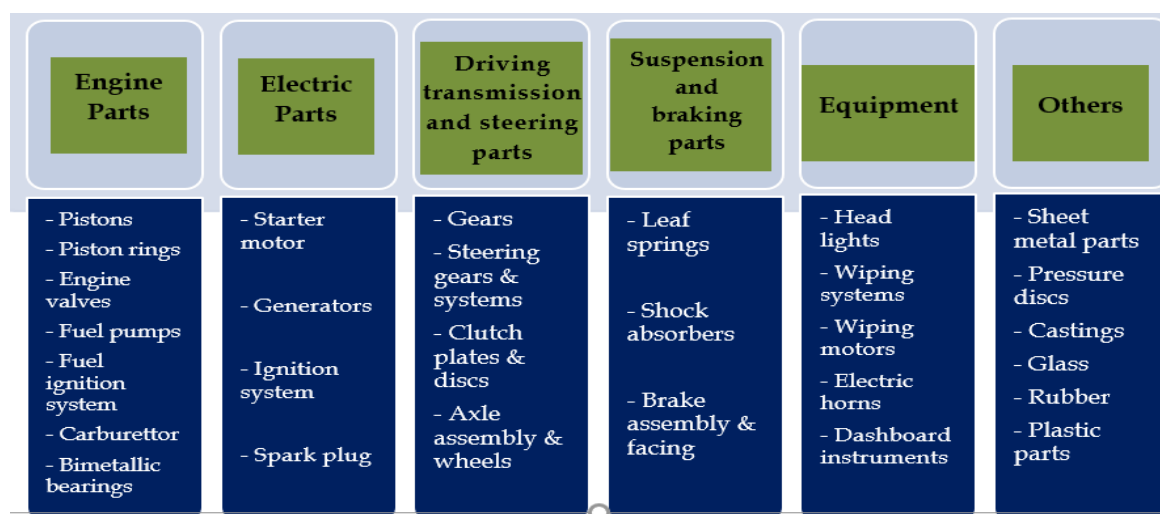
Source: CareEdge Research, Maia Research

Note: The year mentioned in this chart and subsequent sections is Calendar Year; E- Estimated; F- Forecasted

10.2. Indian Auto-Component Industry

The Indian auto component industry is critical to the automobile OEM value chain. The organized segment of this industry mainly includes OEMs engaged in the manufacturing of high-value precision component parts. While the unorganized segment mainly comprises low-valued products catering to after-market services. The industry is highly fragmented with most firms being Indian-originated and a relatively lower number of foreign firms and JVs operating in the segment. The various sub-sectors of the auto components industry in India are engine parts, electrical parts, drive transmission and steering parts, suspension and braking parts, equipment, etc. The products that form a part of these sub-sectors are shown in the figure below:

Figure 3: Classification of Major Auto-Components produced in India



Source: Automotive Component Manufacturers Association of India (ACMA)

Table 11: India Auto Component Industry Sales Performance and Outlook

Categories	2018	2022	2024	2028	CAGR	CAGR
	(USD mn)	(USD mn)	(USD mn)	(USD mn)	(2018-2022)	(2024-2028)
Sales to OEMs	28,670	32,105	35,055	46,618	2.9%	7.4%
Aftermarket	9,126	9,690	10,585	13,768	1.5%	6.8%
Exports	13,418	14,708	16,186	21,515	2.3%	7.4%
Total	51,214	56,502	61,825	81,901	2.5%	7.3%

Source:Maia Research Note: - The value for each segment is in Calendar Year (CY)

Segment Wise Industry Sales by Category

The auto component industry has various segments such as the engine, the body, the interiors, etc. The engine components contribute the highest to the sales of the industry, facilitated by the vehicle sales across segments.

The increasing vehicle demand and changing customer preferences with regards to comfort, every automotive OEMs are differentiating the interiors of their vehicles which is driving the growth of automotive interior materials market. The various automotive interior market segment includes: -

- Steering systems**
 Steering systems allows the driver to control the car on the road as desired. In modern cars, the manually operated steering systems are assisted by power which is called power steering that uses the electric power drawn from the battery or hydraulic power.
- Glass for windows and doors**
 Safety glasses are used in all windows and doors of vehicles. The safety glass used in vehicles are of two types, laminated and tempered. Laminated plate glasses are used to make windshields while tempered glasses are used for side and rear window glass. Glass fibers are widely used in various automotive interior applications such as doors, dashboards, headliners, and insulation.
- Doors and Panels**
 OEMs use variety of plastic options that are available for making interiors of vehicles. Polyvinyl chloride (PVC) is used in making vehicle doors and instrument panels. OEMs have been using different finishes for dashboards and seats of vehicles depending upon the segment of vehicles.
- Seating Systems**

Seats are an integral part of any vehicles. They play a pivotal role in driving and passenger experience. The growth of this market is primarily driven by the increasing vehicle production and rising demand for comfort and luxury. OEMs have brought in technologies that allow intelligent seating adjustment, customizable comfort, and a host of other features.

- **Lighting Systems**

Lighting plays a vital role in automotive vehicles. This lighting equipment is placed at different locations in the vehicle, such as front, rear, top, and interiors. It consists of various types such as head light, tail light, fog light, brake light, reversing light, left and right indicators, parking light, cabin light, panel board lights. The growing focus on road safety, implementation of government regulations, and growth in automobile production is expected to drive the growth of automotive lighting market.

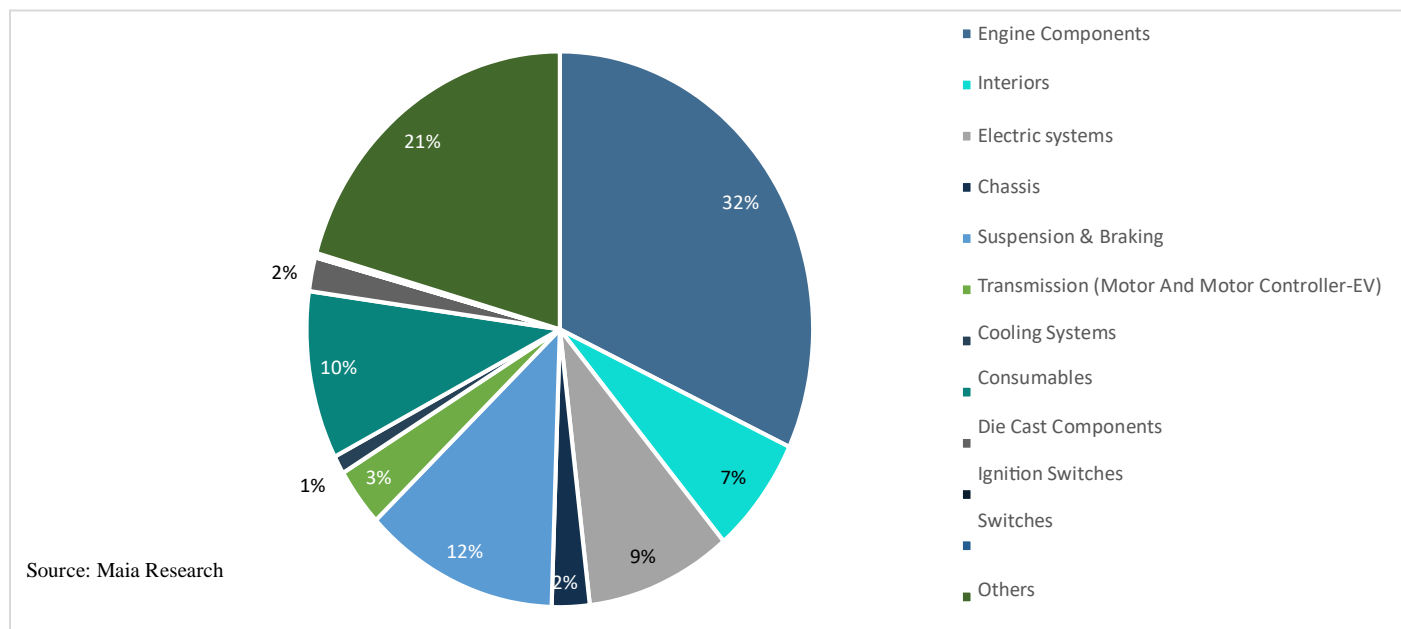
- **Die Casting Components**

The automotive industry finds die casting to be an indispensable tool for producing a wide range of components. Given the intricate shapes required for many metal parts in vehicles, die casting emerges as the most suitable manufacturing method. Aluminum and zinc, known for their exceptional lightness, are the preferred metals for this process, making them ideal for the automotive industry.

- **Ignition Switches**

The ignition switch is a crucial component that enables the engine to start. It connects the circuit that supplies voltage to the starter motor, initiating the cranking process that eventually leads to engine ignition. Modern vehicles often employ a push-button start system, where the ignition switch is electronically controlled. By pressing the start button, the driver signals the vehicle's computer to complete the circuit and engage the starter motor. Regardless of the activation method, the ignition switch plays a vital role in initiating the engine's starting process. It serves as the gateway for electrical power to reach the starter motor, setting in motion the sequence that brings the engine to life.

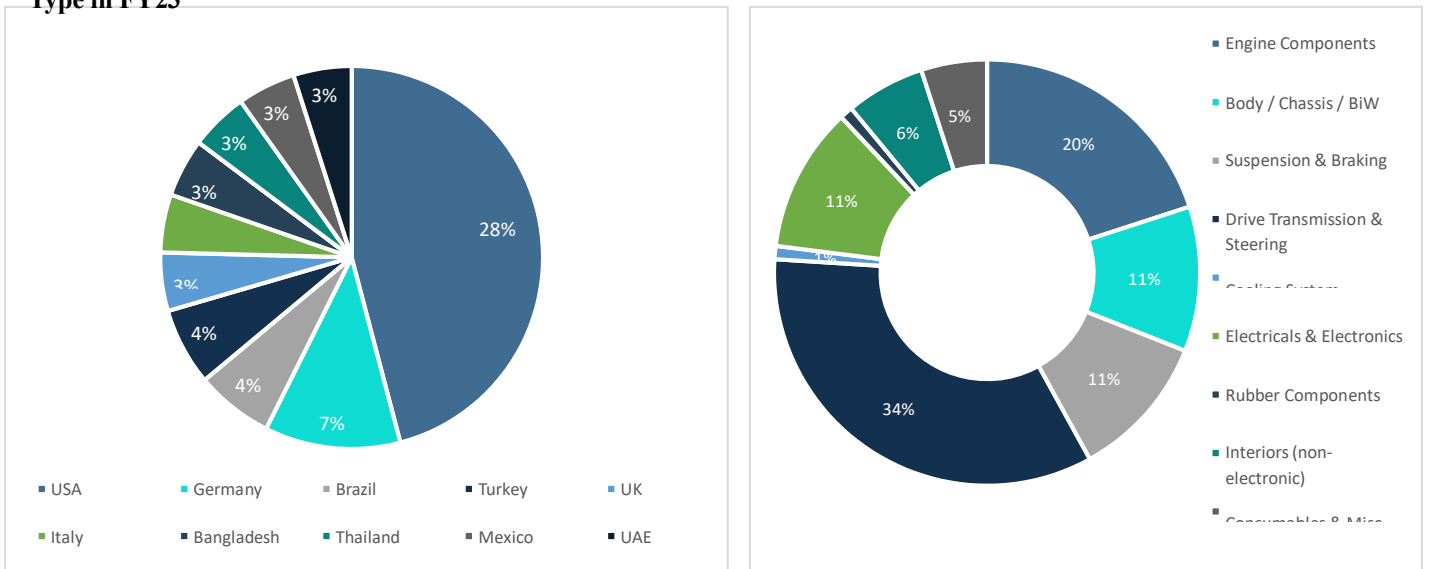
Chart 10: Automotive Component Industry Sale by Category in 2022



Categories	2018 (USD mn)	2022 (USD mn)	2024 (USD mn)	2028 (USD mn)	CAGR (2018- 2022)	CAGR (2024- 2028)
Engine Components	16,204	18,058	19,888	26,402	2.7%	7.3%
Interiors	3,641	3,870	4,309	5,840	1.5%	7.9%
Electric systems	4,763	5,255	5,845	7,617	2.5%	6.8%
Chassis	1,178	1,362	1,531	2,074	3.7%	7.9%
Suspension & Braking	6,356	7,023	7,810	10,199	2.5%	6.9%

Transmission (Motor and Motor Controller- EV)	1,880	1,921	1,991	2,595	0.5%	6.8%
Cooling Systems	497	610	696	965	5.3%	8.5%
Consumables	5,111	5,520	6,005	7,839	1.9%	6.9%
Die Cast Components	1,091	1,119	1,182	1,501	0.6%	6.2%
Zinc	48	53	59	80	2.5%	7.9%
Others	504	506	527	652	01.%	5.5%
Ignition Switches	6	7	8	11	4.8%	7.4%
Steering Column Ignition Lock	4	5	6	8	6.0%	8.3%
Switches	128	136	137	190	1.5%	8.5%
Others	10,360	11,621	12,423	16,670	2.9%	7.6%

Source: Maia Research Note: - The value for each segment is in Calendar Year (CY) **Chart 11: Region Wise Exports and Segmentation by Product Type in FY23**



Source: ACMA

Growth Drivers for Auto-Component Industry

- Development in Automotive Industry**
 The automobile industry has developed in these years and has gradually become one of the pillar industries of the national economy. It plays a decisive role in stimulating consumption, enhancing market confidence, creating jobs, and attracting investment. The automobile industry is one of the main pillars of the Indian economy. It has strong forward and backward linkage and is an important driving force for economic growth. Liberalization and conscious policy intervention over the past few years have created a dynamic and competitive market and brought in a number of new players, thereby expanding the automotive industry's production capacity.
- Support Infrastructure and Expanding R&D hub**
 The Indian automobile industry has made tremendous progress over the past two decades. In the future, the share of electronic devices in cars will increase dramatically, making cars more intelligent and networked. Automotive components manufacturing follows this trend and continues to pursue economies of scale and scope in design and engineering while also pursuing low-cost manufacturing destinations.
- Development of New Energy Vehicles**

At present, electric vehicles are propelling innovations in auto components. The increased penetration of electric vehicles will lead to the transformation of automotive electrical distribution systems. The industry is headed toward vehicles with more electrical components of increasing complexity, which, in turn, require an electrification system equipped to handle higher voltages. Over the past few years, electric vehicles have received increasing attention due to falling ownership costs and stricter government regulations for emissions. Accordingly, the rising share of EV sales has the potential to present new opportunities for the auto components industry in India.

- **Favourable Government Policies**

The government is prioritizing the shift toward clean mobility and has taken multiple initiatives to promote the manufacturing and adoption of electric vehicles in India. Schemes such as Faster Adoption and Manufacturing of Hybrid and Electric Vehicles in India (FAME II) have been introduced in the electric vehicle space. In addition, multiple production-linked incentive schemes intend to create a local manufacturing ecosystem. This is sought to be achieved by incentivizing fresh investments into developing indigenous supply chains for key technologies, products, and auto components.

- **Bridging the Local Manufacturing Void**

The leading global manufacturers are increasingly inclined to start manufacturing auto components in India. The recently approved PLI scheme worth Rs. 18,100 crores for battery manufacturing by the GOI is expected to increase manufacturing capacities and reduce reliance on imports. This will minimize the overall costs of batteries significantly, which forms a considerable portion of EV cost. The Government of India has also proposed to provide incentives of Rs. 76,000 crores for the development of semiconductors and enable a globally competitive incentive package to the companies for setting up plants in India.

11. SWOT Analysis on Auto Component Industry

Strengths

- **Large and growing domestic market:** India automobile industry is expected to grow rapidly over the next few years. This provides a large and growing market for auto component manufacturers.
- **Strong engineering and design capabilities:** India has a strong engineering and design talent pool, which is essential for developing and manufacturing high-quality auto components. In recent years, the auto component makers have opened their various R&D centers in various parts of the country. The cost of R&D in India is low as compared to any developed country due to availability to skilled and qualified manpower.
- **Government support:** The Indian government is supportive of the auto component industry and has introduced a number of policies to promote its growth. These include the Automotive Mission Plan (AMP) 2016-2026, which aims to make India a global hub for auto manufacturing and component sourcing.
- **Product Liability:** The auto component OEMs follow strict product liability rules while going for any contract with their suppliers. Under product liability rules, any supplier could be penalized by its clients if the product fails to meet the set quality standards. In India, the domestic insurance companies provide product liability insurance to the Indian auto component manufacturers that gives them the confidence to do businesses.

Weaknesses

- **Fragmented industry:** The Indian auto component industry is highly fragmented, with a large number of small and medium-sized enterprises (SMEs). This makes it difficult for the industry to compete globally.
- **Lower labor productivity:** The advantage of low-cost labor is negated due to lower labor productivity level.
- **Higher Cost of Logistics:** The cost of transportation within the country is high due to high cost of fuel and poor turn around of vehicles. Ports in India are inefficient and the ship turnaround time is higher than international standards. A finished product takes additional week to leave the Indian shores due to various documentation and other port formalities. The uncertainties in logistics prevent

Indian auto components players to supply just in time.

- **High cost of Raw Materials:** Raw materials like steel, polymers, castings are more expensive than other countries and the quality of the raw materials are also not comparable to international standards. Steel is the major raw material used for automobile applications and the price of the same is also increasing due to the ongoing geopolitical tensions.

Opportunities

- **Constant Product Innovation & Technological Advancement:** With the advent of E-vehicles & alternative fuel such as Shell gas, CNG, and others, automobile companies are increasing R&D expenditure to drive the next phase of growth through the use of renewable sources of energy which may be solar, wind, etc. The demand for electric vehicles is growing rapidly in India. This presents an opportunity for auto component manufacturers to develop and manufacture components for electric vehicles.

- **Changing lifestyle & customer groups:** The increased availability of data and information, shift in consumer demand, and expanded regulatory requirements for safety and fuel economy will fuel the growth of this industry. Availability of a considerable number of variants, stiff competition between them, and a long list of alternatives to choose from has given power to customers to decide whatever they like. The increased availability of data and information, shift in consumer demand, and expanded regulatory requirements for safety and fuel economy will fuel the growth of this industry.

- **Increasing exports:** India's auto component exports have been growing steadily in recent years. This trend is expected to continue in the coming years, driven by factors such as the increasing competitiveness of Indian auto component manufacturers and the growing demand for Indian auto components in global markets.

- **Growth of the aftermarket:** The Indian auto aftermarket is growing rapidly. This presents an opportunity for auto component manufacturers to expand their sales in the aftermarket segment.

- **Market expansion:** Entering new markets like Asian & BRIC nations will skyrocket the demand for vehicles. Furthermore, other markets are also likely to emerge soon.

Threats

- **Rising competition from global players:** Presence of a large number of players in the auto component industry results in intense competition and companies eating into other's share, leaving little scope for new players. Global auto component manufacturers are increasingly setting up shop in India. This is increasing competition for Indian auto component manufacturers.

- **Trade protectionism:** Some countries are imposing trade barriers on imports of auto components. This could hinder the export growth of Indian auto component manufacturers.

- **Volatility in fuel prices:** For the consumer segment, fluctuations in fuel prices remains the determining factor for growth. Also, government regulations pertaining to the use of alternative fuels like CNG and Shell gas is also affecting the inventories.

12. Peer Comparison

The top Indian auto component players are mentioned below: -

➤ [Pritika Auto Industries Limited](#)

Pritika Auto Industries Ltd. is a flagship company of the Pritika Group of Industries which was set up in 1974. The Company has established itself as a robust and reliable brand in its market, specializing in machined castings and automotive components. A quality driven organization, Pritika produces world class components from modern facilities. Catering primarily to tractors and commercial vehicles, Pritika focuses on expanding and diversifying its product portfolio. The Company manufactures a wide range of products such as axle housings, wheel housings, hydraulic lift housings, end cover, plate differential carrier, brake housings, cylinder blocks, and crank cases, among others.

Pritika is one of the biggest component suppliers in the tractor segment of the automobile industry in India and supplies to OEMs like M&M Swaraj, Swaraj Engines Ltd, TAFE, Escorts, SML Isuzu, TMTL, Ashok Leyland, New Holland Tractors India Ltd., Brakes India etc., as well as exports casted products outside India. The Company's vision is to provide products which meet customer's quality requirement constantly at competitive prices. Pritika has manufacturing facilities situated at Derabassi and Hoshiarpur (Punjab), and Tahlial (Himachal Pradesh) with a total consolidated capacity exceeding 50,000 metric tons per annum (MTPA) in FY23.

Table 22: Pritika Auto Industries Limited – Company Profile

Information	Description
Company Name	Pritika Auto Industries Limited
Website	https://www.pritikaautoindustries.com/
Establishment Year	1980

Source: Company Website

Table 23: Pritika Auto Industries Limited – Financial Information (Consolidated)

Particulars	Unit	FY19	FY20	FY21	FY22	FY23	H1FY24
Revenue	Rs. crore	211	169	227	279	363	189
EBITDA	Rs. crore	30	21	24	30	42	24
PAT	Rs. crore	14	6	6	14	15	8
Operating Margin	%	14%	12%	10%	11%	11%	13%
Net Profit Margin	%	7%	3%	3%	5%	4%	4%
Current Ratio	Times	1.5	1.4	1.4	1.5	1.7	NA
Debt to Equity	Times	0.5	0.5	0.6	0.5	0.6	NA

Source: Company Reports

➤ Pricol Limited

Pricol Limited is one of India's leading automotive components and precision engineered products manufacturers head quartered in Coimbatore. The company commenced its operations in the year 1975 in Coimbatore, South India and today it strides as a reputable global brand in the automotive component and products business, highly recognized by top automotive OEMs across the world. The company carries out its business and operations in Driver Information Systems and Sensors, Pumps and Allied Products, Telematics and Wiping Systems catering to leading automotive OEMs in Two / Three-Wheeler, Passenger Vehicles, Commercial Vehicles, Farm Equipment and Off-road Vehicles across India and in International Markets (45+ countries) with 2000+ product variants. The company has 8 manufacturing plants across

Coimbatore, Manesar, Pantnagar, Pune, Satara and Sricity in India, 1 manufacturing plant in Jakarta, Indonesia, with 3 international offices in Japan, United Arab Emirates and Singapore.

Table 24: Pricol Limited – Company Profile

Information	Description
Company Name	Pricol Limited
Website	https://pricol.com/
Establishment Year	1975

Source: Company Website

Table 25: Pricol Limited – Financial Information (Consolidated)

Particulars	Unit	FY19	FY20	FY21	FY22	FY23	H1FY24
Revenue	Rs. crore	1,410	1,615	1,421	1,554	1,963	1,122

EBITDA	Rs. crore	94	85	178	181	229	131
PAT	Rs. crore	-174	-99	42	55	125	65
Operating Margin	%	7%	5%	13%	12%	12%	12%
Net Profit Margin	%	-12%	-6%	3%	4%	6%	6%
Current Ratio	Times	0.9	0.8	1.3	1.3	1.3	NA
Debt to Equity	Times	0.5	0.9	0.5	0.2	0.1	NA

Source: Company Reports

➤ UCAL Auto Private Limited

UCAL Auto Private Limited is among the leading automotive component manufacturers both in India and in the overseas markets. The company manufactures fuel management and emission control systems, carburetors and fuel management systems, and Machined parts for critical applications in the Auto and Non-Auto space. The company also develops cutting-edge powertrain solutions and providing a comprehensive range of automotive components and fuel management systems aligned to the fast-changing mobility landscape. To mine the opportunities in new and emerging segments, the company has expanded its ambit of operations, with innovative, cutting-edge products for niche applications in micro-mobility, EV and alternate fuel vehicles. The company is exploring opportunities in new business streams with innovative cutting-edge products, for niche applications, in emerging segments in micro-mobility, EV & FCEVs, Telematics, Automotive Electronics, and Alternate Energy technologies.

Table 26: UCAL Auto Private Limited– Company Profile

Information	Description
Company Name	UCAL Auto Private Limited
Website	https://www.ucal.com/
Establishment Year	1985

Source: Company Website

Table 27: UCAL Auto Private Limited – Financial Information (Consolidated)

Particulars	Unit	FY19	FY20	FY21	FY22	FY23	H1FY24
Revenue	Rs. crore	876	744	700	813	832	363
EBITDA	Rs. crore	124	89	67	73	57	23

PAT	Rs. crore	46	21	29	35	1	-6
Operating Margin	%	14%	12%	10%	9%	7%	6%
Net Profit Margin	%	5%	3%	4%	4%	0%	-2%
Current Ratio	Times	0.7	0.6	0.9	0.8	0.8	NA
Debt to Equity	Times	0.6	0.5	0.7	0.6	0.5	NA

Source: Company Reports

➤ **Uno Minda Limited (formerly Minda Industries Limited)**

Uno Minda Limited (formerly known as Minda Industries Limited) is a leading global manufacturer of proprietary automotive solutions and systems supplying to OEMs as Tier-1. The company is one of the leading manufacturers of automotive switching systems, automotive lighting systems, automotive acoustics systems, automotive seating systems and alloy wheels. The company has formidable electric vehicle specific products portfolio leading the Automotive industry transition into electric mobility. It manufactures and supply over 20 categories of automotive components and systems to leading Indian and international OEMs based in India, Asia, South and North America and Europe. It has over 73 manufacturing plants globally with overseas manufacturing facilities in Indonesia, Vietnam, Spain, and Mexico.

Table 12: Uno Minda Limited– Company Profile

Information	Description
Company Name	Uno Minda Limited
Website	https://www.unominda.com/
Establishment Year	1958

Source: Company Website

Table 13: Segment-wise revenue for UNO Minda Limited (Consolidated)

Segment Wise Revenue	FY19	FY20	FY21	FY22	FY23
Aftermarket Revenue	573	558	741	826	1,042
OEM Revenue	5,335	5,664	5,633	7,487	10,194

Source: Company Report

Table 14: UNO Minda Limited – Financial Information (Consolidated)

Particulars	Unit	FY19	FY20	FY21	FY22	FY23	Q1FY24
Revenue	Rs. crore	5,908	6,222	6,374	8,313	11,236	3,093
EBITDA	Rs. crore	725	672	725	885	1,242	330
PAT	Rs. crore	286	155	207	356	654	173
Operating Margin	%	12%	11%	11%	11%	11%	11%
Net Profit Margin	%	5%	2%	3%	4%	6%	6%
Current Ratio	Times	1.2	0.9	1.0	1.3	1.2	NA
Debt to Equity	Times	0.5	0.4	0.3	0.2	0.2	NA

Source: Company Report

➤ **Sandhar Technologies Limited**

Sandhar Technologies is a leading automotive components and systems manufacturing company dedicated to sustainable mobility and innovation. The company is a leading provider of customer-centric solutions for Original Equipment Manufacturers (OEMs) worldwide. The company has evolved into a renowned global manufacturer of innovative products and solutions for the automotive sector. It is known for quality products and an unshakeable reputation that builds upon the core business values of innovation and sustainability.

Table 15: Sandhar Technologies Limited– Company Profile

Information	Description
Company Name	Sandhar Technologies Limited
Website	https://sandhargroup.com/
Establishment Year	1987

Source: Company Website

Table 16: Sandhar Technologies Limited - Financial Information (Consolidated)

Particulars	Unit	FY19	FY20	FY21	FY22	FY23	Q1FY24
Revenue	Rs. crore	2,336	1,943	1,874	2,331	2,921	832
Operating Profit	Rs. crore	258	206	199	213	262	76
Net Profit	Rs. crore	96	67	58	56	74	22
Operating Margin	%	11%	11%	11%	9%	9%	9%
Net Profit Margin	%	4%	3%	3%	2%	3%	3%
Current Ratio	Times	0.89	0.88	1.21	1.2	1.45	NA
Debt to Equity	Times	0.38	0.26	0.05	0.28	0.13	NA

Source: Company Reports

➤ Jay-Ushin Limited

JP Minda Group, a renowned industrial corporation, has Jay Ushin Ltd as a flagship company. Jay Ushin Ltd. is primarily an automotive and electronics manufacturing company in India that also possesses engineering know-how and a solid technical foundation. Among other manufacturing and designing fields in India, the company has expertise in locksets, key sets, remote locking, combination and defogger switches, door handles, door latches, fuel units, and heater control panels. It also has a state-of-the-art tool room, production engineering, security system and parts like locksets, key sets, fuel units, and heater control panels. The company has been delivering custom-made OEM Business, Instrumentation, Automobiles and Automated Paint Shops, besides various tailor-made automotive solutions for their clients.

Table 17: Jay Ushin Limited – Company Profile

Information	Description
Company Name	Jay Ushin Limited
Website	https://jpmgroup.co.in/
Establishment Year	1959

Source: Company Website, Maia Research Analysis

Table 18: Jay Ushin Limited- Financial Information

Particulars	Unit	FY19	FY20	FY21	FY22	FY23	Q1FY24
Revenue	Rs. crore	855	663	577	654	734	162
Operating Profit	Rs. crore	45	38	33	31	33	6
Net Profit	Rs. crore	12	3	-4	12	13	3
Operating Margin	%	5%	6%	6%	7%	6%	4%
Net Profit Margin	%	1%	0%	-1%	2%	2%	2%
Current Ratio	Times	0.82	0.76	0.78	0.77	0.85	NA
Debt to Equity	Times	1.72	1.36	1.63	1.26	1	NA

Source: Company Reports

➤ **Pavna Industries Limited**

Pavna Industries Limited is an automotive part solutions company in South Asia and it is engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles.

The company provides high- quality reliable corridor analogous as Ignition Switches, Fuel Tank Caps, Latches, Auto Locks, Handles, Switches, Oil Pump, Carburettor, Throttle Body, Fuel Cocks, Injection System, Casting Components and other automotive corridor results for machine operations, serving machine, agricultural and other operations worldwide.

Pavna has extreme modern manufacturing centers in India, located in Aligarh, Aurangabad, Pantnagar & Pune. The company also provide aftermarket sales and services. Aftermarket products include products manufactured by us such as filters, clutch plates, bearings, wiper blades and brake shoes.

Table 19: Pavna Industries Limited – Company Profile

Information	Description
Company Name	Pavna Industries Limited
Website	https://www.pavnagroup.com/
Establishment Year	1994

Source: Company Website

Table 20: Pavna Industries Limited - Financial Information (Consolidated)

Particulars	Unit	FY20	FY21	FY22	FY23
Revenue	Rs. crore	180	220	336	364
Operating Profit	Rs. crore	19	20	31	33
Net Profit	Rs. crore	4	6	8	8
Operating Margin	%	10%	9%	9%	9%
Net Profit Margin	%	2%	3%	2%	2%
Interest Coverage	Times	1.09	1.22	1.22	1.16
Current Ratio	Times	1.72	1.15	2.18	2.22
Debt to Equity	Times	180	220	336	364

OUR BUSINESS

Some of the information in the following section, especially information with respect to our plans and strategies, contain certain forward-looking statements that involve risks and uncertainties. You should read the section “Forward-looking Statements” on page 17 for a discussion of the risks and uncertainties related to such statements and the section “Risk Factors” on page 22 for a discussion of certain risks that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in, or implied by, these forward-looking statements.

We have included various operational and financial performance indicators in this Draft Letter of Offer, many of which may not be derived from our Restated Consolidated Financial Information or Unaudited Interim Condensed Consolidated Financial Statements or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Consolidated Financial Information or Unaudited Interim Condensed Consolidated Financial Statements and other information relating to our business and operations included in this Draft Letter of Offer.

Unless otherwise indicated, the industry and market data set forth in this Draft Letter of Offer has been obtained or derived from “Industry Research Report on Auto Component Industry” dated October 2023 prepared and released by CARE Analytics and Advisory Private Limited and exclusively commissioned and paid by our Company for an agreed fee (the “CareEdge Report”) for the purposes of confirming our understanding of the industry in connection with the Offer. CARE Analytics and Advisory Private Limited was appointed by our Company on September 29, 2023.

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Letter of Offer, including the information contained in “Risk Factors”, “Industry Overview”, “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 17, 96, 143 and 175, respectively.

OVERVIEW

We are an engineering-led manufacturer of complex and high-quality automobile components for the automotive sector, primarily supplying to leading automobile companies in India and overseas. We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles (*Source - CareEdge Report*).

Our company provides high- quality reliable corridor analogous such as Ignition Switches, Fuel Tank Caps, Latches, Auto Locks, Handles, Switches, Oil Pump, Carburetor, Throttle Body, Fuel Cocks, Casting Components and other automotive corridor results for machine operations, serving machine, agricultural and other operations worldwide. We also provide Aftermarket sales and services. Aftermarket products include products manufactured by us such as filters, clutch plates, bearings, wiper blades and brake shoes (*Source - CareEdge Report*). For the six months period ended September 30, 2023, September 30, 2022 and the Fiscals 2023, 2022 and 2021 the Aftermarket constituted out of our revenue from operations as follows

(₹ in lakhs except for percentages)

Particulars	For Fiscal/ Period									
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)
Aftermarket	2,371.70	15.25	2,870.83	15.21	5,066.74	13.99	5,232.60	16.58	4,869.67	22.19

Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing domestic and international customers. We supply more than 500 products like steering cum ignition switches, horns, fuel tank caps, fuel cocks, handles bar switches, auto locks, switches, casting components, engine components, automotive electrical products, accessories and other automotive parts and solutions for both ICE and EV two & three wheelers and agricultural vehicles like tractors, lawn-movers, etc. For the six months period ended September 30, 2023, September 30, 2022 and the Fiscals, our sales to the OEMs constituted out of our revenue from operations as follows:

(₹ in lakhs except for percentages)

Particulars	For Fiscal/ Period									
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Sales to OEM	14,233.33	91.49%	16,807.60	89.04%	34,572.98	95.45%	28,914.29	91.61%	19,276.64	87.86%

We have long term relationships with several marquee domestic and global original equipment manufacturers (“OEMs”). Our key customers include, Bajaj Auto Limited, Atul Auto Limited, Piaggio Vehicles Private Limited, Okinawa Autotech International Private Limited and other OEMs. We are considered as a strategic and preferred supplier by any of our OEM customers and are also the single source supplier in certain product categories, for some of our key customers. Most of our business comprises direct supply to our OEM customers, under long term agreements, which are renewed from time to time. With our track record and wide product portfolio, we have been able to retain our existing customers and also been able to attract new customers.

We have a diversified client base with our top 10 customers accounting of our revenue from operations, for the period ended September 30, 2023, September 30, 2022 and Fiscals 2023, 2022 and 2021 as follows:

(₹ in lakhs except for percentages)

Particulars	For Fiscal/ Period									
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Top ten (10) customers	11539.67	74.18%	12180.65	64.53%	21784.49	60.14%	23265.55	73.72%	14708.82	67.04%

We own and operate nine (9) Manufacturing Facilities strategically located at Aligarh (Uttar Pradesh), Aurangabad (Maharashtra) and Pantnagar (Uttarakhand), which are key auto-clusters. Our manufacturing facilities, with a total built up area of over 2.40 lakhs sq. ft. (approx.), are close to some of our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for our customers, and to insulate them from local supply or other disruptions. Our manufacturing facilities include modern equipment, engineered layout with process controls and necessary automations for quality and productivity. Our Manufacturing Facilities are ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and IATF 16949:2016 certified. For further details, please see "*Quality Control, Testing and Certifications*". Our distribution network is spread across seventeen (17) states and UTs in India with more than 65 distributors. Our Company is planning to establish a manufacturing facility at Hosur, Krishnagiri, in the State of Tamil Nadu for the manufacturing automotive parts which will be supplied to OEMs in South India.

Our business is driven by technology and know-how of advanced material engineering and precision engineering. We focus on design and R&D with more than 30 years of experience in developing customised products to meet the evolving needs of our customers. Our R&D capabilities include: Self-driven design Team, Lab Equipped with latest High-end CAD-Cam Software, 3D rapid Prototype Development, 2D & 3D Software for product development- CREO 7.0, Nano CAD, Solid Works, Solid Edge & Delcam Using DFMEA, PFMEAs, Design and process Development Tools, Product Validation and Reliability Testing Facilities, Advance Tool Design Facility. We have the ability to design and develop solutions and products for OEMs meeting precise design, technical and quality specifications, enabling automotive OEMs enhance vehicle safety, performance, durability and overall efficiency.

We operate and manage our business through subsidiaries and joint ventures viz. Swapnil Switches Private Limited (SSPL), Pavna Auto Engineering Private Limited (PAEPL), Pavna Sunworld Autotech Private Limited (PSAPL) and Pavna Marketing Private Limited (PMPL). The founder director of our Company Mr. Pawan Jain and the Managing Director and Promoters of our Company Mr. Swapnil Jain and Mrs. Asha Jain have substantial experience in the automotive industry. Our Company is led by our Promoter, and Managing Director, Swapnil Jain who with his experience of more than 12 years, has guided our Company to its current market position in the automotive components industry. Furthermore, our Company is run by a professional management team that is guided by our experienced leadership team. For further details on our Directors, Key Management Personnel and Senior Management, see "*Our Management*" on 121.

The financial performance of our Company for the period ended September 30, 2023, September 30, 2022 and Fiscals 2023, 2022 and 2021, respectively, is as follows:

(₹ in lakhs, except for percentages)

Particulars	For the period ended September 30, 2023	For the period ended September 30, 2022	Fiscal 2023	Fiscal 2022	Fiscal 2021
Revenue from operations	15,556.67	18,876.53	36,222.20	31,561.19	21,940.72
EBITDA ⁽¹⁾	1,970.35	1,279.86	3,479.21	3,108.34	2,049.84
EBITDA margin (%) ⁽²⁾	12.45%	6.74%	9.55%	9.80%	9.32%
PAT	685.12	104.99	863.56	915.40	576.22
PAT Margin (%)	4.32%	0.55%	2.37%	2.88%	2.62%
Net Debt ⁽³⁾	11,041.48	9,798.58	13,669.96	11,958.69	5,788.03
Total Equity	7,881.83	6,762.27	7,411.04	6,635.53	5,640.90
ROE (%) ⁽⁴⁾	8.69%	1.55%	11.65%	13.79%	10.21%
ROCE (%) ⁽⁵⁾	7.69%	4.26%	10.99%	11.89%	12.89%
EPS (Basic) ⁽⁶⁾	5.62	0.86	7.09	15.03	9.46
EPS (Diluted) ⁽⁷⁾	5.62	0.86	8.88	15.03	12.16

Notes:

⁽¹⁾EBITDA = Profit before tax + depreciation & amortization expense + finance cost.

⁽²⁾EBITDA Margin = EBITDA/ Total income*100

⁽³⁾Net debt = Non-current borrowing + current borrowing - Cash and Cash Equivalent, Bank Balance, and Investment in Mutual Funds.

⁽⁴⁾ROE = Net profit after tax /Total equity*100

⁽⁵⁾ROCE = Profit before tax and finance cost / Capital employed*100

*Capital employed = Total Equity + Non- Current borrowings+ Current Borrowings + Deferred tax Liabilities – Intangible Assets.

⁽⁶⁾ Basic EPS = Net Profit after tax, as restated, attributable to equity shareholders divided by shares outstanding during the year/ period.

⁽⁷⁾Diluted EPS = Net Profit after tax, as restated, attributable to equity shareholders divided by weighted average no. of equity shares outstanding during the year/ period.

Our Strengths

Providing comprehensive solutions and manufacturing high quality, intricate and critical products, components and parts.

We offer comprehensive solutions to our customers including design, process engineering and manufacturing including Die-casting, machining, surface treatment and assembly facilities. We offer a diverse range of products for both the OEM and the Aftermarket segment of the market and cater to passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. We actively pursue cross selling opportunities across segments to derive value for our existing and prospective customers. This not only helps us in solving complex customer problems that require multi-domain expertise but also helps us in penetrating customers' different business segments and enhance our capabilities to collaborate with OEMs right from the designing of their new products. We work with the OEMs from the initial stage of product development. We also depute our engineers to provide the OEMs design support and technical expertise. Our diversified presence across various segments and design capability provides us with the flexibility to operate successfully across business cycles and mitigate any fluctuations in the industry.

With our machining and manufacturing capacities and capital expenditure undertaken by us in the earlier years of our business, we are a one-stop-shop for our customers, manufacturing high quality, intricate and critical products

and components. Thus, we are able to meet the demand and supply products to our customers at a competitive pricing. Our diversification of revenue across multiple customers allow us to prevent any possible customer concentration in any of our business segments. With our track record and wide product portfolio, we have been able to retain our existing customers and have also been able to attract new customers.

Technology and innovation-driven manufacturing process, with an extensive portfolio of products.

Technology and innovation play a critical role in the development of our solutions and products. We engage in ongoing R&D and design activities to develop and offer innovative and customized systems, solutions and products that meet our customers' requirements. Furthermore, we have a demonstrated track record of developing technologically advanced products as per the requirements of our customers for example our Company and its Subsidiaries had been granted five (5) patents by the Patent Office, Government of India for: (a) wheel lock for two wheelers; (b) steering lock-cum-ignition switch; (c) push button switch assembly; (d) switch assembly; and (e) Fuel tank assembly. And Four design patterns registered with Controller General of Patents Design and Trademarks in India. Our technology and innovation focus also complements our manufacturing capabilities. We have introduced automation and control system in our manufacturing processes that allows us to combine operations, eliminate multiple operators, retain control over our proprietary formulations and increase efficiency, while controlling costs and maintaining consistent product quality. Furthermore, our production line configurations are fungible, allowing us to interchange capacity and product mix between product categories within and across automotive sectors, based on customer and operational requirements. Our fungible production line configurations have enabled us to optimise our machine productivity and operational efficiency.

Long-standing customer relationships with both Indian and global OEM players.

Our experience in developing complex critical solutions and products has led to established relationships with several customers. Our customers include majority of 2W OEMs (in terms of sales for Fiscal 2023). We have been serving majority of 2W OEMs in India for more than 30 years as of March 31, 2023. Our ability to work closely with our customers, providing them with customized critical engineering solutions, extensive experience in manufacturing precision and lightweighting products have contributed to our long-standing relationships with key 2W OEMs in India. Furthermore, we have a demonstrated track record of value addition and value engineering capabilities, helping our customers in import substitution (i.e., encouraging production in the domestic markets to limit the extent of imports). Our customers benefit from a faster turnaround time on account of our in-house tooling and prototyping capabilities. In addition, our facilities are located at strategic locations across India in proximity to key OEMs, enabling us to engage in greater customer interaction and respond quickly to their needs. We attribute our long-standing relationships with our customers to our focus on timely delivery, quality consciousness, cost efficiency, design, tooling and technological capabilities. We intend to diversify and expand our business operations in accordance with the evolving needs of our customers and intend to leverage our long-standing relationship with such market players allows us to leverage industry tailwinds in the automotive sector.

Extensive manufacturing footprint, with strategically located manufacturing facilities.

We own and operate nine (9) Manufacturing Facilities strategically located at Aligarh (Uttar Pradesh), Aurangabad (Maharashtra) and Pantnagar (Uttarakhand), which are key auto-clusters, with a total built up area of over 2.40 lakhs sq. ft. (approx). Our facilities are equipped with advanced machinery and certain of our facilities are located close to our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for our customers, and to insulate them from local supply or other disruptions. Our in-house engineering and design capabilities allow us to offer comprehensive solutions including design, process engineering and manufacturing including foundry, fabrication, machining and assembly to our long standing domestic and international customers. Our manufacturing facilities at Aligarh (Uttar Pradesh), Aurangabad (Maharashtra) and Pantnagar (Uttarakhand), which are key auto-clusters. We have upgraded and continue to modernize, our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity. For the six months ended September 30, 2023, September 30, 2022 and Fiscals 2023, 2022 and 2021, Our capital expenditure was ₹ 947.87 lakhs, ₹ 877.32 lakhs, ₹ 2,348.43 lakhs, ₹ 1,392.59 lakhs and ₹ 1,137.52 lakhs and the gross block was ₹ 11,757.04 lakhs, ₹ 12,627.22 lakhs, ₹ 14,062.72 lakhs, ₹ 11,855.30 lakhs and ₹ 8,293.20 lakhs, respectively. These upgradations were undertaken to further enhance our machining and manufacturing capacities to meet the growing demand for our products from our customers and to expand into new segments, based on revenue visibility. Our Company is planning to establish a manufacturing facility at Hosur, Krishnagiri, in the State of Tamil Nadu for

the manufacturing automotive parts which will be supplied to OEMs in South India. As per the CareEdge Report, Hosur is actually one of the major manufacturing hotspots of Tamil Nadu, with many automobile OEMs having their factories there. It has emerged as a key industrial hub covering electronics, automobiles & auto components, light-machinery, engineering, specialty chemicals, etc. This region is being preferred by several automobile manufacturers and its strong and vibrant presence of MSMEs in Hosur also make Hosur attractive for investors.

We sell our products to both the OEMs and the Aftermarket.

In addition to the supply of our products to the OEMs, we also cater to the requirements of Aftermarket, which has its demand dynamics. We supply products for the “Aftermarket” such as replacement parts, accessories, and other products including wheel-lock, mobile holder, helmet-locks, disc break locks, cable locks and among others, after the automobile company has sold the vehicle to the customer. For the six months period ended September 30, 2023, September 30, 2022 and the Fiscals 2023, 2022 and 2021 the Aftermarket constituted ₹ 2,371.70 lakhs, ₹ 2,870.83 lakhs, ₹ 5,066.74 lakhs, ₹ 5,232.60 lakhs and ₹ 4,869.67 lakhs, representing 15.25%, 15.21%, 13.99%, 16.58% and 22.19% of our revenue from operations. We supply our products to more than 65 distributors who in turn supply to retailers from where the ultimate consumer purchases our products.

Our presence in both the OEM and the Aftermarket helps us in diversifying and expanding our business operations in accordance with the evolving needs of our customers and enables us to leverage our market position and manufacturing capabilities for both these markets in order to service the ultimate consumer of our products.

Strategies

Setting up of a new manufacturing unit at Hosur.

Our Company is planning to establish a manufacturing facility at Hosur, Krishnagiri, in the state of Tamil Nadu for the manufacturing automotive parts which will be supplied to OEMs in South India. As per the CareEdge Report, Hosur is actually one of the major manufacturing hotspots of Tamil Nadu, with many automobile OEMs having their factories there. It has emerged as a key industrial hub covering electronics, automobiles & auto components, light-machinery, engineering, specialty chemicals, etc. This region is being preferred by several automobile manufacturers and its strong and vibrant presence of MSMEs in Hosur also make Hosur attractive for investors. We have made an application to the Government of Tamil Nadu for the allotment of a suitable land in this auto-cluster. The application is in process and we are awaiting approval. Our Company is also exploring the acquisition of a private land in Hosur or surrounding areas in the event the process of allotment from the Government of Tamil Nadu takes more than six months. The development of this manufacturing facility will be funded from borrowings and internal accruals.

Increase our market share and acquire new business by leveraging existing OEM relationships and adding new customers.

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 supply to our customers across geographies, and to win new customer contracts by developing products and solutions aligned with their needs. Our engineering expertise and domain knowledge have enabled us to foray into certain niche areas with high margin, high growth potential, including high-quality, intricate, complex and critical components required by our customers. As part of our strategy, we are expanding our business from providing products to 2W ICEs vehicles to 2W EVs. Despite competition, we have been able to increase our customers’ contribution to our revenue. We intend to achieve this by expanding the sale of each of our existing products to new or existing customers who do not purchase such products from us presently. We see significant potential to increase the market share of our existing OEM customers in the future, including an increase in exports to OEMs in other geographies. In particular, we seek to continue to explore opportunities that may arise from the Make in India initiative, PLI scheme and other regulatory and policy support initiatives in India, which the Central and State Governments may announce and implement from time to time.

Continue to reduce operating costs and improve operational efficiencies.

Offering quality products at attractive prices is a key aspect of maintaining and expanding our relationships with

our customers. We intend to continue enhancing our operational efficiencies, to increase economies of scale, better absorb our fixed costs, reduce our other operating costs and strengthen our competitive position. We would focus on improving capacity utilization at our production facilities, through increase in our overall production volumes. We have, in the past and intend to in the future, continue using a variety of other manufacturing strategies and cost reduction strategies to continue to improve our operational efficiencies. For example, to meet the growing demand from our customers, we have invested in our manufacturing facilities, infrastructure, machines, equipment and technology to allow us to offer a diverse product suite, reduce operating costs and drive productivity and scale of our business without incurring significant incremental costs in the future. Our capital expenditure was ₹ 947.87 lakhs, ₹ 877.32 lakhs, ₹ 2,348.43 lakhs, ₹ 1,392.59 lakhs and ₹ 1,137.52 lakhs during the six months ended September 30, 2023, September 30, 2022 and Fiscals 2023, 2022 and 2021, respectively. We intend to leverage our size and scale to produce greater volumes of products from each of our plants and spread our fixed costs, which relate primarily to the machinery and equipment required to produce components and to fixed labour costs, more widely to reduce our production costs on a per unit basis, allowing us to reduce our unit sales price and increase our competitiveness. We had availed a majority of our fund-based and non-fund based facilities in the ordinary course of business from various banks and financial institutions. As part of our strategy, we intend to prepay/ repay, in full or part, of certain our outstanding indebtedness. This will help reduce our outstanding indebtedness and debt servicing costs, assist us in becoming zero debt company and enable utilisation of our internal accruals for further investment in business growth and expansion. For further details, see “*Objects of the Offer - Details of the Objects of the Fresh Issue - Repayment/pre-payment, in full, of certain borrowings availed of by our Company*” on page 56.

Retain and strengthen our technological edge through continued focus on research and development.

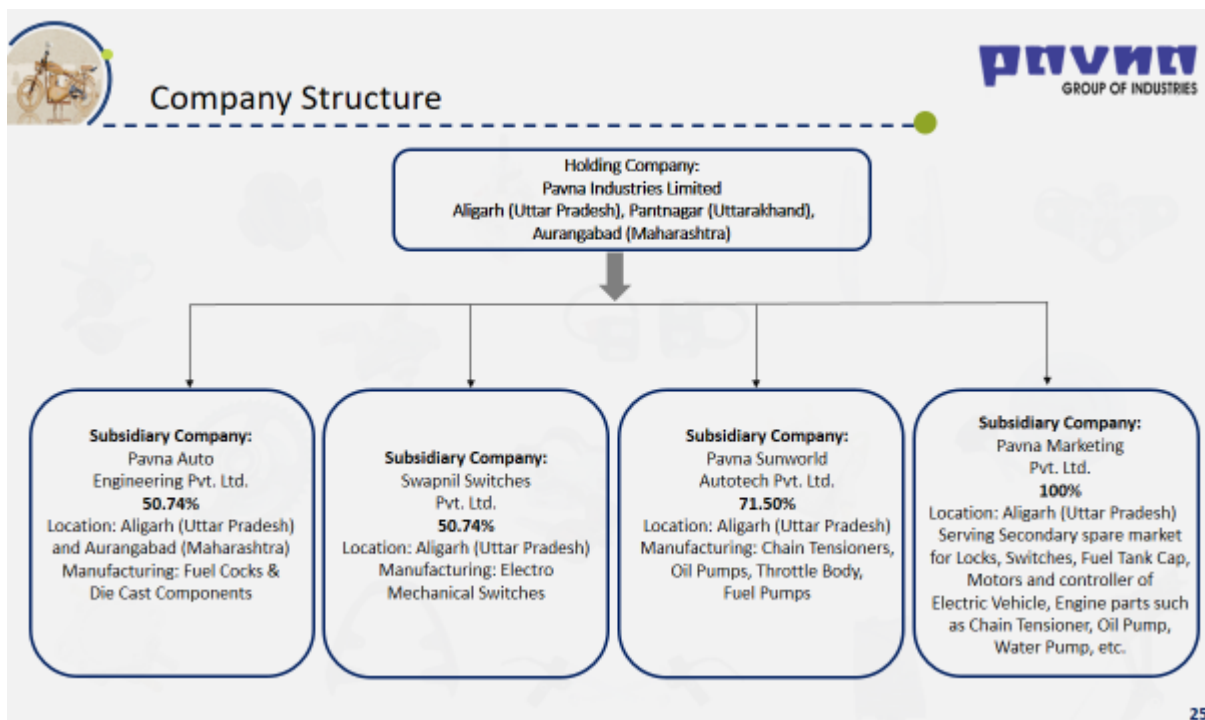
We are focused on retaining and strengthening our technological edge through the continued development of innovative products, which we believe will enable us to expand and diversify our product portfolio and drive increased product orders going forward. We are in the process of developing certain new products which will further enhance our product portfolio to existing and new customers. We intend to continue to pursue collaboration opportunities with our existing customers, jointly developing innovative solutions and products to cater to their needs. Further, to enhance our capabilities, we are undertaking a number of initiatives. Our customers’ demand for higher performance and top quality products is growing. In response to this, we have placed a strong emphasis on continually improving our design and engineering capabilities so that we can focus on providing high value-added and technology-driven components which will present us with opportunities to capture shifts in customer preferences as well as evolving regulatory requirements, such as heightened emissions control standards. Further, this will increase opportunities for us to become a preferred supplier to our customers, thus giving us the opportunity to consolidate our position with our customers. In addition, we believe that our ability to ensure consistent delivery of quality and high customer satisfaction will encourage our customers to commission us to manufacture new parts in their upcoming projects.

Growing opportunities in 2W EV OEM market.

As a part of our growth strategy, we seek to pursue emerging opportunities in the 2W EV OEM space. According to the CareEdge Report, The 2W EV sales in India have increased over the years witnessing significant growth in FY23 by 188% compared to the previous year. The CAGR of 2W EV during the period FY19 to FY23 stood at 92%. We see opportunities and huge potential in supplying to 2W EV companies, some of whom are already our customers. and increase our presence in this segment, where we intend to leverage our strong product development, designing, engineering and manufacturing capabilities along with our strong relationships with our existing customers.

OUR OPERATIONS

Our Corporate Structure



Manufacturing Facilities

We own and operate nine (9) Manufacturing Facilities strategically located at Aligarh (Uttar Pradesh), Aurangabad (Maharashtra) and Pantnagar (Uttarakhand), which are key auto-clusters. Our manufacturing facilities, with a total area of over 2.40 lakhs sq. ft., are close to some of our key customers to enable meeting our customers' just-in-time delivery schedules, allow economies of scale and logistical advantages for our customers, and to insulate them from local supply or other disruptions. Our manufacturing facilities include modern equipment, engineered layout with process controls and necessary automations for quality and productivity.

Details of our Product Portfolio

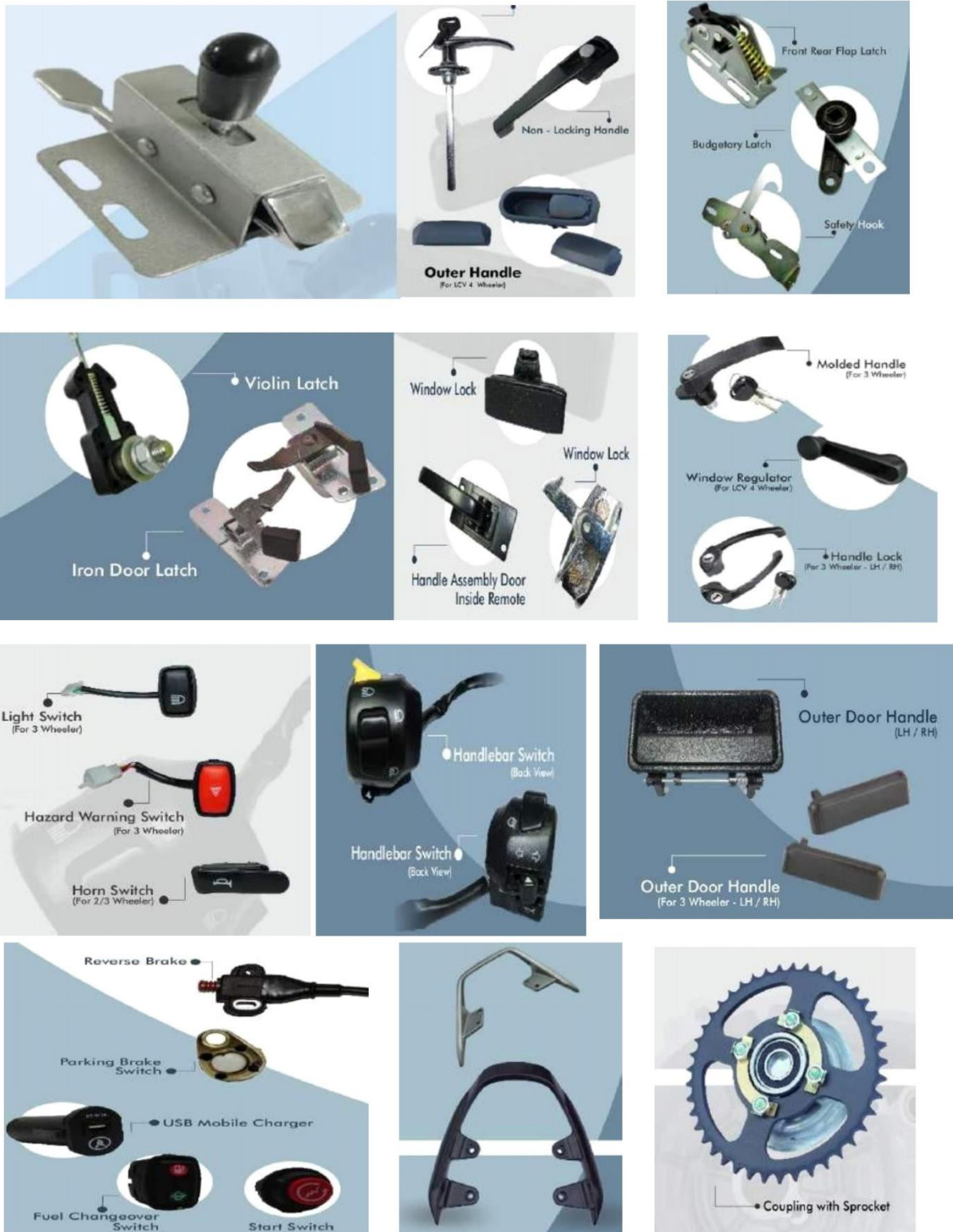
We manufacture and supply a wide range of precision forged and machined components that are critical for the engine, outer body, and other systems of passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. Our strong in-house engineering and design capabilities help us offer comprehensive solutions and products to our long standing domestic and international customers. We supply more than 500 products like steering cum ignition switches, fuel tank caps, fuel cocks handles & latches, auto locks, switches, casting components, engine components, automotive electrical products, accessories and other automotive parts and solutions for ICE, 2EVWs, 3EVWs, EV Cars and agricultural equipment like tractors and lawn-movers.

For ease of operations and better management and control, we manufacture specific product under various Subsidiaries and Joint Ventures. We have set-out below the products that are exclusively manufactured and supplied under our corporate structure:

Name of the Company/Subsidiary/Joint Venture	Place of manufacturing the Product	Products manufactured
Pavna Industries Limited (PIL)	Unit 3, Aligarh, Uttar Pradesh	Manufacturing of Locks, Ignition Switches, Fuel Tank Cap, Latches.
	Unit 4, Aligarh, Uttar Pradesh	Die Casting, Machining, Surface Treatment of Zinc & Aluminium components and its further assemblies.

	Unit 7, Aurangabad, Uttar Pradesh	Assembling & Testing of Locks, Ignition Switches, Fuel Tank Cap, Latches, fuel cock.
	Unit 10, Aligarh, Uttar Pradesh	Manufacturing of Locks, Ignition Switches, Motor, Motor Controller, EV components, Fuel Tank Cap, Latches & accessories for Aftermarket.
	Unit 8, Pantnagar, Uttarakhand	Assembling and Quality Control of Die-Casted Component such as Cover Magneto, Grab handle, Coupling, Balancer Holder, Cover- Centrifugal, etc.
Pavna Auto Engineering Private Limited (PAEPL)	Unit 5, Aligarh, Uttar Pradesh and Unit 6, Aurangabad, Maharashtra	Assembling and Quality Control of Fuel Cocks & petrol tank caps
Swapnil Switches Private Limited (SSPL)	Unit 2, Aligarh, Uttar Pradesh	Manufacturing of Electro Mechanical Switches and hardware locks
Pavna Sunworld Autotech Private Limited (PSAPL)	Unit 9, Aligarh, Uttar Pradesh	Manufacturing of Engine components such as Chain Tensioner, Oil Pumps, Throttle Body relief valve, water pump, auto decompression unit, etc
Pavna Industries Limited	Proposed Unit at Hosur, Tamil Nadu	Manufacturing of Locks, Ignition Switches, Fuel Tank Cap, Latches, Die Casting, Machining, Surface Treatment of Zinc & Aluminum components and its further assemblies.

Our Products:





The details of some of our products are as follows:

Fuel Cock

Fuel Cock is a small shut-off valve used to control the flow of fuel. Its manufacturing is a high quality controlled process. Our team of experts strives to manufacture and deliver quality products as per the required standard and such measures are undertaken from the time of receipt of raw materials to the last point of dispatch of the products.

Fuel Tank Cap

Fuel Tank Cap manufacturing is a properly managed process. Our team aims to manufacture quality fuel caps with durable construction to resist leaks, cracks, and contamination to your fuel system. Products manufactured are as per the required standard and such measures are undertaken during the manufacturing of the same.

Key Pair

Key Pair manufacturing is a highly disciplined process. We endeavor to manufacture high quality products keeping the standards in mind; and all such measures are undertaken from the beginning of the process till the dispatch of the product done.

Locks

Locks are commonly used to secure the vehicles from unwanted theft. There are several application to prevent the theft like Steering locks to avoid the steel of vehicles, Fuel Tank Locks to prevent the steel of Fuel, Wheel Lock to prevent the rotation of wheel. This is very import parts and allow you to park your vehicles at unattended area.

Brakes Lever

Brakes Lever are made of Aluminum casting being used for applying the brakes to stop the vehicles. Once the brake is applied its expand and start rubbing the brake drum, due to friction its decline the rotation of wheels hence vehicles slow down or stop.

Switches

Switches are used for control the lights, horn, dipper, blinkers. Its is provided on handle to ease the driver during driving.

Coupling

Coupling is assembly of aluminum Die casting Hub and Chain sprocket used to drive the rear wheel from Engine.

Grab Handle

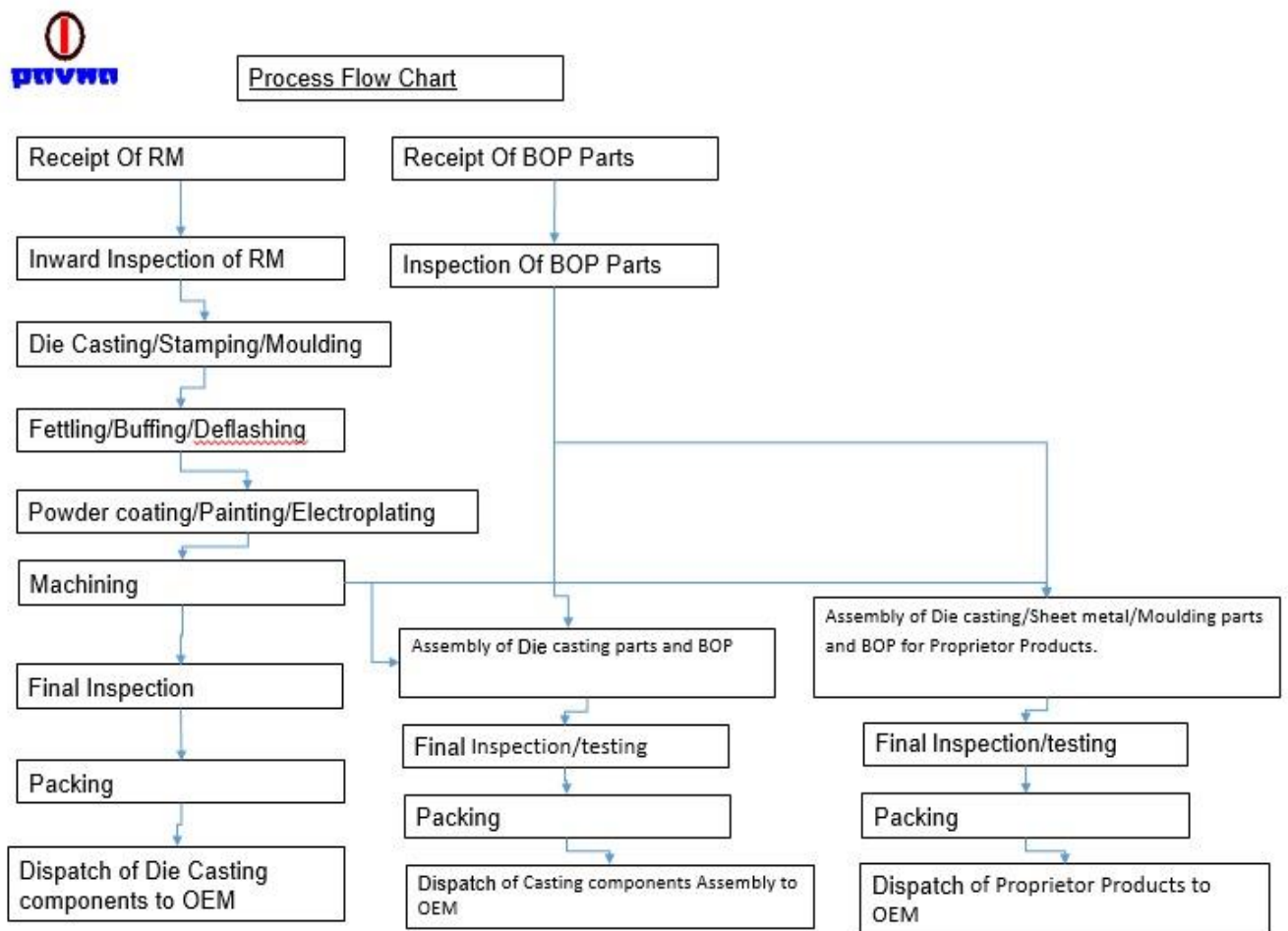
Grab Handle is aluminum die cast and painted parts assembled behind seat and used to grip the bike during parking at main stand. This is also called rear grip.

Designing and Engineering Process

Automotive engineering involves designing, developing, fabricating, and testing the vehicle components from the concept stage to production stage. Accordingly, the products are designed and engineered to ensure production of the automotive components as per the customer's requirements. We have a design team equipped with high-end software like CAD-CAM, Auto Cad, CREO and others for creating a prototype of the product design and integrating electrical schematics.

Manufacturing Process

The following diagram sets forth information on the major steps involved in the manufacturing process of our products:



Design and Planning

We define the product specifications and requirements along with customer approval. Thereafter, we source and purchase required raw material and components from suppliers.

Receipt and inspection

We receive and inspect raw materials and components received from suppliers.

Processing

We use different processes such as die casting, stamping, key biting and molding to convert raw materials into the desired components or parts. During such processes, raw material passes through inspection, fettling, buffing, deflashing and then surface coated accordingly (painting/powdercoating/electroplating).After then it goes for machining process.

Assembling

We assemble all the components to create the final product which thereafter undergoes to final inspection stage and testing to move further.

Packaging and Dispatch

Thereafter, packaging of finished product is done and product is ready for transportation to distribution center or to customer.

Raw Material

Raw Material identification and procurement is the initial stage to the production process. Principal raw materials that we use in our production are zinc, aluminum, plastics, brass, sheet metal parts and nickel among others. We also purchase products which we use directly as input materials, including materials which do not require any processing. Such materials are referred as `bought-out materials/parts. The procured raw materials go through various testing and inspection process before using it for manufacturing. The approved raw materials are stored in the warehouse at our manufacturing facilities and further forwarded for the manufacturing process.

We have a diversified supplier base and we believe that this helps us in minimising supplier risk due to low supplier concentration. Raw materials are procured from the trusted vendors from the market to ensure that the supplied raw materials are of appropriate quality and meet the requirements of our customers. While we do not have any long-term contracts with any of our raw materials and parts sourced from approved third party manufacturers and suppliers, we have maintained a long-term relationship with most of our major suppliers. This ensures the timely availability of components of desirable quality and quantity.

Quality Control, Testing and Certifications

We focus on fulfilling customer requirements through reliable products aimed at meeting all regulatory requirements and through continual improvement of our quality management systems. Our products undergo a qualification process throughout the entire value chain to ensure that quality products are being provided to customers. Our quality control programs at most of our manufacturing facilities involve subjecting the manufacturing processes and quality management systems to periodic reviews and observations for various periods. In recognition of our quality standards, we have obtained the following certifications pertaining to quality and health and safety standards for our Manufacturing Facilities:

Nature of Certification	Manufacturing Facility
IATF 16949:2016	Unit 3 and Unit 4
ISO 9001:2015	Unit 3, Unit 4, Unit 6, Unit 8 and Unit 10
ISO 14001:2015	Unit 3
ISO 45001:2018	Unit 3

Our customers expect us to undertake extensive product approvals and/or certification process and some of our customers also perform their own quality checks to ensure that our products meet their standards and comply with their requirements. In recognition of our quality standards and services, we have been awarded Golden Trophy from the year 2016 from Bajaj Auto Limited.

Plant and Machinery

We have installed various sophisticated and modern machineries such as key milling & bitting, plastic injections moulding machines, and lock assembly machine with various fixtures and pressures, Aluminum and zinc pressure die casting machine, CNC milling machines, CNC turning centers, Vertical Machining center (VMC), Vertical Lathe (VTL) and Hi-tech powder coating plant & paint shop, die-casting plants, electroplating plants, polishing machines, hydraulic machines, centrifugal finishing machines, EDM machines, cutting machines and other equipment acquired from reputed and renowned global manufacturers.

Support Equipment and Facilities

Our manufacturing units are equipped with various support facilities to ensure a uniform and uninterrupted manufacturing process and maintenance of the Manufacturing Units with minimum down time with maximum utilization of available resources. The support facilities/equipment includes Buffing motor, Drill machines, Grinder, Air Blower and Air Compressor Machines, Oven, Fork lift, Diesel Generator, ETP Plant, DM Plant, RO Plant and others.

Information Technology

Our registered office, corporate office and manufacturing units are equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations. We have installed software like CAD-CAM, Auto Cad, CREO and such other programs for creating prototypes of designs to be engineered for the manufacturing process.

Water

Our Company has made adequate arrangement of water supply from borewell at Manufacturing Facilities Aligarh, Uttar Pradesh viz. Unit 2, Unit 3, Unit 4 and Unit 5 and Unit 8 at Uttaranchal and for Unit 6 and Unit 7 at Aurangabad, Maharashtra, tanker water is arranged as and when required. Water is not required as a key raw material in any of our manufacturing processes, however, water is required for cooling of machines, quenching medium, for cleaning of plant and machinery and other requirements.

Power & Fuel

We consume a substantial amount of power and fuel for our business operations. Power requirements for our manufacturing facilities are sourced from local providers. Our manufacturing processes require uninterrupted supply of power and fuel in order to ensure that we are able to manufacture high quality products. We have also installed DG sets in all our Manufacturing Facilities to ensure a continuous supply of power. There is no requirement of use of hazardous substances or materials for manufacturing our products. However, fuel is required for operating our DG sets which is sourced from local vendors.

Effluent Disposal

Effluent Treatment Plant (ETP) has been installed at our Manufacturing Units which is used to treat the waste generated during the process of manufacturing. The manufacturing process involves generation of residues and discharges of hazardous waste such as metal particles, which are periodically disposed of as per the guidelines of Pollution Control Board which may lead to pollution of air, water or soil if not treated and disposed in an appropriate manner.

We have in place management controls and systems, which controls and prevents processes, residues and discharges from polluting the air, ground or water. The primary treatment of the liquid wastes is carried out in-house. The liquid waste is the water residue from the processes, which has impurities like suspended solids, oil & gases etc. This water is treated prior to discharge out of the factory. The treated water is re-used for other activities at our Manufacturing Units.

Our Company's Operations

The details of contribution by our domestic and export sales to our revenue from operations from operations during six months period ended September 30, 2023, September 30, 2022 and Fiscals 2023, 2022 and 2021, is set out below:

(₹ in lakhs except for percentages)

Particulars	For Fiscal/ Period									
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)
Domestic Sales	15,163.72	97.47	18,573.54	98.39	35,640.51	98.39	30,718.20	97.33	21,319.91	97.17
Export Sales	392.95	2.53	302.99	1.61	581.69	1.61	842.99	2.67	620.81	2.83

Our Major Customers

The revenue derived from our top 5 and 10 customers based on revenue from sale of products is as given below:

(₹ in lakhs except for percentages)

Particulars	For Fiscal/ Period									
	September 30, 2023		September 30, 2022		2023		2022		2021	
	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)	Amount	% of revenue from operations (in %)
Top ten (5) customers	10,682.63	68.67	11,372.23	60.25	20,329.91	56.13	22,042.64	69.84	13,759.97	62.71
Top ten (10) customers	11,539.67	74.18	12,180.65	64.53	21,784.49	60.14	23,265.55	73.72	14,708.82	67.04

Although our top 5 and 10 customers may vary from one reporting period to another depending on the requirements of a particular customer to customer. We believe that we have experienced a high degree of repeat customers over the years, which reflects the value proposition provided by us.

Human Resource

We believe that a motivated and empowered employee base is the key to our operations and business strategy. We consider our human resources as an important asset. We have developed a large pool of skilled and experienced personnel. The Company has adopted Kaizen culture across all areas for involvement of all employees. We have a dynamic team of our manpower is a prudent mix of skilled/ unskilled employees for manufacturing process, quality control and quality assurance assistants and helpers. These professionals are assisted by office & administration staff and finance professionals who work together in order to meet specific client requirements and attain organizational goals and targets within the set time frame.

We undertake selective and need-based recruitment in order to maintain the size of our workforce, which may otherwise decline because of attrition and retirement of employees. We believe that our relations with our employees are good. We have not experienced any major work stoppages due to labour disputes or cessation of work. As of December 31, 2023, we had 1,051 full-time employees.

The details of manpower employed by us as on December 31, 2023, are as under:

Function/ Department / Team	Number
Manufacturing	821
R&D and Engineering	94
Corporate and Support Functions and Human Resource	91
Finance, Information Technology and Legal	34
Sales	11
Total	1,051

Health, Safety and Environment

Safety and environmental protection, together with quality and operating efficiency, are among our key success factors of any organization. The prevention of accidents is one of our foremost priorities. Management at all levels of the organization is responsible for creating the framework and implementing measures to promote awareness of safety and environmental issues. Management evaluates the safety and environmental protection system and identifies any corrective measures to be taken. To ensure effective implementation of our safety policies and practices, we identify potential hazards, evaluate all material risks and institute, implement and monitor appropriate risk mitigation measures. We endeavor to minimize any accidents at our manufacturing facilities. We are committed to protecting the health and safety of our employees and workers working in our factories. We have certain policies in place for health and safety for our workmen.

Compliance with environmental laws has been and will continue to be a priority and changes as and when made by government agencies will require us to comply with further requirements and may have an effect on our operations. We endeavor to comply with all applicable environmental laws, rules and regulations at all times.

Capacity and Capacity Utilization

Name of Product	Particulars	Fiscal/ Period				
		For six months period ended on September 30, 2023*	For six months period ended on September 30, 2022*	31-Mar-23	31-Mar-22	31-Mar-21
Locks and FT Cap (Assembly and Inspection)	Installed Capacity (in pieces)	12,812,000	12,286,000	22,580,000	17,557,000	13,480,000
	Available Capacity (in pieces)	5,056,000	4,707,000	8,845,000	7,409,000	5,723,000
	Actual Production (in pieces)	4,628,172	4,297,586	8,125,858	6,766,491	5,226,488
	Capacity Utilisation (in %)	92%	91%	92%	91%	91%

Name of Product	Particulars	Fiscal/ Period				
		For six months period ended on September 30, 2023*	For six months period ended on September 30, 2022*	31-Mar-23	31-Mar-22	31-Mar-21
Switches (Assembly and Inspection)	Installed Capacity (in pieces)	5,713,000	5,773,000	11,372,000	11,372,000	11,191,000
	Available Capacity (in pieces)	1,730,950	1,824,814	2,776,000	3,570,000	3,807,000
	Actual Production (in pieces)	1,641,590	1,653,372	2,579,131	3,107,052	2,452,404
	Capacity Utilisation (in %)	95%	91%	93%	87%	64%
Latches and Handles (Assembly and Inspection)	Installed Capacity (in pieces)	2,836,000	2,799,000	4,396,000	934,000	589,000
	Available Capacity (in pieces)	507,000	494,000	825,000	425,000	268,000
	Actual Production (in pieces)	375,742	377,064	704,519	389,422	245,534
	Capacity Utilisation (in %)	74%	76%	85%	92%	92%
Fuel Cock (Assembly and Inspection)	Installed Capacity (in pieces)	4,221,000	4,354,000	8,708,000	8,710,000	6,080,000
	Available Capacity (in pieces)	1,570,896	1,622,896	3,956,100	3,955,000	2,788,000
	Actual Production (in pieces)	1,244,780	1,516,828	2,800,295	3,628,845	2,535,289
	Capacity Utilisation (in %)	79%	93%	71%	92%	91%
Zinc Casting Parts	Installed Capacity (in shots)	9,324,000	9,324,000	18,648,000	18,648,000	18,648,000
	Available Capacity (in shots)	8,477,000	8,477,000	16,308,000	16,308,000	18,648,000
	Actual Production (in shots)	7,660,288	6,830,780	12,610,725	12,438,415	14,235,560
	Capacity Utilisation (in %)	90%	81%	77%	76%	76%
Aluminium Casting Parts	Installed Capacity (in shots)	3,117,600	3,117,600	6,235,200	6,235,200	6,235,200
	Available Capacity (in shots)	3,118,000	3,118,000	6,235,200	6,235,200	6,235,200
	Actual Production (in shots)	2,836,419	2,507,961	5,226,052	5,032,926	4,809,854
	Capacity Utilisation (in %)	91%	80%	84%	81%	77%
Grab Handle (Assembly and Inspection)	Installed Capacity (in pieces)	1,091,000	728,000	1,468,800	1,101,600	1,101,600
	Available Capacity (in pieces)	546,000	364,000	734,400	550,800	550,800
	Actual Production (in pieces)	459,192	326,150	619,158	465,119	226,632
	Capacity Utilisation (in %)	84%	90%	84%	84%	41%

Name of Product	Particulars	Fiscal/ Period				
		For six months period ended on September 30, 2023*	For six months period ended on September 30, 2022*	31-Mar-23	31-Mar-22	31-Mar-21
Small Engine Parts (Assembly and Inspection)	Installed Capacity (in pieces)	1,636,000	1,091,000	2,203,200	2,203,200	2,203,200
	Available Capacity (in pieces)	818,000	546,000	1,101,600	1,101,600	1,101,600
	Actual Production (in pieces)	748,780	526,828	1,036,544	810,773	686,836
	Capacity Utilisation (in %)	92%	96%	94%	74%	62%
Step Holder (Assembly and Inspection)	Installed Capacity (in pieces)	582,000	397,000	801,000	801,000	801,000
	Available Capacity (in pieces)	291,000	199,000	400,500	400,500	400,500
	Actual Production (in pieces)	256,380	108,996	243,930	185,770	108,530
	Capacity Utilisation (in %)	88%	55%	61%	46%	27%
Coupling Assembly (Assembly and Inspection)	Installed Capacity (in pieces)	1,164,000	1,164,000	2,349,900	2,349,900	2,349,900
	Available Capacity (in pieces)	582,000	582,000	1,174,950	1,174,950	1,174,950
	Actual Production (in pieces)	532,204	440,692	778,063	717,876	804,044
	Capacity Utilisation (in %)	91%	76%	66%	61%	68%
Magneto Cover/RR Cover (Assembly and Inspection)	Installed Capacity (in pieces)	659,000	659,000	1,330,200	1,330,200	595,800
	Available Capacity (in pieces)	330,000	330,000	665,100	665,100	297,900
	Actual Production (in pieces)	256,484	240,594	416,416	214,217	33,865
	Capacity Utilisation (in %)	78%	73%	63%	32%	11%
Chain Tensioner (Assembly and Inspection)	Installed Capacity (in pieces)	268,000	268,000	540,000	540,000	540,000
	Available Capacity (in pieces)	81,000	81,000	162,000	162,000	162,000
	Actual Production (in pieces)	4,000	18,014	21,577	25,783	13,031
	Capacity Utilisation (in %)	5%	22%	13%	16%	8%
Oil Pump (Assembly and Inspection)	Installed Capacity (in pieces)	446,000	446,000	900,000	540,000	Nil
	Available Capacity (in pieces)	149,000	149,000	300,000	300,000	Nil
	Actual Production (in pieces)	3,550	2,600	6,398	170	Not applicable
	Capacity Utilisation (in %)	2%	2%	2%	Negligible	Not applicable

Name of Product	Particulars	Fiscal/ Period				
		For six months period ended on September 30, 2023*	For six months period ended on September 30, 2022*	31-Mar-23	31-Mar-22	31-Mar-21
Auto decompression unit (Assembly and Inspection)	Installed Capacity (in pieces)	884,000	884,000	270,000	Nil	Nil
	Available Capacity (in pieces)	296,000	296,000	81,000	Nil	Nil
	Actual Production (in pieces)	7,100	5,200	3,335	Not applicable	Not applicable
	Capacity Utilisation (in %)	2%	2%	4%	Not applicable	Not applicable

As per certificate dated March 29,2023 issued by Mr. Wg. Cdr. Harish Kumar Aggarwal, (Director – SSHB Techno Consultants Pvt. Ltd, Govt. Approved Valuer (Plant and Machinery) Independent Chartered Engineer.

*Not annualised

Notes:

- (1) The products namely, Locks and FT Cap, Latches and Handles, Fuel Cock, Switches, Grab Handle, Small Engine Parts, Step Holder, Coupling Assembly, Magneto Cover/RR Cover, Chain Tensioner, Oil Pump, Auto decompression unit is sold to customers or used captively by the Company and/or its Subsidiaries.
- (2) The installed capacity for the above dates is calculated based on the past production mix in the respective Fiscal/ period. The installed capacity information of the Company is based on rated installed capacity of all machinery for the highest-produced product during the preceding Fiscal/ period, taken on an annual basis. The details in relation to installed capacity is based on various assumptions and estimates, including standard capacity calculation practice installed at the relevant manufacturing facility. Assumptions and estimates considered for measuring installed capacities are based on approximately 300 working days in a Fiscal/ period.
- (3) Capacity available during the Fiscal/ period represents the installed capacity that was available during the relevant Fiscal/ period and is calculated based on the aggregate of monthly installed capacity (i.e., the rated installed capacity for the highest-produced product during the preceding fiscal, for all machinery installed, at the end of each month) for each month during the Fiscal/ period.
- (4) Actual production represents quantum of production in the relevant manufacturing facility in the relevant Fiscal/ period.
- (5) Capacity utilization is calculated as quantum of production in the relevant facility in the relevant Fiscal/ period, divided by the capacity available of relevant manufacturing facility during the relevant Fiscal/ period. Further, the capacity utilization has been computed without rounding off the installed capacity and actual production to nearest lakhs.
- (6) The bought-out parts are not included for capacity calculations.
- (7) The company can increase its component manufacturing capacity from present single shift to multiple shifts as per requirement.

Joint Ventures

Our Company entered into a joint venture in November 2018 with Sunworld Moto Industrial Co. Ltd., a company based in Tainan City, Taiwan and pursuant to the agreement incorporated Pavana Sunworld Autotech Private Limited (PSAPL) with 75:25 shareholding. Sunworld Moto Industrial Co. Ltd. under this joint venture agreement provides know how, technology, experience and expertise products like chain tensioners, oil pumps, fuel pumps etc. to PSAPL. PSAPL has been manufacturing these products at Factory 5, Nauhati Village, Aligarh since June 2019.

Export and Export Obligation

As on six months period ended September 30, 2023, September 30, 2022 and for Fiscals 2023, 2022 and 2021, total exports of our Company were ₹ 392.95 lakhs, ₹ 302.99 lakhs, ₹ 581.69 lakhs, ₹ 842.99 lakhs, ₹ 620.81 lakhs, respectively. As on date of this Draft Letter of Offer, our Company does not have any outstanding export obligations.

Sales and Marketing

We mainly sell our products to automotive OEMs, in the domestic market as well as international markets based out of USA, Europe and Asia. We leverage our relationship with existing customers to procure repeat orders from them and proposals from them to develop new products for their new models. Based on our credentials and recognitions awarded to us by our existing customers, we approach new customers for further business. Our management team leads these endeavors in understanding customers' specific requirements and the development of new products.

After Market Sales: Our Subsidiary Pavna Marketing Private Limited (PMPL) markets products manufactured by our Company and other Subsidiaries or sourced from third party vendors and suppliers and sells them to independent distributors.

Competition

The automotive industry is highly competitive, and we primarily compete based on product quality and features, innovation and product development time, and ability to control pricing pressures. We face both domestic and global competition in our business, which is based on many factors, including product quality and reliability, product range, product design and innovation, manufacturing capabilities, distribution channels, scope and quality, price, customer loyalty and brand recognition.

Our competition varies by market, geographic areas and type of products. We compete with a variety of independent suppliers and distributors, as well as the in-house operations of certain OEMs. Some of our competitors are focused on sub-markets within targeted industries, while others have greater financial, technical and/or marketing resources than we have along with longer operating histories and greater market penetration, which could enhance their ability to finance acquisitions, fund international growth and/ or respond more quickly to technological changes. Further, there are no entry barriers in this industry and any expansion in the manufacturing capacity of existing manufacturers would further intensify competition. We believe that the major competitors of our Company in the geographical markets that we operate in are Pritika Auto Industries Limited, Uno Minda, Sandhar Technologies Limited, Jay-Ushin Limited, Pricol Limited and UCAL Auto Private Limited.

We also encounter competition from similar and alternative products. Additionally, as we further expand our presence in emerging markets we face competitive price pressures from low-cost producers in these markets, and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in these markets, thereby providing opportunities for local manufacturers to compete.

Competition in the Aftermarkets segment:

In the Aftermarket segment of our business, we compete with a wide variety of independent suppliers and distributors, from both the organized and the unorganized players in the automobile sector. Some of our competitors are focused only on the Aftermarkets segment thereby focusing their financial, technical and/or marketing resources specifically on this segment of the market, which enhances their ability to compete more effectively. We believe that the major competitors of our Company in the geographical markets that we operate in are Pritika Auto Industries Limited, Uno Minda, Sandhar Technologies Limited, Jay-Ushin Limited, Pricol Limited and UCAL Auto Private Limited.

Intellectual Property

Trademarks

As of the date of this Draft Letter of Offer, we have two (2) registered trademarks in India with the Trademark Registry. Further, there are currently three (3) trademark registration applications currently pending in India. Further, our Company has entered into Memorandum of Understanding dated April 1, 2021 with one of our Promoters, Asha Jain, for use of certain trademarks for a period of five years till March 31, 2026 at a royalty at 0.25% of turnover of our Company.

Patents

As of the date of this Draft Letter of Offer, our Company and its Subsidiaries had been granted five (5) patents by the Patent Office, Government of India for: (a) wheel lock for two wheelers; (b) steering lock-cum-ignition switch; (c) push button switch assembly; (d) switch assembly and (e) Fuel Tank assembly.

Designs

As on the date of this Draft Letter of Offer, our Company has registered five (5) design patterns with the Controller General of Patents, Designs and Trademarks in India for certain locks.

For details in relation to risk associated with our intellectual properties, please see “*Risk Factor – If we are unable to protect our intellectual property and proprietary information, or if we inadvertently infringe the intellectual property rights of others, our business, financial condition, cash flows and results of operations may be adversely affected.*” on page 31.

Immovable Property

We set out below immovable properties owned by us or taken on lease/ leave and license basis:

Address of Premises	Own/ Lease/ Leave & License	Tenure of Lease/ Leave & License	Purpose
Vimlanchal, Hari Nagar, Aligarh, 202 001, Uttar Pradesh, India.	Lease	10 years	Registered and Corporate Office
AJ Chamber, First Floor, Street No. 4, XVI/953-956, Pyare Lal Road, Naiwala, Karol Bagh, New Delhi 11005, India	Own	-	Branch Office
19/17, Gopalpuri, Hari Nagar, Aligarh 202 001, Uttar Pradesh, India	Lease	10 years	Unit 2
9KM Delhi Road, G.T. Road, Bhankari, Aligarh, 202 001, Uttar Pradesh, India.	Lease	10 years	Unit 3
Khasra No. 29, Chauwali, Lane Khas, Bhankari, Aligarh 202 001, Uttar Pradesh, India.	Own	-	Unit 4
9KM Delhi Road, G.T. Road, Bhankari, Aligarh, 202 001, Uttar Pradesh, India.	Lease	10 years	Unit 5
C-11, MIDC, Shendra 410501, Maharashtra, India	Leave & License	5 years	Unit 6
C-11, MIDC Shendra 410501, Maharashtra, India	Leave & License	5 years	Unit 7
Plot No. 16, Sector - 4, IIDC, Pantnagar, Rudrapur, Udham Singh Nagar 263 152, Uttarakhand, India.	Lease	5 years	Unit 8

Address of Premises	Own/ Lease/ Leave & License	Tenure of Lease/ Leave & License	Purpose
Nauhati Village, Madrak, Agra Road, Aligarh 202 101, Uttar Pradesh India.	Lease	9 years	Unit 9
Nauhati Village, Madrak, Agra Road, Aligarh 202 101, Uttar Pradesh India.	Lease	9 years	Unit 10
Nauhati Village, Madrak, Agra Road, Aligarh 202 101, Uttar Pradesh India.	Lease	9 years	Trading of products

OUR MANAGEMENT

Board of Directors

In terms of the Companies Act and our Articles of Association, our Company is required to have not less than three (3) Directors and not more than fifteen (15) Directors. As of the date of this Draft Letter of Offer, our Board comprises nine (9) Directors of which three (3) are Executive Directors; one (1) is a Non-Executive Director and five (5) are Independent Directors. Our Board comprises of four (4) women Directors.

The present composition of our Board and its committees is in accordance with the corporate governance **requirements** provided under the Companies Act and the SEBI Listing Regulations, as applicable.

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

Name, designation, date of birth, address, occupation, current term, nationality, period of directorship and DIN	Age (years)	Other directorships
<p>Swapnil Jain</p> <p><i>Designation:</i> Managing Director</p> <p><i>Date of birth:</i> October 30, 1984</p> <p><i>Address:</i> Vimlanchal, Harinagar, Gopal Puri, Aligarh 202 001, Uttar Pradesh, India.</p> <p><i>Occupation:</i> Business</p> <p><i>Current term:</i> For a period of five (5) years with effect from April 1, 2020, till March 31, 2025.</p> <p><i>Nationality:</i> Indian</p> <p><i>Period of directorship:</i> Since July 2, 2012</p> <p><i>DIN:</i> 01542555</p>	39	<ul style="list-style-type: none"> • Aarjav Smart Solutions Private Limited • Aarnav Smart Solutions Private Limited • Ascus Cricket Private Limited • Pavna Auto Engineering Private Limited • Pavna Cricket League Management Private Limited • Pavna Electric Systems Private Limited • Pavna International Schools Private Limited • Pavna Marketing Private Limited • Pavna Sports Venture Private Limited • Pavna Sunworld Autotech Private Limited • PJ Wealth Management and Consultant Private Limited • Staero Engineers Private Limited
<p>Asha Jain</p> <p><i>Designation:</i> Chairperson and Executive Director</p> <p><i>Date of birth:</i> August 17, 1951</p> <p><i>Address:</i> 19/407, Vimlanchal, Gopal Puri, Aligarh 202 001, Uttar Pradesh, India.</p> <p><i>Occupation:</i> Business</p> <p><i>Current term:</i> For a period of five (5) years with effect from July 1, 2020, till June 30, 2025, and liable to retire by rotation.</p> <p><i>Nationality:</i> Indian</p>	72	<ul style="list-style-type: none"> • Pavna Auto Engineering Private Limited • Pavna Marketing Private Limited • Pavna Sports Ventures Private Limited • Pavna Sunworld Autotech Private Limited • Swapnil Switches Private Limited

Name, designation, date of birth, address, occupation, current term, nationality, period of directorship and DIN	Age (years)	Other directorships
<p>Period of directorship: Since incorporation of our Company</p> <p>DIN: 00035024</p>		
<p>Priya Jain</p> <p>Designation: Executive Director</p> <p>Date of birth: December 4, 1989</p> <p>Address: Vimlanchal, Harinagar, Gopal Puri, Aligarh 202 001, Uttar Pradesh, India.</p> <p>Occupation: Business</p> <p>Current term: Appointed with effect from April 1, 2020, and liable to retire by rotation.</p> <p>Nationality: Indian</p> <p>Period of directorship: Since April 1, 2020</p> <p>DIN: 03355623</p>	34	<ul style="list-style-type: none"> • Aarjav Smart Solutions Private Limited • Aarnav Smart Solutions Private Limited • Pavna Auto Engineering Private Limited • Pavna Cricket League Management Private Limited • Pavna International Schools Private Limited • Pavna Marketing Private Limited • Pavna Sunworld Autotech Private Limited • Staero Engineers Private Limited • Swapnil Switches Private Limited
<p>Sanjay Kumar Jain</p> <p>Designation: Non-Executive Director</p> <p>Date of birth: December 24, 1964</p> <p>Address: 109, Supar Market, Sahu Mohalla, Jabalpur Indian Coffee House Ke Saamne, Lamti, Jabalpur 482 002, Madhya Pradesh, India</p> <p>Occupation: Business -</p> <p>Current term: Appointed with effect from December 31, 2021, and liable to retire by rotation.</p> <p>Nationality: Indian</p> <p>Period of directorship: Since December 31, 2021</p> <p>DIN: 03008142</p>	59	<ul style="list-style-type: none"> • Nil
<p>Naozer Firoze Aibara</p> <p>Designation: Independent Director</p> <p>Date of birth: August 16, 1956</p> <p>Address: 1001, Prateek Edifice, Sector 107, Gautam Budh Nagar, Noida 201 304, Uttar Pradesh, India</p> <p>Occupation: Retired</p>	67	<ul style="list-style-type: none"> • Nil

Name, designation, date of birth, address, occupation, current term, nationality, period of directorship and DIN	Age (years)	Other directorships
<p>Current term: For a period of five (5) years with effect from June 25, 2020, till June 24, 2025</p> <p>Nationality: Indian</p> <p>Period of directorship: Since June 25, 2020</p> <p>DIN: 08759817</p>		
<p>Achyutanand Ramchandra Mishra</p> <p>Designation: Independent Director</p> <p>Date of birth: December 2, 1937</p> <p>Address: 3/25, Vinay Khand Gomati Nagar, Lucknow 226 010, Uttar Pradesh, India.</p> <p>Occupation: Retired</p> <p>Current term: For a period of Five (5) Years (with effect from September 1, 2023, to August 31, 2028.</p> <p>Nationality: Indian</p> <p>Period of directorship: Since September 1, 2023</p> <p>DIN: 08940098</p>	86	<ul style="list-style-type: none"> • Nil
<p>Dhruv Jain</p> <p>Designation: Independent Director</p> <p>Date of birth: December 6, 1986</p> <p>Address: 26/31, Raja Road, Dehradun 248 001, Uttarakhand, India</p> <p>Occupation: Professional</p> <p>Current term: For a period of five (5) years with effect from February 14, 2023, to February 13, 2028.</p> <p>Nationality: Indian</p> <p>Period of directorship: Since February 14, 2023</p> <p>DIN: 09835701</p>	37	<ul style="list-style-type: none"> • Nil
<p>Priyanka Moondra Rathi</p> <p>Designation: Independent Director</p> <p>Date of birth: January 13, 1993</p> <p>Address: Plot No 16/2 B, Bhatti ki Bavri, Chopasni Housing Board, Jodhpur 342 008, Rajasthan, India</p>	30	<ul style="list-style-type: none"> • Arrowhead Separation Engineering Limited • Capstar Finance Private Limited • CFF Fluid Control Limited • Rex Sealing and Packing Industries Limited • Shreeshay Engineers Limited • Uma Polymers Limited

Name, designation, date of birth, address, occupation, current term, nationality, period of directorship and DIN	Age (years)	Other directorships
<p>Occupation: Professional</p> <p>Current term: For a period of five (5) years with effect from August 14, 2023 to August 13, 2028</p> <p>Nationality: Indian</p> <p>Period of directorship: Since August 14, 2023</p> <p>DIN: 09485101</p>		
<p>Himani Bhootra</p> <p>Designation: Independent Director</p> <p>Date of birth: December 12, 1992</p> <p>Address: 17/642, Chopasani Housing Board, Jodhpur, 342 008, Rajasthan, India</p> <p>Occupation: Professional</p> <p>Current term: For a period of 5 years with effect from April 17, 2023 to April 16, 2028.</p> <p>Nationality: Indian</p> <p>Period of directorship: Since April 17, 2023</p> <p>DIN: 09811030</p>	31	<ul style="list-style-type: none"> • CWD Limited • Jam Khambaliya Transco Limited • Sanghvi Housing and Infrastructure Limited • Shivam Chemical Limited • Shreeshay Engineers Limited

Brief profiles of our directors

Swapnil Jain is the Managing Director of our Company. He has been associated with our Company since July 2, 2012. He holds a bachelor's degree in commerce from D. S. College, Aligarh and a post-graduation in management (family managed business) from S. P. Jain Institute of Management & Research, Mumbai. He is associated with Shri Adinath-kundkund,kahan Digamber Jain Trust as General Secretary, Kailashchandra Jain Keshavdev Jain Educational Trust as aTrustee, Shantinath Akampan Kahan Digamber Jain Trust as a Trustee. He is a Pro- Vice Chairman (PVC) of Delhi Public School, Aligarh, Civil Lines and Hathras. He looks after overall functions in our Company and is responsible for business development, growth initiatives and business expansion. He has more than fifteen (15) years of work experience in the automotive industry.

Asha Jain is the Chairman and Executive Director of our Company. She has been associated with our Company since incorporation. She is an undergraduate. She has been associated with our company since inception. She is also actively involved in the Educational and Social Development of Aligarh and is associated with Kailashchandra Jain Keshavdev Jain Educational Trust and Shri Adinath-kundkund-kahan Digamber Jain Trust as Trustee. Apart from being the founding Promoter, Chairperson and Executive Director of our Company she is also a member of the Board of some of our Subsidiary and Group Companies. She is responsible for the day-to-day activities and acts as a guiding force for the overall growth and development of our Company. She has more than three (3) decades of work experience in the automotive industry.

Priya Jain is the Executive Director of our Company. She has been associated with our Company since April 1, 2020. She holds a bachelor's degree in technology (computer science and engineering) from Mangalayatan University, Aligarh. She is responsible for quality control & compliance, human resource management and manufacturing operations of our Company and Subsidiaries. She has more than nine (9) years of work experience in the automotive industry.

Sanjay Kumar Jain is the Non-Executive Director of our Company. He has been associated with our Company since December 31, 2021. He holds a master's degree in commerce from Rani Durgavati Vishwavidyalaya, Jabalpur. He has more than three (3) decades of work experience.

Naozer Firoze Aibara is the Independent Director of our Company. He has been associated with our Company since June 25, 2020. He holds a bachelor's degree in arts (honours) in economics from University of Delhi. Further, he holds a master's degree in business administration and a diploma degree in marketing and sales management from University of Delhi. He was previously associated with the erstwhile Idea Cellular Limited, Reliance Communications Limited, Airtel, Escotel Mobile Communications Limited, Network Communications Limited, Blue Star Limited, Godrej and Boyce Manufacturing Company Private Limited. He has more than four (4) decades of work experience.

Achyutanand Ramchandra Mishra is the Independent Director of our Company. He has been associated with our Company since September 1, 2023. He holds a master's degrees in arts (political science) from Banaras Hindu University. He has more than three (3) decades of work experience. Previously, he has worked with leading media houses as a reporter and a news editor. He was also the Vice Chancellor of Makhanlal Chaturvedi Rashtriya Patrakarita Evam Sanchar Vishwavidyalaya, Bhopal.

Dhruv Jain is the Independent Director of our Company. He has been associated with our Company since February 14, 2023. He holds a bachelor's degree in commerce from DAV (PG) College, Dehradun, and a bachelor's degree in law from Unison School of Law, Dehradun. He has more than ten (10) years of work experience. He is runs his own practicing firm at Dehradun, in the name of Dhruv Jain and Associates, providing services in taxation advisor and consultant.

Priyanka Moondra Rathi is the Independent Director of our Company. She has been associated with our Company since August 14, 2023. She holds a bachelor's degree in commerce from Jai Narain Vyas University, Jodhpur. She is a qualified company secretary. She has more than seven (7) years of work experience in secretarial compliances and accounts. Presently, she is a company secretary of Transmissions International India Private Limited. Previously, she has worked with Sigma Minerals Limited, Rathi Eduserve & Corporate Consultancy Services Private Limited.

Himani Bhootra is the Independent Director of our Company. She has been associated with our Company since April 17, 2023. She holds a bachelor's degree in commerce and a bachelor's degree in laws from Jai Narain Vyas University, Jodhpur. She is a qualified company secretary. She has more than two (2) years of work experience in secretarial compliances and company law related compliances.

Confirmations:

- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Letter of Offer, 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 our Directors is, or was a director of any listed company, which has been or was delisted from any stock exchange(s), during the term of his/her directorship in such company.

Corporate Governance

Our Company is in compliance with the requirements of the requirements for corporate governance in accordance with the SEBI Listing Regulations, and the Companies Act, 2013, including those pertaining to the constitution of the Board and committees thereof, as applicable.

As of the date of this Draft Letter of Offer, our Board comprises nine (9) Directors of which three (3) are Executive Directors; one (1) is a Non-Executive Director and five (5) are Independent Directors. Our Board comprises of four (4) women Directors.

Committees of our Board

The corporate governance provisions of the SEBI Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following below mentioned Board committees. In addition to these, our Board may from time to time, constitute committees for various functions:

- (a) Audit Committee;
- (b) Nomination and Remuneration Committee;
- (c) Stakeholders' Relationship Committee; and
- (d) Corporate Social Responsibility Committee.

(a) Audit Committee

The Audit Committee was last re-constituted by a resolution of our Board dated August 14, 2023. It is in compliance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The current constitution of the Audit committee is as follows:

Name of Director	Position in the Committee	Designation
Mr. Naozer Firoze Aibara	Chairman	Independent Director
Mr. Dhruv Jain	Member	Independent Director
Mr. Swapnil Jain	Member	Managing Director

The Company Secretary of our Company shall serve as the secretary of the Audit Committee.

The scope and function of the Audit Committee, adopted pursuant to a resolution of our Board dated January 10, 2024, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. Its terms of reference are as follows:

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;
- to secure attendance of outsiders with relevant expertise, if it considers necessary; and
- such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

Role of Audit Committee

The role of the Audit Committee shall include the following:

1. Recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
2. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
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 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. Qualifications in the draft audit report; and

- h. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
5. Reviewing, with the management, the quarterly and half yearly 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 or preferential issue or qualified institutions placement, 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 Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the Company, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up 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 ₹100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;
22. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders;
23. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee;

24. Carrying out any other function as may be required / mandated as per the provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and/or any other applicable laws;
25. the Audit Committee shall mandatorily review the following information:
 - a. Management discussion and analysis of financial information and results of operations;
 - b. Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;
 - c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
 - d. Internal audit reports relating to internal control weaknesses; and
 - e. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration committee was last re-constituted by a resolution of our Board dated August 14, 2023. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The current constitution of the Nomination and Remuneration committee is as follows:

Name of Director	Position in the Committee	Designation
Mr. Dhruv Jain	Chairman	Independent Director
Mr. Naozer Firoze Aibara	Member	Independent Director
Mr. Sanjay Kumar Jain	Member	Non-Executive Director

The scope and function of the Nomination and Remuneration Committee, adopted pursuant to a resolution of our Board dated January 10, 2024, is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations. Its terms of reference are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees (“**Remuneration Policy**”).

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- (a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our 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;
2. Formulation of criteria for evaluation of independent directors and the Board;
 3. Devising a policy on Board diversity;
 4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director’s performance (including independent director);
 5. Analysing, monitoring and reviewing various human resource and compensation matters;
 6. Deciding 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;
 7. Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;

8. Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;
9. Reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
10. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable;
11. Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
 - (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
 - (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable; and
12. Perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

(c) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was last re-constituted by a resolution of our Board dated April 11, 2023. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The current constitution of the Stakeholders' Relationship Committee is as follows:

Name of Director	Position in the Committee	Designation
Mr. Sanjay Kumar Jain	Chairman	Non-Executive Director
M. Swapnil Jain	Member	Managing Director
Mrs. Priya Jain	Member	Executive Director
Mr. Dhruv Jain	Member	Independent director

The scope and function of the Stakeholders' Relationship Committee, adopted pursuant to a resolution of our Board dated January 10, 2024, is in accordance with Regulation 20 of the SEBI Listing Regulations. Its terms of reference are as follows:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer / transmission of shares and debentures, non-receipt of annual report or balance sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
2. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures, or any other securities;
3. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
4. Review of measures taken for effective exercise of voting rights by shareholders;
5. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;

6. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and
7. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

(d) Corporate Social Responsibility Committee

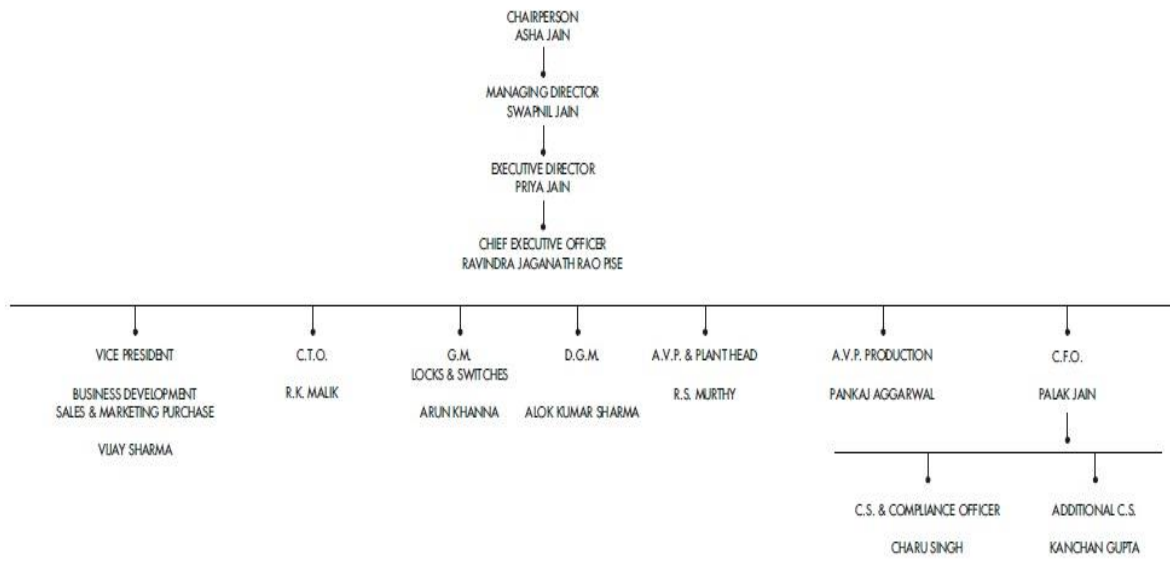
The Corporate Social Responsibility Committee was re-constituted by a resolution of our Board dated June 25, 2020. The current constitution of the Corporate Social Responsibility committee is as follows:

Name of Director	Position in the Committee	Designation
Mr. Swapnil Jain	Chairman	Managing Director
Mr. Naozer Firoze Aibara	Member	Executive Director
Mrs. Priya Jain	Member	Independent Director

The scope and function of the Corporate Social Responsibility Committee, adopted pursuant to a resolution of our Board dated June 15, 2019, is in accordance with Section 135 of the Companies Act, 2013. Its terms of reference are as follows:

1. To formulate and recommend to the Board, a “Corporate Social Responsibility Policy” which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 as amended from time to time;
2. To recommend the amount of expenditure to be incurred on the activities referred to in clause (a) subject to the limit provided under Section 135 of the Companies Act;
3. To monitor the corporate Social Responsibility Policy of our Company from time to time;
4. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
5. review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
6. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Management Organisation Chart



Key Management Personnel and Senior Management Personnel

Ravindra Jagannathrao Pise is the Chief Executive Officer of our Company. He has been associated with our Company since September 1, 2023. He holds a bachelor's degree in engineering (mechanical) from Marathwada University. He looks after business development, strategy formulation and risk management in our Company. He has more than 4 decades work experience. Previously, he has worked with Bajaj Auto Limited.

Palak Jain is the Chief Financial Officer of our Company. She has been associated with our Company since January 20, 2024. She holds a master's degree in finance and marketing from Rani Durgavati Vishwavidyalaya, Jabalpur. She is currently responsible for, inter alia, accounts, finance, and taxation in our Company. She has five (5) years of work experience. Previously, she has worked with PJ Wealth Management & Consultant Private Limited.

Vijay Kumar Sharma is the Vice President of our Company. He has been associated with our Company since January 1, 2019. He holds a bachelor's degree in engineering (mechanical) from Aligarh Muslim University in 1994. He oversees functions such as sales, purchases marketing, manpower training and overall business development in our Company. He has more than 28 years of work experience. Previously, he has worked with Fiem Industries Limited, Sandhar Technologies Limited, Jairaj Ancillaries Private Limited, Ashok Auto Sales Limited and Tractors & Argo Industries Private Limited.

Ram Karan Malik is the Chief Technical Officer of our Company. He has been associated with our Company since October 19, 2020. He holds a diploma degree in tool & die making from TRTC, Delhi. He is currently responsible for projects and operations in our Company. He has more than thirty-four (34) years of work experience. Previously, he has worked with Cluth Auto, Purolator Filters, Sanden Vikas, Reniz Talbors Limited, Minda Huf Limited and Sandhar Technologies Limited.

Pankaj Kumar Aggarwal is an Assistant Vice President - Production of our Company. He has been associated with our Company since November 25, 2019. He holds a diploma in electrical engineering from the Board of Technical Education, Uttar Pradesh, and a post graduate diploma in business administration from Symbiosis Centre for Distance Learning with specialization in Operations Management. He looks after our manufacturing operations. He has more than thirty (30) years of work experience. Previously, he has worked with Sandhar Technologies Limited, BMD Private Limited.

Rachakonda Sambasiva Murthy is the Assistant Vice President of our Company. He has been associated with our Company since November 16, 2023. He holds a bachelor's degree in engineering (mechanical) from Gulbarga University. He looks after business expansion, sales and strategic initiatives in our Company. He has more than Twenty-Five (25) years of work experience. Previously, he has worked with Dhoot Transmission Private Limited.

Arun Khanna is the General Manager of our Company. He has been associated with our Company since May 1, 2015. He holds a diploma in mechanical engineering (Business Management) from the Institute of Engineering and Rural Technology, Allahabad in 1985. He looks after the design and development of products in our Company. He has more than 25 years of work experience. Previously, he has worked with Huf India Private Limited, Minda Huf Limited, Sandhar Technologies Limited.

Charu Singh is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company since December 31, 2021. She holds a bachelor's degree in commerce from Dr. Bhimrao Ambedkar University, Agra and a bachelor's degree in laws from Chaudhary Charan Singh University, Meerut. She is a member of the Institute of Company Secretaries of India. She is currently responsible for, inter alia, corporate governance and company secretarial compliances in our Company. She has more than eight (8) years of work experience. Previously, she has worked with Kurukshetra Expressway Private Limited.

Kanchan Gupta is an additional company secretary of our Company. She has been associated with our Company since August 7, 2023. She holds a bachelor's degree in commerce from Delhi University and a master's degree in business administration Amity University. She is a member of the Institute of Company Secretaries of India. She looks after corporate governance and company secretarial compliances in our

Company. She has more than two (2) years of work experience. Prior to joining our Company, she has worked with V-Marc India Limited.

Alok Kumar Sharma is the Deputy General Manager of our Company. He has been associated with our Company since June 1, 2020. He holds a diploma in mechanical engineering (production) from the Board of Technical Education, Uttar Pradesh. He looks after production planning and product quality management and also ensures compliance with health, safety & environment guidelines in our Company. He has more than eighteen (18) years of work experience. Previously, he has worked with Moser Baer India Limited, Sandhar Automotives and Talbros Automotive Components Ltd. and Motherson Automotive Technologies & Engineering.

Relationship between our Directors, Key Managerial Personnel and Senior Management Personnel

Except as disclosed below, none of our directors are related to each other or to any of our Key Managerial Personnel or the Senior Management Personnel.

Sr. No.	Name of the director	Name of the relative	Relationship with the director
1.	Asha Jain	Swapnil Jain	Son
2.	Swapnil Jain	Asha Jain	Mother
		Priya Jain	Spouse
3.	Priya Jain	Asha Jain	Spouse's mother
		Swapnil Jain	Spouse

Status of Key Managerial Personnel and Senior Management Personnel

As on the date of this Draft Letter of Offer, all our Key Managerial Personnel and Senior Management Personnel are permanent employees of our Company.

OUR PROMOTERS

Our Promoters

As on the date of this Draft letter of offerF, the Promoters of our Company are Swapnil Jain and Asha Jain. The details of our Promoters are as follows:

A. Swapnil Jain,

Swapnil Jain, born on October 30, 1984, aged 39 years, is a citizen of India. He resides at Vimlanchal, Harinagar, Gopal Puri, Aligarh 202 001, Uttar Pradesh, India. He is the Managing Director of our Company. He has been associated with our Company since July 2, 2012. He holds a bachelor's degree in commerce from D. S. College, Aligarh and a post-graduation in management (family managed business) from S. P. Jain Institute of Management & Research, Mumbai. He is associated with Shri Adinath-kundkund,kahan Digamber Jain Trust as General Secretary, Kailashchandra Jain Keshavdev Jain Educational Trust as aTrustee, Shantinath Akampan Kahan Digamber Jain Trust as a Trustee. He is a Pro- Vice Chairman (PVC) of Delhi Public School, Aligarh, Civil Lines and Hathras. He looks after overall functions in our Company and is responsible for business development, growth initiatives and business expansion. He has more than fifteen (15) years of work experience in the automotive industry.

Directorship held by Swapnil Jain in other companies

- i. Aarnav Smart Solutions Private Limited;
- ii. Aarjav Smart Solutions Private Limited;
- iii. Ascus Cricket Private Limited;
- iv. Pavna Auto Engineering Private Limited;
- v. Pavna Cricket League Management Private Limited
- vi. Pavna Electric Systems Private Limited;
- vii. Pavna International Schools Private Limited;
- viii. Pavna Marketing Private Limited;
- ix. Pavna Sports Venture Private Limited;
- x. Pavna Sunworld Autotech Private Limited;
- xi. PJ Wealth Management and Consultant Private Limited; and
- xii. Staero Engineers Private Limited.

B. Asha Jain

Asha Jain, born on August 17, 1951, aged 72 years, is a citizen of India. She is the founding Promoter, Chairperson and Executive Director of our company. She is an undergraduate. She has been associated with our company since inception. She is also actively involved in the Educational and Social Development of Aligarh and is associated with Kailashchandra Jain Keshavdev Jain Educational Trust and Shri Adinath-kundkund-kahan Digamber Jain Trust as Trustee. Apart from being the founding Promoter, Chairperson and Executive Director of our Company she is also a member of the Board of some of our Subsidiary and Group Companies. She is responsible for the day-to-day activities and acts as a guiding force for the overall growth and development of our Company. She has more than three (3) decades of work experience in the automotive industry.

Directorship held by Asha Jain in other companies

- i. Pavna Auto Engineering Private Limited;
- ii. Pavna Marketing Private Limited;
- iii. Pavna Sports Venture Private Limited;
- iv. Pavna Sunworld Autotech Private Limited; and
- v. Swapnil Switches Private Limited

RELATED PARTY TRANSACTIONS

For details of the related party transactions, during the last three Fiscals and the six months periods ended September 30, 2023 and September 30, 2022, as per the requirements under the relevant accounting standards and as reported in the Restated Consolidated Financial Information and the Limited Reviewed Financial Information, see section titled “*Financial Information*” at page 137 of this Draft Letter of Offer.

DIVIDEND POLICY

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

Dividends paid on Equity Shares:

The details of dividend for the last three Fiscals and from April 1, 2021 till date of this Draft Letter of Offer are set out in the following table:

Equity Shares

Particulars	From April 1, 2023 till the date of this Draft Letter of Offer	For the financial year ended March 31, 2023	For the financial year ended March 31, 2022	For the financial year ended March 31, 2021
Equity Share Capital	1,218.08	1,218.08	609.04	609.04
Face value per share (in ₹)	10.00	10.00	10.00	10.00
Amount of Dividend (in ₹ lakhs)*	Nil	121.80	Nil	Nil
Dividend per share (in ₹)	Nil	1	Nil	Nil
Rate of dividend (%)	Nil	10%	Nil	Nil
Corporate Dividend Tax (%)	Nil	0	Nil	Nil
Mode of payment of dividend	NA	NEFT	NA	NA

**Excluding dividend distribution tax*

The amount paid as dividends in the past is not necessarily indicative of dividend amount, if any, which may be declared or paid in the future and there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see “*Risk Factor – Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.*” on page 37 of this Draft Letter of Offer.

SECTION V – FINANCIAL INFORMATION
RESTATED FINANCIAL INFORMATION

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To
The Board of Directors
PAVNA INDUSTRIES LIMITED
Vimalanchal, Hari Nagar, Aligarh

Independent Auditor's Examination Report on Restated Consolidated Financial Information in connection with the Rights Issue of Pavna Industries Limited.

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Pavna Industries Limited (hereinafter referred to as the "Company" or the "Holding Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group"), comprising

- (a) the "Restated Consolidated Statement of Assets and Liabilities" as at March 31, 2023, 2022 and 2021;
- (b) the "Restated Consolidated Statement of Profit and Loss" for the years ended March 31, 2023, 2022 and 2021;
- (c) the "Restated Consolidated Statement of Changes in Equity" for the years ended March 31, 2023, 2022, 2021;
- (d) the "Restated Consolidated Statement of Cash Flows" for the years ended March 31, 2023, 2022, 2021;
- (e) the "Summary of significant Accounting Policies and other explanatory information" and

(collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the company at their meeting held on 02nd February, 2024 for the purpose of inclusion in the Draft Letter of Offer prepared by the Company in connection with the Proposed Rights Issue of Equity Shares of the Company (the "Issue") in accordance with the requirements of:

- i. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Companies Act") as amended;
- ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
- iii. the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the Draft letter of offer to be filed with Securities and Exchange Board of India, in connection with the proposed Rights Issue. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2 to the Restated Consolidated Financial Information. The responsibility of the respective board of directors of the companies included in the Group includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective board of directors are also responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined these Restated Consolidated Financial Information taking into consideration:
- The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 30th November, 2023 in connection with the proposed Issue of equity shares of the Company;
 - The Guidance Note which also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India;
 - Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
 - The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed Rights Issue.
4. These Restated Consolidated Financial Information have been compiled by the Management from:
- Audited consolidated Ind AS financial statements of the Group as at and for the years ended March 31, 2023, prepared in accordance with Ind AS as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other accounting principles generally accepted in India, which have been approved by the Board at their meetings held on 30th May, 2023. The comparative information for the year ended March 31, 2022 and 2021 included in such Financial Statements have been prepared by making Ind AS Adjustments to the audited Consolidated Financial Statements of the company as at and for the year ended 31st March, 2022 and 2021 prepared in accordance with the Accounting Standards notified under Section 133 of the Act (“Indian GAAP”)
5. For the purpose of our examination, we have relied on:
- audit report issued by us dated 30th May, 2023 on the consolidated Ind AS financial statements of the Group as at and for the year ended 31st March 2023, as referred in Paragraph 4 above.
 - Auditors’ Report issued by the Previous Auditors dated 30th May, 2022 and 30th June, 2021 on the consolidated financial statements of the Group as at and for the years ended March 31, 2022 and 2021, respectively as referred in Paragraph [4] above.

6. As indicated in our Audit referred above, we did not examine the restated financial information of five subsidiaries whose share of total assets, total revenues, net cash inflows/(outflows) included in the Restated Consolidated Financial Information, for the relevant years is tabulated in Table A below, which have been examined by other auditors (Refer Table B below), and whose examination reports have been furnished to us by the Company’s management and our opinion on the Restated Consolidated Financial Information, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the examination reports of the other auditors:

TABLE A

Particulars	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021
Total Assets	10320.04	9201.39	4944.79
Total Revenue	15509.01	9423.72	7780.84
Net cash	6.26	5.22	(89.71)

inflows/ (outflows)			
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TABLE B

S. No.	Name of the Subsidiary	Auditor	Audit Period
1	Pavna Marketing Private Limited (PMPL)	Atul Gupta & Co.	F.Y. 2022-2023 F.Y. 2021-2022 F.Y. 2020-2021
2	Pavna Sunworld Autotech Private Limited (PSAPL)	Atul Gupta & Co.	F.Y. 2022-2023 F.Y. 2021-2022 F.Y. 2020-2021
3	Swapnil Switches Private Limited (SSPL)	Atul Gupta & Co.	F.Y. 2022-2023 F.Y. 2021-2022 F.Y.2020-2021
4	Pavna Auto Engineers Private Limited (PAEPL)	Arun Varshney & Associates	F.Y. 2022-2023 F.Y. 2021-2022 F.Y.2020-2021
5	Pavna Goyam Auto Private Limited (Ceased to be subsidiary w.e.f. May 11, 2023)	A.C Sethi & Associates	F.Y. 2022-2023 F.Y. 2021-2022

These other auditors of the subsidiaries, as mentioned above, have examined the restated consolidated financial information and have confirmed that the restated consolidated financial information:

- a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the year ended March 31, 2023
- b) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. Based on audit report dated 30th June, 2021 and 30th May, 2022 provided by previous auditors, the audit reports on the Consolidated Financial Statements issued by the Previous Auditors included following other matters:

- a) In audit report dated 30th June, 2021 on the Consolidated Financial Statements for the year ended 31st March, 2021- We did not audit the financial statements/ financial information of five subsidiaries, namely (a) Pavna Marketing Private Limited (PMPL), (b) Pavna Sunworld Autotech Private Limited (PSAPL), (c) Swapnil Switches Private Limited (SSPL), (d) Pavna Auto Engineers Private Limited (PAEPL), (e) Pavna Goyam Auto Private Limited , whose financial statements/ financial information reflect total assets of Rs. 3703.75 Lacs, total revenues of Rs. 4819.02 Lacs, net cash flows amounting to (Rs. 86.07) Lacs for the year ended on that date, as considered in the consolidated financial statements, whose financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates and our report in terms of sub-section (3) of section

143 of the Act in so far as it relates to aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

b)

c) In audit report dated 30th May, 2022 on the Consolidated Financial Statements for the year ended 31st March, 2022- We did not audit the financial statements/ financial information of five subsidiaries, namely (a) Pavana Marketing Private Limited (PMPL), (b) Pavana Sunworld Autotech Private Limited (PSAPL), (c) Swapnil Switches Private Limited (SSPL), (d) Pavana Auto Engineers Private Limited (PAEPL), (e) Pavana Goyam Auto Private Limited , whose financial statements/ financial information reflect total assets of Rs. 7113.60 Lacs, total revenues of Rs. 8618.67 Lacs, net cash flows amounting to Rs. 7.87 Lacs for the year ended on that date, as considered in the consolidated financial statements, whose financial statements/financial information have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates and our report in terms of sub-section (3) of section 143 of the Act in so far as it relates to aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.

8. Based on our examination report and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the other auditors and audit reports submitted by the previous auditors for the respective periods/years, we report that the Restated Consolidated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively to reflect the same accounting treatment as per the accounting policies and grouping/ classifications followed as at and for the year ended March 31, 2023 have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim consolidated Ind AS financial statements and audited consolidated financial statements mentioned in paragraph [4] above.

10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Document to be filed with Securities and Exchange Board of India, relevant stock exchanges and Registrar of Companies, Uttar Pradesh in connection with the proposed Rights Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Rajeev Kumar & Company
Chartered Accountants
FRN: 000633C

CA. Rajeev Kumar
Proprietor
MRN: 070103
UDIN: 24070103BKCOLQ7865
Place: Aligarh
Date: February 02, 2024

Pavna Industries Limited
Restated Balance Sheet

(All amounts are in lacs(₹), unless otherwise specified)

	Note	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
ASSETS				
Non-current assets				
Property, plant and equipment	3A	8,594.16	7,423.70	5,057.43
Intangible Asset Under Development	3A	103.90	25.00	25.00
Right of Use assets	3B	185.44	231.38	184.60
Financial assets				
Investments		-	-	-
Others	4	936.39	857.36	828.30
Other Non Current assets	5	215.60	252.93	289.36
		10,035.49	8,790.37	6,384.69
Current assets				
Inventories	6	10,635.41	9,180.91	4,635.25
Financial assets				
Trade Receivable	7	5,202.73	5,009.22	3,825.53
Cash and cash equivalents	8	43.09	44.55	37.70
Other Bank Balances	9	4.61	28.37	15.98
Loans	10	-	-	-
Others	11	16.50	17.50	47.41
Income tax assets (net)	12	67.59	76.55	102.90
Other current assets	13	1,627.47	959.37	1,122.67
Total current assets		17,597.40	15,316.46	9,787.44
Total assets		27,632.89	24,106.83	16,172.14
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	1,218.08	609.04	609.04
Other equity	15	4,948.44	4,817.69	4,103.79
Non Controlling Interest	16A	1,244.52	1,208.80	928.07
Total equity		7,411.04	6,635.53	5,640.90
Non current liabilities				
Financial liabilities				
Long term Borrowing	17A	4,660.51	4,456.57	2,171.49
Lease liabilities	3B	175.62	204.12	165.96
Other Non current financial liabilities	18	15.00	25.00	55.00
Provisions	19	231.31	219.97	177.41
Deferred tax liabilities (net)	20	51.13	(4.96)	(20.88)
		5,133.57	4,900.71	2,548.98
Current liabilities				
Financial liabilities				
Borrowings	17B	9,057.16	7,575.04	3,670.22
Lease Liabilities	3B	28.87	38.64	23.78
Trade payables	18A			
Total outstanding dues of micro enterprises and small enterprises		665.66	163.06	404.24
Total outstanding dues of creditors other than micro and small enterprises		4,481.92	3,951.84	3,213.38
Other financial liabilities	19A	472.57	396.30	286.93
Other current liabilities	20	224.54	300.08	240.57
Income Tax liabilities	21	4.52	4.26	3.33
Short term provisions	22	153.05	141.37	139.81
Total current liabilities		15,088.28	12,570.59	7,982.26
Total equity and liabilities		27,632.89	24,106.83	16,172.14

The accompanying notes form an integral part of these financial statements.
This is the Balance Sheet referred to in our report of even date.

For Rajeev Kumar & Co
Chartered Accountants
Firm's Registration No.: 000633C

For and on behalf of the Board of Directors of
Pavna Industries Limited

Rajeev Kumar
Proprietor
Membership No.: 070103

Asha Jain
Director
DIN: 00035024

Swapnil Jain
Director
DIN: 01542555

Place: Aligarh
Date: 02/02/2024

Palak Jain
Chief Financial officer
PAN : BDEPJ7242M

Charu Singh
Company Secretary
PAN : CVBPS6669B

Pavna Industries Limited
Restated Statement of Profit and Loss
(All amounts are in lacs(₹), unless otherwise specified)

Note	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021	
Revenue:				
Revenue from operations	23	36,222.20	31,561.19	21,940.72
Other income	24	194.88	139.68	46.56
Total income		36,417.08	31,700.87	21,987.27
Expenses:				
Cost of materials consumed	25	19,922.94	17,974.81	10,603.58
Purchase of Stock-in-Trade	26	3,823.49	4,323.03	4,563.27
Change in Inventory of finished goods	27	(559.51)	(2,114.15)	(1,289.47)
Employee benefits expense	28	3,905.68	3,534.87	2,361.86
Finance costs	29	1,087.28	920.78	590.41
Depreciation and Amortisation Expenses	30	1,181.34	919.13	599.14
Other expenses	31	5,845.27	4,873.98	3,698.20
Total expenses		35,206.50	30,432.44	21,126.99
Profit/(Loss) before tax		1,210.58	1,268.43	860.29
Tax expense:				
Current tax	32	310.31	359.91	261.16
Deferred tax credit		36.71	(6.88)	22.91
Earlier years tax adjustments (net)		-	-	-
Mat Credit adjustments		-	-	-
Total tax expense		347.02	353.03	284.07
Profit/(Loss) for the year		863.56	915.40	576.22
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Re-measurements of the defined benefit plans		45.43	19.12	5.77
Income tax relating to above item		(11.68)	(4.81)	(1.61)
Other comprehensive income / (loss)		33.75	14.31	4.16
Total comprehensive Profit /(loss) for the year		897.32	929.70	580.38
Profit/ (Loss) for the year attributable to				
- Owners of the company		835.79	795.07	482.37
- Non- Controlling interest		27.77	120.32	93.84
Other comprehensive income / (loss) for the year attributable to				
- Owners of the company		25.80	10.67	6.04
- Non- Controlling interest		7.95	3.64	(1.88)
Total comprehensive Profit /(loss) for the year attributable to				
- Owners of the company		861.59	805.74	488.42
- Non- Controlling interest		35.72	123.96	91.96
Earnings per equity share (₹ 10 per share)				
Basic EPS on actual outstanding	33	7.09	15.03	9.46
Basic & Diluted EPS weighted average		8.88	15.03	12.16

The accompanying notes form an integral part of these financial statements.
This is the Statement of Profit and Loss referred to in our report of even date.

For **Rajeev Kumar & Co**
Chartered Accountants
Firm's Registration No.: 000633C

For and on behalf of the Board of Directors of
Pavna Industries Limited

Rajeev Kumar
Proprietor
Membership No.: 070103

Asha Jain
Director
DIN: 00035024

Swapnil Jain
Director
DIN: 01542555

Place: Aligarh
Date: 02/02/2024

Palak Jain
Chief Financial officer
PAN : BDEPJ7242M

Charu Singh
Company Secretary
PAN : CVBPS6669B

Pavna Industries Limited
Restated Cash flow statement

(All amounts are in lacs(₹), unless otherwise specified)

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
A Cash flow from operating activities			
Profit/(Loss) before tax	1,210.58	1,268.43	860.29
Adjustments for:			
Depreciation and amortisation expense	1,181.34	919.13	599.14
Interest income on bank deposits	(2.33)	(1.45)	(1.77)
Interest income on loan	-	-	-
Interest expense on lease liability	21.35	18.21	14.80
Loss/(Profit) on sale of PPE	(71.46)	(58.45)	-
Provision for impairment on advances/ balance written off	-	-	0.80
Interest expense on borrowings	1,044.66	920.78	590.41
Operating profit before working capital changes	3,384.14	3,066.65	2,063.67
Movement in working capital			
Inventories	(1,454.49)	(4,545.66)	(1,846.03)
Trade Receivables	(193.51)	(1,183.68)	(866.76)
Other financial assets	(54.27)	(11.54)	(85.91)
Other current & Non current assets	(601.74)	199.74	(600.95)
Other financial liabilities	66.27	79.37	286.93
Other current & non current liabilities	(75.55)	59.51	(806.52)
Provision	23.02	44.12	(144.98)
Trade payables	1,032.67	497.28	1,279.33
Cash used in operating activities post working capital changes	2,126.54	(1,794.20)	(721.23)
Income tax paid (net)	(301.09)	(332.63)	(360.74)
Net cash used in operating activities (A)	1,825.45	(2,126.83)	(1,081.97)
B Cash flows from investing activities			
Purchase of property, plant and equipment	(2,474.08)	(3,193.87)	(1,138.45)
Sale of property, plant and equipment	163.53	110.00	-
Loans and Advances	-	-	-
Investment made in subsidiaries	-	-	-
Interest received	2.33	1.45	1.77
Net cash used in investing activities (B)	(2,308.23)	(3,082.42)	(1,136.68)
C Cash flows from financing activities			
Proceeds from issue of share capital / Security Premium	-	-	1,488.96
Payment of Lease liability	(38.27)	(53.02)	(14.80)
Finance cost paid	(1,044.66)	(920.78)	(590.41)
Bonus / Dividend Paid	(121.81)	-	-
Repayment of borrowing	-	-	-
Proceeds from borrowings	1,686.06	6,189.90	1,226.26
Net cash flows from financing activities (C)	481.32	5,216.10	2,110.00
Net increase in cash and cash equivalents (A+B+C)	(1.46)	6.84	(108.64)
Cash and cash equivalents at the beginning of the year	44.55	37.70	146.34
Cash and cash equivalents at the end of the year	43.09	44.54	37.70

Note:

(i) The above cash flow statement has been prepared under the "Indirect method" as set out in the Indian Accounting Standard (Ind AS-7) statement of cash flow.

The accompanying notes form an integral part of these financial statements
This is statement of cash flows referred to in our report of even date

For Rajeev Kumar & Co
Chartered Accountants
Firm's Registration No.: 000633C

For and on behalf of the Board of Directors of
Pavna Industries Limited

Rajeev Kumar
Proprietor
Membership No.: 070103

Asha Jain
Director
DIN: 00035024

Swapnil Jain
Director
DIN: 01542555

Place: Aligarh
Date: 02/02/2024

Palak Jain
Chief Financial officer
PAN : BDEPJ7242M

Charu Singh
Company Secretary
PAN : CVBPS6669B

Pavna Industries Limited

Summary of significant accounting policies and other explanatory information for the year ended

(All amounts are in lacs(₹), unless otherwise specified)

4 Other non current financial assets

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Margin money deposits	0.11	0.11	11.28
Advance from Supplier	-	-	-
Security deposits			
- Unsecured considered good	936.28	857.25	817.02
- Unsecured considered doubtful	-	-	-
	936.39	857.36	828.30

(a) Includes Margin Deposit with Government authorities

5 Other non current assets

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Prepaid expense	215.60	252.93	289.36
	215.60	252.93	289.36

6 Inventories

(Valued at lower of cost or net realisable value, unless otherwise stated)

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Finished Goods	955.83	69.19	-
Consumables	95.18	85.90	-
Raw Materials	3,080.76	2,818.66	1,238.74
Work in Progress	5,241.64	4,470.34	2,254.44
Store and Spares	599.70	987.15	340.67
Trading Material	662.31	749.67	801.40
	10,635.41	9,180.91	4,635.25
Impairment provision on Project in progress			
	10,635.41	9,180.91	4,635.25

7 Trade Receivable

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Unsecured, considered good	5,202.73	5,009.25	3,825.53
Unsecured, considered doubtful	-	-	-
	5,202.73	5,009.25	3,825.53

Trade receivable aging schedule as at 30 September 2023

Outstanding for following periods from due date of payment	Undisputed Trade	Undisputed Trade
Not due		
0-6 Months	4,642.02	-
6-12 Months	480.00	-
1-2 Years	28.80	-
2-3 Years	-	-
above 3 years	-	-
Total	5,150.82	-

Trade receivable aging schedule as at 31 March 2023

Outstanding for following periods from due date of payment	Undisputed Trade	Undisputed Trade
Not due		
0-6 Months	4,681.51	-
6-12 Months	550.01	-
1-2 Years	15.81	-
2-3 Years	4.76	-
above 3 years	92.92	-
Total	5,345.01	-

Trade receivable aging schedule as at 31 March 2022

Outstanding for following periods from due date of payment	Undisputed Trade	Undisputed Trade
Not due		
0-6 Months	4,070.77	-
6-12 Months	10.10	-
1-2 Years	1.11	-
2-3 Years	-	-
above 3 years	-	-
Total	4,081.98	-

Trade receivable aging schedule as at 31 March 2021

Outstanding for following periods from due date of payment	Undisputed Trade	Undisputed Trade
Not due		
0-6 Months	2,790.45	-
6-12 Months	3.05	-
1-2 Years	1.11	-
2-3 Years	-	-
above 3 years	-	-
Total	2,794.61	-

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
8 Cash and cash equivalents			
Cash on hand	23.92	23.66	20.79
Balances with banks	19.17	20.88	16.91
	43.09	44.55	37.70

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
9 Other Bank Balances			
Balance with bank in deposit account having maturity of more than three months but are due for maturity within twelve months from balance sheet date (a)	4.61	28.37	15.98
	4.61	28.37	15.98

(a) Includes Margin Deposit with Government authorities

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
10 Loans			
(Unsecured, considered good)			
Loans to related parties	-	-	-
	-	-	-

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
11 Other Current assets			
Security deposit to others	16.50	17.50	47.41
	16.50	17.50	47.41

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
12 Income tax assets			
Income Tax paid (net of provision for taxation)	67.59	76.55	102.90
	67.59	76.55	102.90

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
13 Other current assets			
Prepaid expenses	129.75	61.24	60.88
Advances to contractors and material suppliers	-	-	-
Unsecured, Consider Good	1,266.17	739.23	946.76
Unsecured, Considered Doubtful	-	-	-
Other advances	27.10	0.58	0.81
Balances with government authorities	138.44	158.32	114.21
	1,561.45	959.37	1,122.67
Amount receivable - Others	66.02	-	-
	1,627.47	959.37	1,122.67

	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	Number*	Amount	Number*	Amount	Number*	Amount
14 Equity Share capital						
Authorized shares						
Equity shares of ₹ 10 each with voting rights	1,50,00,000	1,500.00	61,00,000	610.00	61,00,000	610.00
	1,50,00,000	1,500.00	61,00,000	610.00	61,00,000	610.00
Issued, subscribed and fully						
Equity share capital of face valu	1,21,80,800	1,218.08	60,90,400	609.04	60,90,400	609.04
	1,21,80,800	1,218.08	60,90,400	609.04	60,90,400	609.04

a. Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	As at				As at	
	31 March 2023		-		31 March 2021	
	Number	Amount	Number	Amount	Number	Amount
Balance at the beginning of the	60,90,400	609.04	60,90,400	609.04	25,94,000	259.40
Shares Issued during the	-	-	-	-	9,02,400	90.24
Bonus Issued during the	60,90,400	609.04	-	-	25,94,000	259.40
Balance at the end of the	1,21,80,800	1,218.08	60,90,400	609.04	60,90,400	609.04

b. Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered/to be entered into with the investors/shareholders from time

c. Details of shares held by Holding Company and shareholders holding more than 5% shares in the Company

Name of the equity shareholder	As at		As at		As at	
	31 March 2023		31 March 2022		31 March 2021	
	Number	%	Number	%	Number	%
Smt. Asha Jain	58,21,960	47.80%	29,10,980	47.80%	29,10,980	47.80%
Shri Swapnil Jain	13,56,160	11.13%	6,78,080	11.13%	6,78,080	11.13%
P.J. Wealth Management and Consultant Priva	9,97,040	8.19%	4,98,520	8.19%	4,98,520	8.19%
Smt. Palak Jain	9,23,200	7.58%	4,48,000	7.36%	4,29,600	7.05%
Smt. Sadhna Jain	6,70,400	5.50%	3,35,200	5.50%	-	-

d. Aggregate number of bonus shares issued for a consideration other than cash

'Pursuant to the approval of shareholders granted in the extra-ordinary general meeting held on 26.08.2022, the Company issued and allotted fully paid-up "bonus shares" at par in proportion of one new equity shares of Rs. 10 each for every one existing fully paid up equity share of Rs. 10 each held as on the record date of 06.09.2022

e. Shareholding of Promoters

As at 30 September 2023

Shares held by Promoters at end of the year				% change during the year
S.n	Particulars	No. of shares	% of total shares	
1	Asha Jain	58,21,960	47.80%	-
2	Swapnil Jain	13,56,560	11.14%	-
3	Pj Wealth Management And Consultant Pvt Ltd	9,97,040	8.19%	-
4	Priya Jain	4,04,000	3.32%	-
5	Pawan Jain Huf	840	0.01%	-

As at 31st March 2023

Shares held by Promoters at end of the year				% change during the year
S.n	Particulars	No. of shares	% of total shares	
1	Asha Jain	58,21,960	47.80%	-
2	Swapnil Jain	13,56,560	11.14%	-
3	Pj Wealth Management And Consultant Pvt Ltd	9,97,040	8.19%	-
4	Priya Jain	4,04,000	3.32%	-
5	Pawan Jain Huf	840	0.01%	-

As at 31st March 2022

Shares held by Promoters at end of the year				% change during the year
S.n	Particulars	No. of shares	% of total shares	
1	Asha Jain	29,10,980	47.80%	-
2	Swapnil Jain	6,78,080	11.13%	-
3	Pj Wealth Management And Consultant Pvt Ltd	4,98,520	8.19%	-
4	Priya Jain	2,02,000	3.32%	-
5	Pawan Jain Huf	420	0.01%	-
6	Pawan Jain	200	0.00%	-

As at 31st March 2021

Shares held by Promoters at end of the year				% change during the year
S.n	Particulars	No. of shares	% of total shares	
1	Asha Jain	29,10,980	47.80%	-
2	Swapnil Jain	6,78,080	11.13%	-
3	Pj Wealth Management And Consultant Pvt Ltd	4,98,520	8.19%	-
4	Priya Jain	2,02,000	3.32%	-
5	Pawan Jain Huf	420	0.01%	-
6	Pawan Jain	200	0.00%	-

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
15 Other Equity			
General Reserve			
Opening balance	1.62	1.37	1.12
Add: Transfer from Profit/(loss)	-	0.25	0.25
Closing balance (A)	1.62	1.62	1.37
Capital Reserve			
Opening balance	19.46	19.46	111.30
Closing balance (B)	19.46	19.46	111.30
Securities premium			
Opening balance	1,398.72	1,398.72	-
Add: Addition during the year	-	-	1,398.72
Closing balance (C)	1,398.72	1,398.72	1,398.72
Profit/ (Deficit) in the statement			
Opening balance	3,397.89	2,592.40	2,363.63
Less: Issue of Bonus Shares	(609.04)	-	(259.40)
Less : Dividend	(121.81)		
Add: Profit / (Loss) for the year	835.79	795.07	482.37
Add: Other comprehensive income for the year (net of tax impact)	25.80	10.67	6.04
Less: Transfer to general Reserve	-	(0.25)	(0.25)
Closing balance (D)	3,528.63	3,397.89	2,592.40
Total (A+B+C+D)	4,948.44	4,817.69	4,103.79

Nature and purpose of other reserves

Securities premium

Securities premium represents premium received on issue of shares. The amount is utilised in accordance with the provisions of the Companies Act 2013.

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
16A Non Controlling Interest			
Non Controlling Interest			
Opening Balance	1,208.80	928.07	833.61
Entity Acquired during the year	-	156.77	2.50
NCI share in current year Profit	35.72	123.96	91.96
Closing Balance	1,244.52	1,208.80	928.07

17A Long term borrowing

Secured

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Indian rupee term loan from Bank	2,295.55	1,898.42	112.00
Indian rupee term loan from financial institutions	202.46	99.32	853.66
Indian rupee vehicle loan from Bank	56.13	133.38	212.21

Unsecured

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Indian rupee loan from related parties			
From Directors & KMPs	1,316.37	1,203.07	-
From Corporate entities	790.00	1,122.38	993.62
Total	4,660.51	4,456.57	2,171.49

17B Short term Borrowings

Secured

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Cash credit facilities from Bank / financial institutions - Secured	6,284.64	5,593.01	3,225.13
Cash credit facilities from financial institutions - Unsecured	2,060.00	1,500.00	-
Current maturities of long term borrowings - Secured	712.52	482.02	445.09
Total	9,057.16	7,575.04	3,670.22

Total	13,717.66	12,031.61	5,841.71
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18 Other Non current financial liabilities

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Security deposit from customer	15.00	25.00	55.00
Total	15.00	25.00	55.00

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
19 Provisions			
Provision for employee benefits (a)			
Gratuity	231.31	219.97	177.41
	231.31	219.97	177.41

(a) Refer Note 36

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
20 Deferred tax liabilities (net)			
Deferred tax assets/liabilities			
Property, plant and equipment	131.53	94.49	70.30
Unused business losses	-	-	-
Origination and reversal of temporary difference due to employee expenses	(56.66)	(90.94)	(88.25)
Effect of adoption of Ind AS	(2.08)	(6.00)	(1.46)
Others	(0.91)	(2.51)	(1.46)
	71.88	(4.96)	(20.88)

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
18 Trade payables #			
Due to micro and small enterprises	665.66	163.06	404.24
Due to others (a)	4,481.92	3,951.84	3,213.38
	5,147.58	4,114.90	3,617.62

Trade payable aging schedule as at 31st March 2023

Outstanding for following periods from due date of payment	Micro and Small	Others
Not due		-
Unbilled dues		-
Less than 1 year	665.66	4,054.17
1-2 Years		390.38
2-3 Years		8.24
above 3 years		29.12
Total	665.66	4,481.92

* We have put the amount of Outstanding of those parties for which we have received the declaration. We have sent a declaration in form of mail to all vendors but only few have responded, which has been considered above. The interest payable on these outstanding amount is Rs 0.34 Lakhs which is immaterial due to which it is not provided.

Trade payable aging schedule as at 31st March 2022

Outstanding for following periods from due date of payment	Micro and Small	Others
Not due		-
Unbilled dues		151.38
Less than 1 year	163.06	3,775.10
1-2 Years		4.42
2-3 Years		2.52
above 3 years		18.42
Total	163.06	3,951.84

Trade payable aging schedule as at 31st March 2021

Outstanding for following periods from due date of payment	Micro and Small	Others
Not due		-
Unbilled dues		367.00
Less than 1 year	404.24	2,817.83
1-2 Years		9.94
2-3 Years		18.45
above 3 years		0.16
Total	404.24	3,213.38

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
19 Other Financial liabilities			
Interest accrued but not due on borrowings	73.97		
Payable to employees	398.60	396.30	286.93
	472.57	396.30	286.93

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
20 Other current liabilities			
Advance received from customers	99.16	120.27	130.92
Statutory dues payable	125.38	179.81	109.65
	224.54	300.08	240.57

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
21 Income tax liabilities			
Income Tax Payable (Net of advance tax)	4.52	4.26	3.33
	4.52	4.26	3.33

	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
22 Short term provisions			
Provision for employee benefits			
Gratuity	153.05	141.37	139.81
	153.05	141.37	139.81

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Pavna Industries Limited

Summary of significant accounting policies and other explanatory information for the year ended

(All amounts are in lacs(₹), unless otherwise specified)

Furniture

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
23 Revenue from operations			
Sale of products	36,170.62	31,561.19	21,940.72
Other operating revenue	51.58	-	-
	36,222.20	31,561.19	21,940.72

24 Other income

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest income on:			
Bank deposits	2.33	1.45	1.77
Loan Given	4.73	-	-
Delay payment by customer	-	3.85	2.29
Security deposits measured at amortised cost	32.53	31.54	27.46
Income tax refunds	5.78	6.21	-
Profit on sale of Property, Plant and Equipment	75.26	58.45	-
Income from export incentive	9.39	14.70	12.69
Rent received	36.60	11.79	0.60
Foreign Exchange fluctuation gain (Net)	8.66	-	-
Excess liability/provision written back	8.29	8.51	-
Miscellaneous income	11.31	3.17	1.74
	194.88	139.68	46.56

25 Cost of raw material & components consumed

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Inventory at the beginning of the year	3,472.58	1,238.74	775.01
Add: Purchase during the year	20,757.08	20,208.64	11,067.31
	24,229.66	21,447.38	11,842.32
Less: Inventory at the end of the year	4,306.73	3,472.58	1,238.74
	19,922.94	17,974.81	10,603.58

26 Purchase of Stock-in-Trade

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Purchases of material	3,622.67	3,989.38	4,324.61
Packing expense	198.73	331.20	236.59
Freight & Cartage Inward	2.08	2.44	2.08
	3,823.49	4,323.03	4,563.27

27 Changes in inventories of finished goods and work-in-progress

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Closing Inventories			
Trading Material	765.00	865.90	925.65
Work in Progress	5,088.74	4,428.34	2,254.44
Opening Inventories			
Trading Material	865.90	925.65	510.08
Work in Progress	4,428.34	2,254.44	1,380.54
	(559.51)	(2,114.15)	(1,289.47)

28 Employee benefits expense

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Salaries, wages and bonus	3,278.30	2,972.82	1,962.86
Contribution to provident and other funds	196.01	171.49	120.87
Gratuity expense	68.44	73.03	58.35
Staff welfare expenses	362.93	317.52	219.78
	3,905.68	3,534.87	2,361.86

29 Finance costs

	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Interest expense	991.89	776.39	512.49
Interest expense on Term loan	3.33	-	-
Interest expense on Security deposit	26.23	26.56	28.19
Other borrowing costs	44.48	99.62	34.93
Interest on lease obligation	21.35	18.21	14.80
	1,087.28	920.78	590.41

	For the year ended	For the year ended	For the year ended
30 Depreciation and Amortisation			
Depreciation and amortization expense	1,135.40	882.80	580.35
Depreciation on right of use assets	45.94	36.33	18.79
	1,181.34	919.13	599.14

	For the year ended	For the year ended	For the year ended
	31 March 2023	31 March 2022	31 March 2021
31 Other expenses			
Factory expenses	17.94	5.84	-
Consumption of stores and spares#	578.12	354.74	329.65
Diecasting/ Job work charges	1,973.83	1,739.47	1,178.05
Material Testing Exp	2.07	0.09	-
Packing material	-	-	-
Gas Expenses	259.95	149.10	-
Power & Fuel	943.66	806.14	572.17
Advertisement and publicity	55.34	21.58	22.66
Bank charges	28.87	-	-
Communication & Postage Expense	22.75	13.25	8.84
Donation	29.41	7.52	22.53
Electricity expenses	33.97	45.00	37.97
House keeping expenses	42.96	-	-
Insurance Expenses	36.30	32.93	21.58
Legal and professional fees	130.80	100.20	146.99
Loss on sale of Property, Plant and equipment	3.80	-	-
Non competitive fees	-	150.00	150.00
Payments to auditors##	4.61	1.89	1.22
Printing and stationery	22.64	22.88	19.13
Rates and taxes	27.23	27.03	8.57
Rent	6.68	44.31	107.94
Building Rent	58.40	3.00	3.00
Machine Rent	0.14	1.68	1.68
Repair and maintenance - Machinery	173.11	114.63	77.81
Repair and maintenance - office	117.66	116.22	91.45
Repair and maintenance - Computer	0.40	0.28	-
Vehicle running and maintainance expense	158.09	97.95	32.17
Research and development expense###	5.65	1.20	1.00
Sales promotion expenses	48.08	26.21	52.25
Security charges	131.65	71.30	73.54
Software expenses	7.18	14.53	9.79
Trade mark royalty	76.93	79.19	97.74
Travelling and conveyance-Foreign	-	-	-
Travelling and conveyance-Local	129.43	84.91	29.45
Provision for impairment on advances/ balance written off	-	-	0.80
Bad debts	-	3.80	4.59
ISO TS certification expense	2.24	3.52	3.57
Export Expenses	-	-	-
Warranty claim/ Line rejection expense	18.87	3.94	30.66
Office expense	39.03	27.78	17.11
Rebate & Discount	293.15	365.36	245.39
IPO Exp	-	1.55	43.20
Pollution Control Expenses	-	1.62	-
Foreign Currency Fluctuation	-	2.69	8.06
Freight & forwarding expense	364.52	328.43	247.46
Miscellaneous expenses	(0.16)	2.23	0.19
	5,845.27	4,873.98	3,698.20

	For the year ended	For the year ended	For the year ended
	31 March 2023	31 March 2022	31 March 2021
# Consumption of Stores, spares, packing and tools			
Opening stock	530.32	340.67	123.81
Add:			
Consumption of stores and spares parts	101.60	76.42	88.81
Consumption of loose tools	266.94	265.73	202.95
Consumption of Packing materials	194.78	156.24	111.13
Consumption of polishing and plating material	75.65	54.02	19.36
Less: Closing stock	577.63	530.32	340.67
Net Consumption of stores ,spares, Packing & tools	591.66	362.76	205.40

	For the year ended	For the year ended	For the year ended
	31 March 2023	31 March 2022	31 March 2021
## Payment to auditors			
As auditors			
-Audit fees	4.61	1.89	1.22
	4.61	1.89	1.22

	For the year ended	For the year ended	For the year ended
	31 March 2023	31 March 2022	31 March 2021
32 Income tax			
Tax expense comprises of:			
Current tax	310.31	359.91	261.16

Deferred tax credit	36.71	(6.88)	22.91
Earlier years tax adjustments (net)	-	-	-
Minimum Alternative Tax	-	-	-
Income tax expense reported in the statement of profit and loss	347.02	353.03	284.07
Deferred tax credit	(9.08)	(2.33)	(3.07)
Income tax expense reported in the statement of Other comprehensive i	(9.08)	(2.33)	(3.07)

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company and the reported tax expense in profit or loss are

Effective Income Tax Rate	25.168%	25.168%	27.820%
Accounting profit before income tax	1,210.58	1,268.43	860.29
At India's statutory income tax rate	304.68	319.24	239.33
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
Item on which deferred tax has not been created	7.34	1.33	13.74
Tax impact of expenses which will never be allowed	-	-	-
Effect of tax incentive	-	-	-
Earlier years tax adjustments (net)	-	-	-
Impact of change in tax rate	-	(18.68)	-
Others	35.01	51.13	0.03
Income tax expense	347.02	353.03	253.11

33 Earnings per share	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Net Profit/(loss) attributable to equity shareholders	863.56	915.40	576.22
Nominal value of equity share in ₹	-	-	-
Total number of equity shares outstanding at the beginning of the year*	60,90,400	60,90,400	25,94,000
Total number of equity shares outstanding at the end of the year*	1,21,80,800	60,90,400	60,90,400
Weighted average number of equity shares*	97,27,954	60,90,400	47,38,425
Basic Earning per Share on actual outstanding at year end	7.09	15.03	9.46
Basic Earning per Share on Weighted Average Nos of Shares	8.88	15.03	12.16
Diluted Earnings per Share	8.88	15.03	12.16

* These are in absolute numbers

Pavna Industries Limited
Summary of significant accounting policies and other explanatory information
(All amounts are in lacs(₹), unless otherwise specified)
3A Property, plant and equipment

Particulars	Land	Building	Plant and Machinery	Office Equipment	Furniture and fixtures	Computer	Vehicle	Total
Gross block								
Balance as at 1 April 2020	348.05	990.69	5,128.28	60.70	112.80	154.98	360.18	7,155.68
Additions	-	88.37	659.80	4.94	11.90	21.47	351.03	1,137.52
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	348.05	1,079.06	5,788.08	65.64	124.70	176.46	711.21	8,293.20
Entity acquired during the year	70.32	314.63	1,761.88	65.51	1.67	7.05	-	2,221.06
Additions	-	72.82	1,168.13	61.32	8.92	35.63	45.77	1,392.59
Disposals	(51.55)	-	-	-	-	-	-	(51.55)
Balance as at 31 March 2022	366.82	1,466.51	8,718.09	192.47	135.29	219.13	756.98	11,855.30
Additions	-	85.98	2,049.76	56.64	27.92	42.13	86.00	2,348.43
Disposals	-	-	(121.32)	-	-	-	(19.70)	(141.02)
Balance as at 31 March 2023	366.82	1,552.50	10,646.53	249.11	163.21	261.26	823.28	14,062.72
Accumulated depreciation								
Balance as at 1 April 2020	-	231.67	2,081.93	35.12	55.45	139.72	111.54	2,655.42
Charge for the year	-	27.42	498.54	3.50	7.50	4.96	38.42	580.35
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	-	259.09	2,580.46	38.63	62.96	144.68	149.96	3,235.77
Entity acquired during the year	-	33.21	154.47	13.50	0.51	2.35	-	204.03
Charge for the year	-	56.81	807.44	19.19	8.34	18.00	82.02	991.80
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	349.10	3,542.37	71.32	71.80	165.03	231.98	4,431.60
Charge for the year	-	63.13	915.16	26.20	10.22	29.01	89.18	1,132.90
Disposals	-	-	(86.04)	-	-	-	(9.90)	(95.94)
Balance as at 31 March 2023	-	412.24	4,371.48	97.52	82.02	194.04	311.26	5,468.56
Net block as at 31 March 2021								
Net block as at 31 March 2021	348.05	819.98	3,239.52	27.14	61.75	31.95	561.26	5,057.43
Net block as at 31 March 2022	366.82	1,117.41	5,207.62	121.28	63.49	54.27	525.01	7,423.70
Net block as at 31 March 2023	366.82	1,140.26	6,306.95	151.72	81.19	67.39	512.03	8,594.16

Intangible Asset Under Development

Particulars	Knowhow	Software	Total
Gross block			
Balance as at 31 March 2021	25.00		25.00
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2022	25.00		25.00
Additions	-	81.40	81.40
Disposals	2.50	-	2.50
Balance as at 31 March 2023	22.50	81.40	103.90

Pavna Industries Limited

Summary of significant accounting policies and other explanatory information
(All amounts are in lacs(₹), unless otherwise specified)

3B Leases

(j) Right of Use Assets

Particulars	Buildings	Total
As at 1 April 2021	203.39	203.39
Additions	80.42	80.42
Deletions	-	-
As at 31 March 2022	283.81	283.81
Additions	-	-
Deletions	-	-
As at 31 March 2023	283.81	283.81
Accumulated Depreciation		
As at 1 April 2021	18.79	18.79
Charges during the year	33.65	33.65
Deletions	-	-
As at 31 March 2022	52.43	52.43
Charges during the year	45.94	45.94
Deletions	-	-
As at 31 March 2023	98.38	98.38
Net Carrying Value		
As at 1 April 2021	184.60	184.60
As at 31 March 2022	231.38	231.38
As at 31 March 2023	185.44	185.44

(ii) Lease Liabilities

Particulars	Current	Non Current	Total
As at 1 April 2021	23.78	165.96	189.74
Additions	-	80.42	80.42
Accretions of interest	-	17.59	17.59
Payments of lease liabilities	-23.78	-21.22	-45.00
Deletions	-	-	-
Re-classification from non current to current	38.64	-38.64	-
As at 31 March 2022	38.64	204.12	242.76
Additions	-	-	-
Accretions of interest	-	21.35	21.35
Payments of lease liabilities	-38.64	-21.35	(59.99)
Deletions	-	-	-
Re-classification from non current to current	28.87	-28.51	0.37
As at 31 March 2023	28.87	175.62	204.49

Pavna Industries Limited

Summary of significant accounting policies and other explanatory information

(All amounts are in lacs(₹), unless otherwise specified)

A. Equity share capital*

Particulars	Opening balance as at 1st April 2020	Changes in equity share capital during the year	Balance as at 31 March 2021
Equity share capital	259.40	349.64	609.04

Particulars	Opening balance as at 31 March 2021	Changes in equity share capital during the year	Balance as at 31 March 2022
Equity share capital	609.04	-	609.04

Particulars	Opening balance as at 31 March 2022	Changes in equity share capital during the year	Balance as at 31 March 2023
Equity share capital	609.04	609.04	1,218.08

B. Other equity**

Particulars	Reserves and Surplus				OCI	Total
	Security Premium	Retained Earnings	Capital Reserve	General Reserve	Remeasurement of defined benefit plans	
Balance as at 1 April 2020	-	2,363.63	111.30	1.12	-	2,476.05
Issue of Bonus Shares	-	(259.40)	-	-	-	(259.40)
Securities Premium due to issue of shares	1,398.72	-	-	-	-	1,398.72
Profit/ (Loss) for the year	-	482.37	-	-	-	482.37
Other comprehensive income for the year (net of tax impact)	-	-	-	-	6.04	6.04
Transfer to General reserve	-	(0.25)	-	0.25	-	-
Balance as at 31 March 2021	1,398.72	2,586.35	111.30	1.37	6.04	4,103.79
Transferred from Surplus in Statement of Profit and Loss	-	-	-	-	-	-
Entity acquired during the year	-	-	(91.84)	-	-	(91.84)
Profit/ (Loss) for the year	-	795.07	-	-	-	795.07
Other comprehensive income for the year (net of tax impact)	-	-	-	-	10.67	10.67
Transfer to General reserve	-	(0.25)	-	0.25	-	-
Balance as at 31 March 2022	1,398.72	3,381.18	19.46	1.62	16.71	4,817.69
Profit/ (Loss) for the year	-	835.79	-	-	-	835.79
Issue of Bonus Shares	-	(609.04)	-	-	-	(609.04)
Dividend	-	(121.81)	-	-	-	(121.81)
Other comprehensive income for the year (net of tax impact)	-	-	-	-	25.80	25.80
Balance as at 31 March 2023	1,398.72	3,486.12	19.46	1.62	42.51	4,948.44

*Refer note 14 for details

*Refer note 15 for details

The accompanying notes form an integral part of these financial statements.

This is statement of changes in equity referred to in our report of even date

For Rajeev Kumar & Co
Chartered Accountants
Firm's Registration No.: 000633C

For and on behalf of the Board of Directors of
Pavna Industries Limited

Rajeev Kumar
Proprietor
Membership No.: 070103

Asha Jain
Director
DIN: 00035024

Swapnil Jain
Director
DIN: 01542555

Place: Aligarh
Date: 02/02/2024

Palak Jain
Chief Financial officer
PAN : BDEPJ7242M

Charu Singh
Company Secretary
PAN : CVBPS6669B

Pavna Industries Limited
Restated Notes to the financial statements

(All amounts are in lacs(₹), unless otherwise specified)

34 Financial instruments

i) Financial assets and liabilities

The carrying amounts of financial instruments by category are as follows:

Particulars	As at 31 March 2023		
	Amortised cost	FVTPL	FVTOCI
Financial assets*			
Investments	-		
Trade Receivables	5,202.73		
Loans	-		
Cash and cash equivalents	43.09		
Other Bank Balances	4.61		
Other financial assets	952.89		
Total financial assets	6,203.32	-	-
Financial liabilities*			
Borrowings	9,057.16		
Lease liabilities	204.49		
Trade payables	5,147.58		
Other financial liabilities	487.57		
Total financial liabilities	14,896.79	-	-

Particulars	As at 31 March 2022			As at 31 March 2021		
	Amortised cost	FVTPL	FVTOCI	Amortised cost	FVTPL	FVTOCI
Financial assets*						
Investments	-	-	-	-	-	-
Trade	5,009.22	-	-	3,825.53	-	-
Loans	-	-	-	-	-	-
Cash and cash equivalents	44.55	-	-	37.70	-	-
Other Bank Balances	28.37	-	-	15.98	-	-
Other financial assets	874.86	-	-	875.71	-	-
Total financial assets	5,956.99	-	-	4,754.92	-	-
Financial liabilities*						
Borrowings	12,031.61	-	-	5,841.71	-	-
Lease liabilities	242.76	-	-	189.74	-	-
Trade payables	4,114.90	-	-	3,617.62	-	-
Other financial liabilities	421.30	-	-	341.93	-	-
Total financial liabilities	16,810.57	-	-	9,991.00	-	-

ii)

Fair Value Hierarchy

Financial assets and financial liabilities are measured at fair value in the financial statements and are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: Directly (i.e. as prices) or indirectly (i.e. derived from prices) observable market inputs, other than Level 1 inputs; and

Level 3: Inputs which are not based on observable market data (unobservable inputs). The input factors considered are Estimated cash flows and other assumption

Fair value of instruments measured at amortised cost

Fair value of instruments measured at amortised cost for which fair value is disclosed is as follows, these fair values are calculated using Level 3 inputs:

Particulars	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	Carrying value	Fair value*	Carrying value	Fair value*	Carrying value	Fair value*
Financial assets						
Investments	-	-	-	-	-	-
Trade Receivables	5,202.73	5,202.73	5,009.22	5,009.22	3,825.53	3,825.53
Loans	-	-	-	-	-	-
Cash and cash equivalents	43.09	43.09	44.55	44.55	37.70	37.70
Other Bank Balances	4.61	4.61	28.37	28.37	15.98	15.98
Other financial assets	952.89	952.89	874.86	874.86	875.71	875.71
Total financial assets	6,203.32	6,203.32	5,956.99	5,956.99	4,754.92	4,754.92
Financial liabilities						
Borrowings	9,057.16	9,057.16	12,031.61	12,031.61	5,841.71	5,841.71
Lease liabilities	204.49	204.49	242.76	242.76	189.74	189.74
Trade payables	5,147.58	5,147.58	4,114.90	4,114.90	3,617.62	3,617.62
Other financial liabilities	487.57	487.57	421.30	421.30	341.93	341.93
Total financial liabilities	14,896.79	14,896.79	16,810.57	16,810.57	9,991.00	9,991.00

*Carrying value of these financial assets and financial liabilities represents the best estimated values.

Financial risk management

The Company's activities expose it to credit risk, liquidity risk and market risk. The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk Management Framework

The Company's activities make it susceptible to various risks. The company has taken adequate measures to address such concerns by developing adequate systems and practices. The Company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the Company's financial performance. The Company's senior management oversee the management of these risks and advises on financial risks and the appropriate financial risk governance framework for the Company. The board provides assurance to the shareholders that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Company's risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and company's activities. The Company's audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, loans and other financial assets	Ageing analysis	Diversification of bank deposits and regular monitoring
Liquidity risk	Borrowings, lease liabilities and other	Cash flow forecasts	Availability of funds and credit facilities.
Market risk - interest rate	Variable rates	Sensitivity analysis	Negotiation of terms that reflect the market factors

A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each financial asset. The carrying amounts of financial assets represent the maximum credit risk exposure. The Company monitors its exposure to credit risk on an ongoing basis.

a) Credit risk management

i) Credit risk rating

The Company assesses and manages credit risk of financial assets based on following categories arrived on the basis of assumptions, inputs and factors specific to the class of financial assets. The Company assigns the following credit ratings to each class of financial assets based on the assumptions, inputs and factors

- A: Low credit risk
 B: Moderate credit risk
 C: High credit risk

The Company provides for expected credit loss based on the following:

Asset groups	Basis of categorisation	Provision for expected credit loss
Low credit risk	Cash and cash equivalents, loans, and other financial assets	12 months expected credit loss

Assets are written off when there is no reasonable expectation of recovery, such as a debtor declaring bankruptcy or a litigation decided against the Company. The Company continues to engage with parties whose balances are written off and attempts to enforce repayment. Recoveries made are recognised in

Credit rating	Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Low credit risk	Cash and cash equivalents, loans and other financial assets	6,203.32	5,956.99	4,754.92

Cash and cash equivalents and other bank balances

Credit risk from balances with banks and financial institutions is managed by the Corporate finance department in accordance with the Company's policy. Investments of surplus funds are made only in schemes of alternate investment fund/or other appropriate avenues including term and recurring deposits with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

The Company places its cash and cash equivalents and term deposits with banks with high investment grade ratings, limits the amount of credit exposure with any one bank and conducts ongoing evaluation of the credit worthiness of the banks with which it does business. Given the high credit ratings of these banks, the Company does not expect these banks to fail in meeting their obligations.

Trade Receivables

Ind AS requires expected credit losses to be measured through a loss allowance. The Company assesses at each date of statements of financial position whether a financial asset or a company of financial assets is impaired. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 months expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition

b) Credit risk exposure

i) Provision for expected credit losses

The Company provides for 12 month expected credit losses for following financial assets:

As at 31 March 2023

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash	43.09	-	43.09
Other bank balances	4.61	-	4.61
Trade	5,202.73	-	5,202.73
Loans	-	-	-
Other financial assets	952.89	-	952.89

As at 31 March 2022

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash	44.55	-	44.55
Other bank balances	28.37	-	28.37
Trade receivables	5,009.22	-	5,009.22
Loans	-	-	-
Other financial assets	874.86	-	874.86

As at 31 March 2021

Particulars	Estimated gross carrying amount at default	Expected credit losses	Carrying amount net of impairment provision
Cash and cash	37.70	-	37.70
Other bank balances	15.98	-	15.98
Trade receivables	3,825.53	-	3,825.53
Loans	-	-	-
Other financial assets	875.71	-	875.71

There are certain charges open at MCA portal. These charges are created against the loan availed and which has been fully repaid. We have got no dues certificate from respective institution and charge satisfaction form filing with MCA is under process.

B) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering ca

Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities.

As at 31 March 2023	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Non-derivatives					
Borrowings	8,538.36	594.48	373.72	1,898.61	11,405.17
Trade payable	5,147.58	-	-	-	5,147.58
Lease liabilities	43.12	47.00	48.62	126.78	265.52
Other financial liabilities	472.57	-	-	-	472.57
Total	14,201.62	641.48	422.34	2,025.39	17,291

As at 31 March 2022	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Non-derivatives					
Borrowings	8,760.18	351.62	142.12	-	9,253.92
Trade payable	3,951.84	-	-	-	3,951.84
Lease liabilities	43.59	8.52	8.52	42.60	103.23
Other financial liabilities	396.30	-	-	-	396.30
Total	13,151.91	360.14	150.64	42.60	13,705

As at 31 March 2021	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	Total
Non-derivatives					
Borrowings	4,663.84	329.52	356.41	142.12	5,491.89
Trade payable	3,213.38	-	-	-	3,213.38
Lease liabilities	31.38	21.83	8.52	51.12	112.85
Other financial liabilities	286.93	-	-	-	286.93
Total	8,195.52	351.35	364.93	193.24	9,105

C) Market risk**Interest rate risk****i) Liabilities**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates. The Company manages its interest rates by selection appropriate type of borrowings and by negotiation with the bankers.

Interest rate risk exposure

Particulars			
Secured Variable rate borrowings		9,551.30	8,206.16
UnSecured Variable rate borrowings		2,060.00	1,500.00
Total borrowings		11,611.30	9,706.16

Sensitivity

Profit or loss and equity is not sensitive to higher/ lower interest expense from borrowings as a result of changes in interest rates on year to year basis:

Particulars			
Increase in borrowing rate by 1%		116.11	97.06
Decrease in borrowing rate by 1%		(116.11)	(97.06)

ii) Assets

The Company's fixed deposits are carried at amortised cost and are fixed rate deposits. They are therefore not subject to interest rate risk as defined in Ind AS 107

Currency Risk

The Company has international transactions and is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the Company's functional currency

Earnings in Foreign currency

Description of Transactions	As at	As at	As at
Export of Material and services	581.69	842.99	620.81

Expenditure in Foreign currency

Description of Transactions	As at	As at	As at
Import of Material and services	14.88	33.22	62.62

Foreign Currency risk Exposures

Financial Assets	As at 31 March 2023		As at 31 March 2022		As at 31 March 2021	
	USD \$	EUR	USD \$	EUR	USD \$	EUR
Trade Receivables In Foreign currency		1,61,714	827.00	1,74,183.34	10,221.12	1,55,752.08
Trade Receivables In INR		1,38,43,444	62,778	1,46,41,852	7,69,957	1,29,24,308

Sensitivity Analysis of 5% change in exchange rate at the end of reporting period

Financial Assets	As at 31 March 2023		As at 31 March 2023		As at 31 March 2023	
	USD \$	EUR	USD \$	EUR	USD \$	EUR
1% Depreciation in INR						
Impact on Profit and Loss Account - Income/ (Expense)		(1,38,434)	(628)	(1,46,419)	(7,700)	(1,29,243)
1% Appreciation in INR						
Impact on Profit and Loss Account - Income/ (Expense)		(1,38,434)	(628)	(1,46,419)	(7,700)	(1,29,243)

Pavna Industries Limited

Summary of significant accounting policies and other explanatory information for the year ended

(All amounts are in lacs(₹), unless otherwise specified)

35 Related party transactions

A. Name of the Related Parties and description of relationship is as follows:

a) Subsidiary Company	Swapnil Switches Pvt. Ltd. Pavna Auto Engineering Pvt. Ltd. Pavna Sun World Autotech Pvt Ltd Pavna Marketing Pvt Ltd Pavna Goyam Auto Pvt Ltd
b) Entity having substantial interest in the Company	PJ Wealth Management & Consultants P. Ltd.
c) Key Managerial Personnel (KMP)	
Managing Director	Shri Swapnil Jain
Director	Smt. Asha Jain
Director	Smt. Priya Jain
Director	Shri Sanjay Kumar Jain
Director	Shri Pawan Jain
Director	Shri. Niti Phulpagar
Director	Shri. Lokesh Phulpagar
Director	Shri. Gautam Premchand Phulpagar
Director	Shri. Pankaj Phulpagar
CEO	Shri. Ravindra J Pise
CFO	Shri Makarand Haribhau Mahajan
CFO	Shri. Ravindra Madan Mohan Agrawal
CS	Ms. Charu Singh
CS	Ms. Geetika Varshney
CS	Ms. Kanchan Gupta
CS	Ms. Divyani Kostha
KMP	Mr. Ajay Maheshwari
KMP	Mr. Vijay Sharma
Independent Director	Shri Naozer Firoze Aibara
Independent Director	Shri Dhruv Jain
Independent Director	Shri Achyutanand Ramchandra Mishra
e) Relatives of Key Managerial Personnel (KMP)	
Where transactions have taken place during the year or previous year or balances are outstanding	
f) Enterprise over which KMP exercise control or significant influence	Pavna Sports Venture Private Limited Ascus Cricket Private Limited Pavna Electric Systems Private Limited Pavna International Schools Private Limited PJ Wealth Management & Consultants P. Ltd.

Pavna Industries Limited

Summary of significant accounting policies and other explanatory information for the year ended

(All amounts are in lacs(₹), unless otherwise specified)

Note No.- Related Party Disclosure - Contd..

B. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Nature of Transactions	Name of Related Party	Relationship	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
	Loan taken during the year				
Loan taken	Smt. Asha Jain	Director	120.00	711.00	231.09
Loan taken	Smt. Priya Jain	Director	180.00	210.00	240.86
Loan taken	Shri Pawan Jain	Director	-	40.00	-
Loan taken	Shri Swapnil Jain	Managing Director	859.00	100.00	55.00
Loan taken	Shri. Niti Phulpagar	Director	-	35.00	47.00
Loan taken	Shri. Lokesh Phulpagar	Director	-	98.30	45.36
Loan taken	Shri. Gautam Premchand Phulpagar	Director	-	40.00	-
Loan taken	Shri. Pankaj Phulpagar	Director	-	732.00	511.00
Loan taken	PJ Wealth Management & Consultants P. Ltd.	Entity having	150.00	442.28	1,165.23
	Loan Repaid during the year				
Repayment of Loan taken	Smt. Asha Jain	Director	225.00	511.00	485.59
Repayment of Loan taken	Shri Pawan Jain	Director	-	40.00	408.57
Repayment of Loan taken	Smt. Priya Jain	Director	180.00	210.00	243.85
Repayment of Loan taken	Shri Swapnil Jain	Managing Director	590.00	100.00	261.23
Repayment of Loan taken	Shri. Niti Phulpagar	Director	-	20.00	-
Repayment of Loan taken	Shri. Lokesh Phulpagar	Director	-	60.99	6.80
Repayment of Loan taken	Shri. Gautam Premchand Phulpagar	Director	-	20.00	-
Repayment of Loan taken	Shri. Pankaj Phulpagar	Director	-	322.00	516.00
Repayment of Loan taken	PJ Wealth Management & Consultants P. Ltd.	Entity having	325.00	470.89	785.50
	Interest on Loans (Net of TDS)				
Interest(Net)	Smt. Asha Jain	Director	10.52	26.91	19.72
Interest(Net)	Shri Pawan Jain	Director	-	1.22	33.46
Interest(Net)	Shri Swapnil Jain	Managing Director	9.26	4.32	15.74
Interest(Net)	Smt. Priya Jain	Director	0.83	0.83	0.18
Interest(Net)	PJ Wealth Management & Consultants P. Ltd.	Entity having	76.85	115.95	79.90
	Remuneration, Salary & Other Expense				
Remuneration	Smt. Asha Jain	Director	96.00	54.00	49.96
Remuneration	Shri Swapnil Jain	Managing Director	216.00	144.00	126.91
Remuneration	Smt. Priya Jain	Director	180.00	144.00	123.23
Remuneration	Mr. Ajay Maheshwari	KMP	11.90	11.40	9.61
Remuneration	Shri. Makarand Mahajan	CFO	15.00	12.77	9.57
Remuneration	Shri. Ravindra Madan Mohan Agrawal	CFO	-	-	-
Remuneration	Ms. Charu Singh	CS	7.12	1.83	-
Remuneration	Vijay Sharma	KMP	24.00	20.00	13.68
Remuneration	Geetika Varshney	CS	-	1.86	3.24
Remuneration	Kanchan Gupta	CS	-	-	-
Remuneration	Divyani Kostha	CS	-	5.67	4.15
Remuneration	Ravindra J Pise	CEO	-	-	-
PROFESSIONAL CHARGES	Shri Pawan Jain	Director	-	-	9.00
Building Rent	Smt. Asha Jain	Director	28.08	17.08	10.50
Building Rent	Shri Pawan Jain	Director	-	13.16	19.74
Lease Rent	Shri Pawan Jain	Director	-	-	0.94
Lease Rent	Smt. Asha Jain	Director	0.10	0.94	-
Rent	Pavna Goyam Auto PvtLtd	Fellow Subsidiary	20.48	-	-
Trade Mark Royalty	Shri Pawan Jain	Director	-	-	54.93
Trade Mark Royalty	Smt. Asha Jain	Director	76.93	79.19	42.80
	Sales & Purchase				
	SSPL & PIL		368.59	178.92	73.53
	PAEPL & PIL		2,295.54	101.61	58.83
	PIL & SSPL		242.99	659.36	518.42
	PIL & PAEPL		239.19	830.25	266.34
	PIL & PSAPL		0.58	5.69	0.96
	Pavna Sun World Autotech Pvt Ltd		-	-	42.41
	Pavna Auto Engineering Pvt. Ltd.		-	-	133.55
	PSAPL & PIL		11.46	1.13	-
	PIL & PMPL		100.81	1,308.36	2,176.04
	PMPL & PIL		2,695.60	134.45	150.64
	PGPL & PIL		238.71	3,842.45	-
	PIL & PGPL		967.81	0.78	-
	PAEPL & SSPL		-	0.15	0.84
	PAEPL & PMPL		2.39	132.90	15.43
	SSPL & PMPL		13.5	1,381.92	2.10
	PSAPL & PMPL		0.02	21.94	0.08
	PMPL & PAEPL		0.83	8.47	486.95
	PMPL & SSPL		278.58	4.39	1,009.89
	PMPL VS PSPL		14.54	-	10.46
	PGAPL & PAEPL		-	12.37	-
Sale / Purchase of Fixed Ass	SSPL & PIL		44.26	-	-
	Investment of Shares- Sales/ Purchase				
Share Purchase	Pavna Auto Engineering Pvt. Ltd.	Subsidiary Company	-	-	184.74
Share Purchase	Pavna Goyam Auto Pvt. Ltd.	Subsidiary Company	-	255.00	-
	Security Deposits				
Security Deposit	Shri Pawan Jain	Director	-	-	350.00
Security Deposit	Smt. Asha Jain	Director	-	-	25.00
Security Deposit	Shri Swapnil Jain	Managing Director	-	-	25.00
	Short Term Loans & Advances				
Advances	Pavna Goyam Auto Pvt. Ltd.	Subsidiary Compan	100.00	150.00	-
Guarantee Given	Pavna Goyam Auto Pvt. Ltd.		-	-	-

Pavna Industries Limited

Summary of significant accounting policies and other explanatory information for the year ended

(All amounts are in lacs(₹), unless otherwise specified)

Note No.- Related Party Disclosure - Contd..

C. Details of related party balances as at year end:

Nature of Transactions	Name of Related Party	Relationship	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Loan Taken	Smt. Asha Jain	Director	95.00	202.56	-
Loan Taken	Shri Swapnil Jain	Director	269.00		
Loan Taken	Shri. Niti Phulpagar	Director		349.61	334.61
Loan Taken	Shri. Lokesh Phulpagar	Director		128.76	91.44
Loan Taken	Shri. Gautam Premchand Phulpagar	Director		20.00	-
Loan Taken	Shri. Pankaj Phulpagar	Director		652.14	242.14
Loan Taken	PJ Wealth Management & Consultants	Entity having substantial	790.00	972.38	993.62
	Creditors & Debtors				
	PIL & SSPL		231.76	303.79	89.84
	PIL & PMPL		216.05	121.67	77.04
	PIL & PSAPL		64.34	3.93	-
	PIL & PAEPL		193.16	30.43	65.67
	PAEPL & PIL			3.07	20.08
	PGAPL & PIL		37.83	1,287.72	-
	PAEPL & PMPL			8.89	282.14
	PGAPL & PAEPL			0.80	-
	SSPL & PMPL		89.94	366.47	107.03
	SSPL & PAEPL				0.33
	PSAPL & PMPL		1.77	8.01	9.83
	Shri Pawan Jain	Managing director		-	0.40
	Smt. Asha Jain	Whole time director	2.86	2.30	0.69
Investments	Swapnil Switches Pvt. Ltd.	Subsidiary company	197.76	197.76	197.76
Investments	Pavna Marketing Pvt Ltd	Subsidiary company	10.00	10.00	10.00
Investments	Pavna Sun World Autotech Pvt Ltd	Subsidiary company	71.50	71.50	71.50
Investments	Pavna Auto Engineering Pvt. Ltd.	Subsidiary company	684.77	684.77	684.77
Investments	Pavna Goyam Auto Pvt. Ltd.	Subsidiary company	255.00	255.00	255.00
Security Deposit	Shri Pawan Jain & Smt. Asha Jain	Managing director	300.00	300.00	300.00

Pavna Industries Limited
Restated Notes to the financial statements
(All amounts are in lacs(₹), unless otherwise specified)

36 Capital management

The Company's capital includes issued share capital and all other distributable reserves. The primary objective of the Company's capital management is to maximise shareholder value and to maintain an optimal capital structure to reduce the cost of capital. The Company have short term borrowings.

Companies Debt equity ratio is:

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Debt*	13,674.58	11,987.06	5,804.01
Equity	1,218.08	609.04	609.04
Debt to equity ratio	11.23	19.68	9.53

* Debt includes short term borrowings + interest accrued - cash and cash equivalents

37 Employee benefits

The Company has adopted Indian Accounting Standard (Ind AS) - 19 on Employee Benefit as under :

Defined contribution plans	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
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The company makes contribution towards employee's provident fund and employee's state insurance. The company has recognised following as contribution towards these schemes.

	196.01	171.49	120.87
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Defined benefit plans

Gratuity

The Company has a defined benefit gratuity plan. Every employee is entitled to gratuity as per the provisions of the Payment of Gratuity Act, 1972. The liability of Gratuity is recognized on the basis of actuarial valuation.

Salary increases	Actual salary increases will increase the plan's liability. Increase in salary increase rate assumption in future valuations will also increase
Discount rate	Reduction in discount rate in subsequent valuations can increase the
Mortality & disability	Actual deaths and disability cases proving lower or higher than assumed in the valuation can impact the liabilities.
Withdrawals	Actual withdrawals proving higher or lower than assumed withdrawals and change of withdrawal rates at subsequent

Amounts recognised in the balance sheet:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Present value of the obligation	384.36	361.35	317.21
Current liability (amount due within one year)	153.05	141.37	139.81
Non-current liability (amount due over one year)	154.99	219.98	177.40

Loss recognised in other comprehensive income:

Particulars	For the year ended	For the year ended	For the year ended
Actuarial loss recognised during the year	(45.43)	(19.12)	(5.77)

Expenses recognised in statement of profit and loss

Particulars	For the year ended	For the year ended	For the year ended
Current service cost	47.65	54.22	41.51
Interest cost	23.19	18.83	16.83
Cost recognised during the year	50.63	73.05	58.34

Movement in the liability recognised in the balance sheet is as under:

Particulars	For the year ended	For the year ended	For the year ended
Present value of defined benefit obligation at the beginning of the year	361.35	317.21	280.80
Current service cost	47.65	54.22	41.51
Interest cost	23.19	18.83	16.83
Actuarial (gain)/loss net	-	-	-
Actuarial loss on arising from change in demographic assumption	-	-	-
Actuarial loss on arising from change in financial assumption	(8.92)	(6.25)	(0.15)
Actuarial loss on arising from experience adjustment	(36.51)	(12.87)	(5.62)
Benefits paid	(2.40)	(9.79)	(16.16)
Present value of defined benefit obligation at the end of the year	384.36	361.35	317.21

For determination of the liability of the Company the following actuarial assumptions were used:

Particulars	For the year ended	For the year ended	For the year ended
Discount rate	7.20%	6.70%	6.30%
Salary escalation rate	5.00%	5.00%	5.00%
Retirement age (Years)	58 Years	58 Years	58 Years
Withdrawal rate	10.00%	10.00%	10.00%
Weighted average duration of PBO	7 Years	7 Years	7 Years

Mortality rates inclusive of provision for disability -100% of IALM (2012 – 14)

Sensitivity analysis for gratuity liability:

Particulars	For the year ended	For the year ended	For the year ended
a) Impact of the change in discount rate			
Present value of obligation at the end of the year			
Impact due to increase of 1 %	11.40	9.28	7.04
Impact due to decrease of 1 %	10.10	10.54	8.03
b) Impact of the change in salary increase			
Present value of obligation at the end of the year			
Impact due to increase of 1 %	11.54	10.62	8.06
Impact due to decrease of 1 %	10.39	9.50	7.18

Sensitivities due to mortality and withdrawals are not material. Hence impact of change is not calculated

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement and life expectancy are not applicable being a lump sum benefit on retirement

38 Segment information

The company operates in a single reportable segment, for the purpose of Ind AS 108 "Operating Segment", is considered to be the only reportable business segment. The Company derives its major revenues from the activities related to real estate construction and its customers are in India only.

40 Disclosure under Ind AS 115 - Revenue from Contracts with Customer**I. Disaggregation of revenue**

Description	For the year ended	For the year ended	For the year ended
Sale of products	36,170.62	31,561.19	21,940.72
Sale of services	-	-	-
Scrap sales	-	-	-

(II) Contract Assets and Contract Liabilities

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Trade receivable	5,202.73	5,009.22	3,825.53
Contract Assets - Accrued revenue	-	-	-
Contract Liabilities - Advance from customer	99.16	120.27	130.92

(III) Movement of Contract liabilities

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Amounts included in contract liabilities at the beginning of the year	120.27	130.92	369.78
Amount received during the year (Net of refund)	(18.04)	(3.50)	(232.82)
Performance obligations satisfied in current year	3.08	7.15	6.03
Amounts included in contract liabilities at the end of the year	99.16	120.27	130.92

41 Leases**a) Company as a lessee**

The company has leases for office space and buildings. With the exception of short term leases and leases of low value underlying assets, each lease is reflected on the balance sheet as a right of use assets and a lease liability. The company has presented its right of use assets in the balance sheet separately from other assets.

Each lease generally imposes a restriction that unless there is contractual right for the company to sublease the assets to another party, the right of use assets can only be used by the company. The company is Prohibited from selling or pledging the underlying assets as security.

i. Lease Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022	As at 31 March 2021
Current	28.87	38.64	23.78
Non-Current	175.62	204.12	165.96

Additions to the right of use assets during the year were Nil

(ii) Amount recognised in Profit or loss

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation on right of use assets	45.94	36.33	18.79
Interest on lease liabilities (included in interest expense)	21.35	18.21	14.80
Expense relating to short term leases	6.68	44.31	107.94
Net Impact on Statement of Profit or loss	73.97	98.85	141.53

RAJEEV KUMAR & COMPANY

CHARTERED ACCOUNTANTS

B-120, CENTRE POINT

MARRIS ROAD, ALIGARH-202001

+91-8057555520 Telephone (O)

+91-9837068178 Mobile (P)

auditors.aligarh@gmail.com

www.rkcompanyca.com

Independent Auditor's Limited Review Report on the Quarterly and Year to Date Unaudited Consolidated financial results of PAVNA INDUSTRIES LIMITED pursuant to regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

To the Board of Directors of PAVNA INDUSTRIES LIMITED

1. We have reviewed the accompanying Statement of unaudited Consolidated financial results of PAVNA INDUSTRIES LIMITED ("the Holding Company") and its Subsidiaries (the company and its subsidiaries together referred to as the group) for the quarter ended September 30, 2023 and year to date from April 01, 2023 to September 30, 2023 (the "Statement") being submitted by the holding company pursuant to requirement of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Holding Company's management and approved by the Board of Directors of the Holding Company, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is typically less in scope than an audit and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



We also performed procedures in accordance with the circular no. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by Securities and Exchange Board of India under Regulation 33(8), of the Listing Regulations, to the extent applicable.

4. The Statement includes the results of the following entities:-

I. Pavna Industries Limited (the Holding Company)

II. Pavna Sunworld Autotech Private Limited (Subsidiary of the Company)

III. Pavna Auto Engineering Private Limited (Subsidiary of the Company)

IV. Pavna Marketing Private Limited (Subsidiary of the Company)

V. Swapnil Switches Private Limited (Subsidiary of the Company)

VI. Pavna Goyam Auto Private Limited (ceased to be subsidiary w.e.f May 11, 2023)

5. The Statement includes the unaudited interim financial results/ financial information in respect of:

a) Five subsidiaries whose unaudited interim financial results/ financial information reflect total assets of Rs. 6,080 Lacs as at September 30, 2023, total revenues of Rs 2,492.54 Lacs and Rs. 4,603.92 Lacs for the quarter and half year ended September 30, 2023 respectively, total net profit after tax of Rs. 125.94 Lacs and Rs. 209.71 Lacs for the quarter and half year ended September 30, 2023 respectively, total comprehensive income of Rs. 0.27 Lacs and Rs. 6.88 Lacs for the quarter and half year ended September 30, 2023 respectively, as considered in the Statement which have been reviewed by their respective independent auditors.

The independent Auditor's Reports on the unaudited interim financial results/ financial information of the above entities have been furnished to us by the management and our conclusion on the Statement, in so far as it relates to amounts and disclosures in respect of these subsidiaries is based solely on the reports of such auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion is not modified in respect of this matter.

6. Based on our review conducted and procedures performed as stated in paragraph 3 above, and based on the consideration of the review reports of other auditors referred to in paragraph 5 above, nothing has come to our attention that that causes us to believe that the accompanying Statement, prepared in accordance with the



recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Rajeev Kumar & Company
Chartered Accountants
Firm's Registration No.:000633C

CA. Rajeev Kumar
Proprietor
Membership No.: 070103
UDIN: 23070103BGXUSH9396
Place: Aligarh



RAJEEV KUMAR & COMPANY

CHARTERED ACCOUNTANTS

B-120, CENTRE POINT

MARRIS ROAD, ALIGARH-202001

+91-8057555520 Telephone (O)

+91-9837068178 Mobile (P)

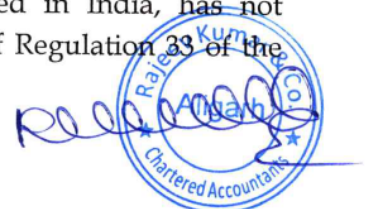
auditors.aligarh@gmail.com

www.rkcompanyca.com

Independent Auditor's Limited Review Report on the Quarterly and Year to date unaudited Standalone financial results of PAVNA INDUSTRIES LIMITED pursuant to regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

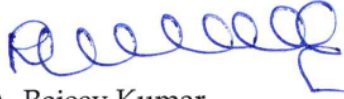
To the Board of Directors of PAVNA INDUSTRIES LIMITED

1. We have reviewed the accompanying statement of unaudited financial results of Pavna Industries Limited ("the company") for the quarter ended September 30, 2023 and year to date from April 01, 2023 to September 30, 2023 ("the Statement") being submitted by the company pursuant to the requirements of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.
2. This statement which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the IND AS 34- Interim Financial Reporting prescribed under Section 133 of Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with the requirements of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. Our responsibility is to express a conclusion on the statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company personnel responsible for financial and accounting matters and applying analytical and other review procedures. A review is typically less in scope than an audit and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.
4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the



Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Rajeev Kumar & Company
Chartered Accountants
Firm's Registration No.:000633C



CA. Rajeev Kumar
Proprietor
Membership No.: 070103
UDIN: 23070103BGXUSG2579
Place: Aligarh
Date: 07 Nov 2023



PAVNA INDUSTRIES LIMITED

Regd Office : Vimlanchal, Hari Nagar, Aligarh, Uttar Pradesh - 202001

Email: info@pavnagroup.com; Website: www.pavna.in

CIN : L34109UP1994PLC016359

Statement of Unaudited Standalone Financial Results for the Quarter ended September 30, 2023 and Unaudited Consolidated Financial results for the Quarter ended September 30, 2023

(Rs. In Lakhs)

S.no.	Particulars	PARTICULARS	Standalone		Consolidated	
			As at September 30, 2023	As at March 31, 2023	As at September 30, 2023	As at March 31, 2023
			Unaudited	Audited	Unaudited	Audited
I	ASSETS					
I	Non-Current Assets					
a	Property, Plant and equipments	5,953.87	5,626.40	6,706.06	8,594.16	
b	Intangible Work-in-progress	23.51	81.40	44.76	103.90	
c	Right of Use assets	35.93	38.71	168.55	185.44	
d	Financial assets					
e	Investments	964.03	1,219.03	769.63	936.39	
f	others	322.64	254.81	24.86	-	
g	Other non-current assets	53.85	58.76	216.98	215.60	
	Sub-total - Non-current assets	7,353.83	7,279.11	7,930.84	10,035.49	
2	Current Assets					
a	Inventories	7,180.23	6,682.00	9,784.88	10,635.41	
b	Financial assets					
c	Trade receivables	4,949.66	4,375.22	5,111.68	5,344.75	
d	Cash and cash equivalents	11.45	16.94	93.34	43.09	
e	Other Bank Balances	4.38	4.50	4.50	4.61	
f	Loans	-	250.00	-	-	
g	Others	16.00	16.00	16.50	16.50	
h	Income tax Assets	110.61	16.83	120.90	67.59	
i	Other Current Assets	844.01	1,053.73	1,176.55	1,725.92	
	Sub-total - Current assets	13,116.34	12,415.23	16,308.36	17,837.87	
	Total -Assets	20,470.17	19,694.34	24,239.20	27,873.36	
II	EQUITY AND LIABILITIES					
I	Shareholders' Funds					
i	Share Capital	1,218.08	1,218.08	1,218.08	1,218.08	
	Other equity	4,999.45	4,515.05	5,568.70	4,948.44	
				1,095.05	1,244.52	
c	Total equity	6,217.53	5,733.13	7,881.83	7,411.04	
2	Non-Current Liabilities					
	Financial liabilities					
	Long-term Borrowings	2,202.37	2,272.33	2,317.53	4,660.51	
	Lease liabilities	35.58	38.86	170.45	175.62	
	Other non current Financial liabilities	-	-	15.00	15.00	
	Provisions	168.97	154.99	246.40	231.31	
	Deferred tax liabilities	41.94	35.91	24.64	51.13	
	Sub-total - Non-current liabilities	2,448.85	2,502.09	2,774.03	5,133.57	
	Current Liabilities					
	Borrowings	7,894.70	6,553.18	8,821.78	9,057.16	
	Lease liabilities	5.62	4.96	19.74	28.87	
	Trade Payables					
	Total outstanding dues of micro enterprises and small enterprises	-	63.92	-	63.92	
	Total outstanding dues of creditors other than micro enterprises and small enterprises	3,520.99	4,293.23	4,076.86	5,317.82	
	Other financial liabilities	284.43	347.43	388.57	472.57	
	Other Current Liabilities	20.41	126.28	87.41	230.85	
	Income tax liabilities	-	-	24.45	4.52	
	Short-Term Provisions	77.63	70.13	164.55	153.05	
	Sub-total - Current liabilities	11,803.79	11,459.13	13,583.35	15,328.76	
	TOTAL - EQUITY AND LIABILITIES	20,470.17	19,694.34	24,239.20	27,873.36	

**SWAP
NIL
JAIN**

Digitally signed by SWAPNIL JAIN
DN: cn=SWAPNIL JAIN, o=PAVNA INDUSTRIES LIMITED, ou=ALIGARH, email=swapnil.jain@pavnagroup.com, c=IN
Date: 2023.10.03 12:03:00 +05'30'



UNAUDITED STANDALONE AND CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED ON 30TH SEPTEMBER 2023
(Rs. in Lakh)

Sr no	Particulars	Standalone		Consolidated	
		Financial Year Ended		Financial Year Ended	
		30.09.2023	30.09.2022	30.09.2023	30.09.2022
A	Cash Flow From Operating Activities	643.85	219.25	905.25	218.81
	Net Profit Before Tax				
	Adjustments for :	419.46	343.59	521.14	569.97
	Depreciation/Amortisation	- 3.76	- 6.94		
	Loss/Profit on sale of asset				
	Loss on sale of shares				
	Prior Period	- 0.18	- 0.35	- 0.18	- 0.94
	Interest Received	445.08	298.93	40.01	11.15
	Finance cost				
	FBT Write off	1,504.45	854.43	1,466.23	798.99
	Operating Profit Before Working Capital Adjustment				
	Adjustment for Changes in Working Capital	- 836.15	- 1,171.08	- 1,304.88	- 1,522.11
	Trade and other payable				
	Long-term provisions	27.42	26.06	26.59	3,244.57
	Short-term provisions	- 105.88	- 170.69	- 143.45	- 383.43
	Other Long Term Liabilities	- 63.00	- 73.85	- 84.00	- 102.78
	Other Current Liabilities	- 574.43	- 167.68	- 233.05	- 1,438.98
	Trade and other Receivables				
	Long Term Loans & Advances				
	Short Term Loans & Advances	214.63	40.46	547.99	182.37
	Other Non Current Assets	- 67.71	- 0.75	- 166.87	- 15.63
	Other Current Assets	- 498.23	- 559.85	- 850.52	- 581.40
	Inventories	- 398.90	- 1,187.54	- 1,758.91	- 3,431.37
	Cash Flow Generated from Operations	- 257.58	- 156.33	- 255.86	- 189.20
	Taxes Paid	- 656.48	- 1,031.21	- 1,503.05	- 3,242.17
	Net Cash flow from Operating activities (A)				
B	Cash Flow From Investing Activities	- 680.08	- 788.83	- 682.65	- 1,051.97
	(Purchase)/Sale of Fixed Assets				
	Purchase of Technical Know How	505.00		505.00	
	Purchase / Sale of Investment				
	Profit on sale of Fixed Asset				
	Loss on Sale of Shares	0.18	0.35	0.18	0.94
	Interest Received	- 174.90	- 788.48	- 177.46	- 1,051.02
	Net Cash Flow from Investing Activities (B)				
C	Cash Flow From Financing Activities				
	Issue of Capital				
	Security Premium	- 2.62	- 8.83	- 14.30	- 19.45
	Payment of Lease liability	1,271.56	262.92	1,230.44	1,964.53
	Proceeds from/ (Repayment of) Borrowing	- 443.06	- 296.24	- 30.59	-
	Finance cost	- 825.89	- 42.14	- 1,275.33	- 1,983.98
	Net Cash Flow From Financing Activities (C)				
	Net Increase/ (Decrease) in Cash and Cash Equivalents (A + B + C)	- 5.49	209.59	50.26	207.17
	Cash & Cash equivalent at the beginning of the year	16.94	12.16	43.09	44.55
	Cash & Cash Equivalent at the end of the year	11.45	212.75	93.35	251.71
	Cash and cash equivalents comprises of :				
	Particulars	30.09.2023	30.09.2022	30.09.2023	30.09.2022
		11.45	212.75	93.34	251.71
	Cash-in-Hand				
	Balance with Banks				
	Balance in FD	11.45	212.75	93.34	251.71
	Total				

**SWAPN
IL JAIN**

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Date: 2023.11.08 12:44:32 +05'30'



PAVNA INDUSTRIES LIMITED, ALIGARH
CIN: L34109UP1994PLC016359

NOTES Forming part of the standalone and consolidated financial results for the quarter and half-year ended September 30, 2023

1. Notes on Financial Statements

- a. The above standalone financial results for the quarter and half-year ended September 30, 2023 and consolidated financial results for the quarter ended and half-year September 30, 2023 were reviewed and recommended by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 7, 2023. Limited review of these financial results for the quarter and half-year ended September 30, 2023 as required under regulation 33 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 has been carried out by the Statutory Auditors of the Company.
- b. The standalone figures for the September quarter for Financial Year 2023-24 are the balancing figures between the unaudited figures in respect of half financial year ended September 30, 2023 and the unaudited figure for first quarter ended June 30, 2023
- c. The consolidated figures for the September quarter for Financial Year 2023-24 are the balancing figures between the unaudited figures in respect of half financial year ended September 30, 2023 and the unaudited figure for first quarter ended June 30, 2023
- d. The company is primarily engaged in single business segment of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles. Hence segment reporting is not applicable.
- e. Pavnna Industries Limited sold its entire shareholding in PGAPL by way of agreement executed on 04th May 2023. The said sale transaction was consummated on 11th May 2023. Accordingly PGAPL ceased to be subsidiary of Pavnna Industries Limited on the said date. The shares were transferred at face value.
- f. The Management has confirmed that adequate provisions have been made for all the known and determined liabilities and the same is not in excess of the amounts reasonably required.
- g. The figures for the corresponding previous year have been re-grouped / re-classified wherever necessary, to make them comparable.

FOR & ON BEHALF OF THE BOARD OF DIRECTORS



**SWAPNI
L JAIN**

SWAPNIL JAIN
Managing Director
DIN: 01542555
Place: Aligarh
Date: 08-11-2023

CAPITALISATION STATEMENT

The following table sets forth our capitalization derived from our Limited Reviewed Financial Information for the six months period ended September 30, 2023, and as adjusted for the Issue:

(₹ in lakhs except for percentages)

Particulars	Pre-Issue as at September 30, 2023	As adjusted for the Issue
Total Borrowings		
Current borrowings (A)	7,941.14	[•]
Non-current borrowings (including current maturity) * (B)	3,198.17	[•]
Total Borrowings (C) = (A+B)	11,139.32	[•]
Total Equity attributable to owners of the parent		
Equity Share Capital (D)	1,218.08	[•]
Reserves and Surplus (E)	5,568.70	[•]
Total Equity attributable to owners of the parent (F) = (D+E)	6,786.78	[•]
Non-Current Borrowings/Total Equity attributable to owners of the parent (B)/(F)	47.12%	[•]
Total Borrowings/ attributable to owners of the parent (C)/(F)	164.13%	[•]

** These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).*

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

The following discussion of our financial condition and results of operations should be read in conjunction with the "Financial Statements" beginning on page 118. Unless otherwise indicated or the context requires, the financial information for Fiscal 2023, Fiscal 2022 and Fiscal 2021 included herein is derived from our Restated Consolidated Financial Statements, as of and for the year ended March 31, 2023 and 2022 and limited reviewed unaudited consolidated financial statements for the six months periods ended September 30, 2023 and September 30, 2022. Financial information as of and for the six months ended September 30, 2023 and 2022 are not indicative of future operating results and are not comparable with annual financial information.

The Restated Consolidated Financial Statements of our Company, its Subsidiaries for the Financial Years ended March 2023, 2022 and 2021 prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other the relevant provisions of the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (revised), 2019, issued by the ICAI. The limited reviewed unaudited consolidated financial statements for the six months periods ended September 30, 2023 and September 30, 2022, have been prepared in accordance with the Companies Act and SEBI Listing Regulations. Our Company publishes its financial statements in Rupees.

Some of the information in this section, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements. You should also read the sections "Risk Factors", "Industry Overview", "Financial Information" and "Our Business" on pages 22, 71, 137 and 99, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

Prospective investors in the Equity Shares are cautioned not to place undue reliance on these forward-looking statements. Unless otherwise specified or the context requires, references in this section to the "Company" or the "Issuer" are to Pavna Industries Limited on a standalone basis, and references to "Group", "we", "us" or "our" are to Pavna Industries Limited and its consolidated subsidiaries, associates and joint venture companies as per Ind AS, as at and during the relevant year or period end and as the context requires.

OVERVIEW OF BUSINESS

We are an engineering-led manufacturer of complex and high-quality automobile components for the automotive sector, primarily supplying to leading automobile companies in India and overseas. We are engaged in manufacturing of wide range of automotive components for reputed Original Equipment Manufacturers (OEMs) as per their requirements primarily catering to various vehicle segments, including, passenger vehicles, two-wheelers, three-wheelers, heavy and light commercial vehicles and off-road vehicles (*Source - CareEdge Report*).

Our Company provides high- quality reliable corridor analogous such as Ignition Switches, Fuel Tank Caps, Latches, Auto Locks, Handles, Switches, Oil Pump, Carburetor, Throttle Body, Fuel Cocks, Injection System, Casting Components and other automotive corridor results for machine operations, serving machine, agricultural and other operations worldwide. We also provide Aftermarket sales and services. Aftermarket products include products manufactured by us such as filters, clutch plates, bearings, wiper blades and brake shoes (*Source - CareEdge Report*).

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

- We supply our products to automobile OEMs, both domestic and international, and any loss of existing relationships or failure to develop new relationships may have a material adverse effect on our growth, business and results of operations;
- We have not entered into any long-term agreements with our customers for purchasing our products. We are subject to uncertainties in demand and there is no assurance that our customers will continue to purchase our products. This could impact the business and financial performance of our Company;
- We also supply our products to automobile "Aftermarket" and failure to supply these products to this market for any reason or loss of existing relationships with distributors and failure to develop relationships with new distributors may have a material adverse effect on our growth, business and results of operations;

- Failure to develop, adopt and deploy new technologies to innovate new products and solutions for the evolving automobile market may have a material adverse effect on our growth, business and results of operations; and
- If we are unable to successfully implement our proposed expansion plans, our results of operations and financial condition could be adversely affected.
- Our business operations require significant working capital. If we experience insufficient cash flows to meet required payments on our working capital requirements, there may be an adverse effect on the results of our operations.

SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidation

The Company consolidate entities which it owns or controls. The Restated consolidated financial statements comprise the restated consolidated financial statements along with Statement of Adjustments to Audited Consolidated Financial Statements of the Company and its subsidiaries (“the Group”). Control exists when the Parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The Company re assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power, including:

- a) the size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- b) potential voting rights held by the Company, other vote holders or other parties;
- c) rights arising from other contractual arrangements; and
- d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated Profit or Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Whenever necessary, adjustments are made to the restated consolidated financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Details of subsidiary company considered in the consolidated accounts:

Particulars	Extent of Ownership / Control as on March 31, 2023
Pavna Marketing Private Limited	100.00%
Pavna Sunworld Autotech Private Limited	74.00%
Pavna Auto Engineering Private Limited	50.74%
Swapnil Switches Private Limited	50.74%
Pavna Goyam Auto Pvt Ltd	51.00% (ceased to exist w.e.f 11 th May 2023)

Basis of preparation of Restated Consolidated Financial Statements

The Restated Consolidated Financial Statements of the Company for the year ended have been prepared using the historical audited general purpose financial statements of the Company as at respective Financial year ended which was prepared under generally accepted accounting principles in India (IND AS) and originally approved by the Board of Directors of the Company at that relevant time.

These Restated Consolidated Financial Information have been prepared by the Management of the Group for the purpose of inclusion in the Draft Letter of Offer ('DLOF') to be filed by the Company with the Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited and BSE Limited in connection with proposed Rights Entitlements or Rights Equity Shares. Restated Consolidated Financial Information as at and for the Financial Years ended on March 31, 2023, 2022 and 2021 which were audited in accordance with the Companies Act, 2013, as amended and the rules framed thereunder ("Companies Act"), the Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") (the "Restated Consolidated Financial Statements") and, Guidance note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance note").

Accounting policies adopted in the preparation of restated consolidated accounts:

The restated consolidated accounts related to Pavna Industries Limited (Holding Company) and its subsidiaries namely (1) Pavna Marketing Private Limited (PMPL), (2) Pavna Sunworld Autotech Private Limited (PSAPL), (3) Swapnil Switches Private Limited (SSPL) and (4) Pavna Auto Engineers Private Limited (PAEPL) (5) Pavna Goyam Auto Pvt Ltd. (hereinafter collectively referred as "Subsidiary Companies"), have been prepared in accordance with IND AS - 110 "Consolidated Financial Statements" issued by the Institute of Chartered Accountants of India.

The Restated Consolidated Financial Information:

- a) have been prepared based on line-by-line consolidation by adding together the book values of each & every item like Assets, Liabilities, Income and Expenses as per the accounts of the Holding Company and its Subsidiary Company and intra group balances/ intra group transactions have been eliminated.
- b) have been prepared after incorporating adjustments in respect of changes in accounting policies, material errors and regrouping/reclassifications, as may be applicable, retrospectively in the financial years ended March 31, 2021 and March 31, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2023.
- c) do not require any adjustment for qualification as there are no qualifications in the underlying audit reports.
- d) The accounting policies have been consistently applied by the group in preparation of the Restated Consolidated Financial Information and are consistent with those adopted in the preparation of Restated Consolidated Financial Information for the year ended March 31, 2023. These Restated Consolidated Financial Information do not reflect the effects of events that occur subsequent to the respective dates of Auditor's report on the audited consolidated financial statements mentioned above.

The Restated Consolidated Financial Statements have been prepared using uniform policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the holding company's individual accounts.

Historical Cost Convention

The Restated Consolidated Financial Information have been prepared on the Historical cost basis, except for the following items:

- Certain Financial Assets and liabilities measured at Fair Value.
- Defined benefit plans- plan assets measured at fair value.

Estimates and Assumptions:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the restated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

b. Current versus non-current classification

The Company presents assets and liabilities in the restated consolidated balance sheet based on current/ non-current classification.

Assets:

An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities:

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

C. Property, Plant & Equipment

Property, plant and equipment and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Such cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct services, any other costs directly attributable to bringing the assets to its working condition for their intended use and cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

An item of property, plant and equipment and any significant part initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss within other income.

Depreciation: Depreciation is provided using the Straight Line Method as per useful life specified in schedule II to the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of additions. On assets sold, discarded, etc. during the year, depreciation is provided up to the date of sale/discard. Further, the Schedule II to the Companies Act, 2013 requires that useful life and depreciation for significant components of an asset should be determined separately. The identification of significant components is matter of technical judgment and is decided on case to case basis; wherever applicable.

Asset	Estimated useful life
Plant & equipment	8 years
Office equipment	10 years
Computers and Computer peripherals	3 years
Building	30 years
Car	8 years
Furniture and fixture	10 years

c. Intangible Assets

Recognition and measurement

Intangible assets that are acquired by the Company to be measured initially at cost. Intangible assets with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Software purchased by the Company are amortized on a straight line basis over 5 Years.

Amounts paid towards technical know-how fees for specifically identified projects/products being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product, i.e. the estimated period of 60 to 72 months on straight line basis based on past trends, commencing from the month of commencement of commercial production.

Technical knowhow

Amounts paid towards technical know-how fees for specifically identified projects/products being development expenditure incurred towards product design is carried forward based on assessment of benefits arising from such expenditure. Such expenditure is amortized over the period of expected future sales from the related product commencing from the month of commencement of commercial production.

d. Borrowing costs

Borrowing costs consists of interest and amortization of ancillary costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

e. Foreign currencies

Functional and presentational currency

The Company's restated consolidated financial statements are presented in Indian Rupees (₹) which is also the Company's functional currency. Functional currency is the currency of the primary economic environment in

which a Company operates and is normally the currency in which the Company primarily generates and expends cash. All the financial information presented in ` except where otherwise stated.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at the functional currency spot rates at the date the transaction first qualifies for recognition.

Restated Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The company is not dealing in any kind of derivatives.

f. Revenue Recognition

Revenue to be recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue to be measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Sale of goods

The Company recognized revenue when (or as) a performance obligation was satisfied, i.e. when ‘control’ of the goods underlying the particular performance obligation

were transferred to the customer. Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned or deferred revenue is recognised when there is billings in excess of revenues.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

Use of significant judgments in revenue recognition:

The Company's contracts with customers could include promises to transfer products to a customer. The Company assesses the products promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgment to determine the deliverables and the ability of the customer to benefit independently from such deliverables.

b) Judgment is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.

e) The Company uses judgment to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract.

f) The Company exercises judgment in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.

Rendering of services

Revenue from services rendered is recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

Job work and development charges are recognized upon full completion of the job work and development services and when all the significant risks and rewards of ownership of the goods have been passed to the buyer, on delivery of the goods and no significant uncertainty exists regarding the collection of the consideration.

g. Interest income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in the statement of profit and loss

h. Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first in, first out basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. The Cost in case of Work-in-Progress and finished goods to be inclusive of allocable manufacturing overheads. The Provision for obsolescence to be made whenever necessary.

i. Leases

Finance lease

Leases of property, plant and equipment are classified as finance leases where the lessor has substantially transferred all the risks and rewards of ownership to the Company.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Indian Accounting Standard (Ind AS) 116, Leases, was notified as part of the Companies (Indian Accounting Standards) (Amendment) Rules, 2019, issued by the Ministry of Corporate Affairs, Government of India, vide notification dated March 30, 2019. These Rules came into force w.e.f. April 1, 2019. Accordingly, Ind AS 116, comes into effect in respect of annual reporting periods beginning on or after 1st April, 2019.

g. Employee's Benefits

Short Term Employee Benefits

All employee benefits expected to be settled wholly within twelve months of rendering the service are classified as short-term employee benefits. When an employee has rendered service to the Company during an accounting period, the Company recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service as an expense unless another Ind AS requires or permits the inclusion of the benefits in the cost of an asset. Benefits such as salaries, wages and short-term compensated absences, bonus and ex-gratia etc. are recognised in statement of profit and loss in the period in which the employee renders the related service.

A liability is recognised for the amount expected to be paid after deducting any amount already paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. If the amount already paid exceeds the undiscounted amount of the benefits, the Company recognises that excess as an asset /prepaid expense to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a statutory authority and will have no legal or constructive obligation to pay further amounts.

Retirement benefits in the form of Provident Fund is a defined contribution scheme and contributions paid/payable towards Provident Fund and Employee state insurance scheme (ESI) are recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. Vesting occurs upon completion of five years of service. The Company accounts for the liability for gratuity benefits payable in future based on an independent actuarial valuation report using the projected unit credit method as at the year end.

The obligations are measured at the present value of the estimated future cash flows. The discount rate is generally based upon the market yields available on Government bonds at the reporting date with a term that matches that of the liabilities.

Re-measurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest and if applicable), is reflected immediately in Other Comprehensive Income in the statement of profit and loss. All other expenses related to defined benefit plans are recognised in statement of profit and loss as employee benefit expenses. Re-measurements recognised in Other Comprehensive Income will not be reclassified to statement of profit and loss hence it is treated as part of retained earnings in the statement of changes in equity. Gains or losses on the curtailment or settlement of any defined

benefit plan are recognised when the curtailment or settlement occurs. Curtailment gains and losses are accounted for as past service costs.

h. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

The expense relating to a provision is presented in the statement of profit and loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. The unwinding of discount is recognised in the statement of profit and loss as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

i. Financial instruments

A financial instrument is a contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.

Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, restated financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

De-recognition

A financial asset (or, where applicable, a part of a financial asset) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

- (i) The contractual rights to receive cash flows from the asset has expired, or
- (ii) The Company has transferred its contractual rights to receive cash flows from the financial asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's restated financial liabilities include trade and other payables, security deposits received etc.

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at amortised cost
- Financial liabilities at fair value through profit and loss (FVTPL)

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

j. Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

Financial assets that are debt instruments, and are initially measured at fair value with subsequent measurement at amortised cost e.g., trade and other receivables, security deposits, loan to employees, etc. The Company to be follows 'simplified approach' for recognition of impairment loss allowance for trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it to be recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss.

Impairment of non-financial assets

The restated carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit ('CGU') is the greater of its value in use or its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets ('CGU').

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

Impairment losses recognised in prior periods are assessed at end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

n. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the restated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the restated consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

o. Taxes on Income

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income (OCI) or in equity). Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for restated consolidated financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

p. Cash and cash equivalents

Cash and cash equivalent in the restated consolidated balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash balance on hand, cash balance at banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

q. Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to the shareholders of the Company by the weighted average number of equity shares outstanding as at the end of reporting period. Diluted EPS amounts are calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

We have also calculated EPS amount by dividing the profit for the year attributable to the shareholders of the Company by actual outstanding number of equity shares as at the end of reporting period.

r. Contingent liabilities and contingent assets

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the restated consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

s. Segment Reporting

The Group is primarily engaged in the business of manufacture of auto components for two wheeler, four wheelers and commercial vehicle industry, which are governed by the same set of risks and returns but subject to the geographical industry trends and hence the Group's business activities fall within a single primary business segment. Hence disclosure of Segment wise information is not applicable under IND AS – 108. Geographical segment is not material and hence not reported.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

There has been no change in accounting policies in last 3 years.

RESULTS OF OPERATIONS

Description of the major components of revenue and expense items:

Revenue from Operations

Revenue from operations across from product verticals comprises

- (i) Ignition Switches
- (ii) Die Cast Components
- (iii) Engine Components
- (iv) Handle Bar switches
- (v) Lock Accessories

Other Income

Other income comprised interest income, rent received, foreign exchange fluctuation gain(net), profit on asset sale.

Expenses

Expenses comprised of cost of materials consumed, changes in inventories of stock in trade, employee benefits expense, finance costs, depreciation and amortization expenses and other expenses. Our largest amount of expenditure is cost of materials consumed.

Cost of material consumed

Cost of material Consumed include value of inventory of raw material, packing material and accessories at the beginning of the period along with value purchased during the period less value at the end of period.

Changes in inventories of stock in trade

Changes in inventories of stock in trade comprises of expenses attributable to an increase or decrease in inventory levels of finished goods and trading material.

Employee benefits expense

Employee benefits expense comprised of salary, wages and bonus, contribution to provident funds and other funds, gratuity and employee welfare expenses.

Finance cost

Finance cost comprised interest on working capital facilities, term loans, interest on unsecured loans and bank charges and other processing charges.

Depreciation and amortization expenses

Depreciation and amortization expenses comprised depreciation on property, plant and equipment and amortization of intangible assets, right to use and investment property.

Other expenses

Other expenses primarily comprise of, power fuel and electricity, consumption of stores and spares, professional charges, die casting and job work charges, rent, Repairs and Maintenance, freight & transportation expenses, printing & painting expenses and Miscellaneous expenses among other.

Tax expense

Our tax expense or credit for the period represents the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences.

Our Results of Operations

The following table sets forth, for the limited reviewed unaudited consolidated financial results for the six months period ended September 30, 2023 and September 30, 2022, certain items derived from our Summary Statements, in each case also stated as a percentage of our total income:

(₹ in lakhs)

Particulars	Six months period ended September 30, 2023		Six months period ended September 30, 2022	
	Amount	(%)	Amount	(%)
Revenue				
Revenue from Operations	15556.67	98.31%	18876.53	99.54%
Other Incomes	267.46	1.69%	87.32	0.46%
Total Income	15824.13	100.00%	18963.85	100.00%
Expenses				
Cost of Material Consumed	9077.68	57.37%	10507.50	55.41%
Purchase of Stock-in-Trade	2067.05	13.06%	2170.68	11.45%
Changes in inventories of finished goods, stock-in trade and work-in-progress	(1145.36)	0.00%	(194.42)	0.00%
Employee Benefit Expenses	1633.88	10.33%	2056.72	10.85%
Other Expenses	2220.53	14.03%	3143.52	16.58%
Total Operating Expenses	13853.78	87.55%	17683.99	93.25%
EBIDTA	1970.35	12.45%	1279.86	6.75%
Less: Depreciation and Amortisation Expenses	521.14	3.29%	569.97	3.01%
Less: Finance Cost	543.96	3.44%	491.07	2.59%
Profit Before Tax	905.25	5.72%	218.81	1.15%
Less: Income Tax Expenses	220.13	1.39%	113.82	0.60%
Profit After Tax	685.12	4.33%	104.99	0.55%

Result of operation for last 6 (six) months ending September 30, 2023

Revenue

Our total Income was ₹15,824.13 Lakhs for the last six months ended in September 30, 2023, which comprises of revenue from operations of ₹15,556.67 and other income of ₹. 267.46 lakhs.

Revenue from Operations

Our revenue from operations was ₹ 15,556.67 lakhs for the six months period ended September 30, 2023, which comprised of revenue from sale of manufactured products and services.

Other Income

Our other income was ₹267.46 lakhs for the six months period ended September 30, 2023, which primarily due to miscellaneous income of ₹230.42 lakhs from other non-operating income.

Expenses

Cost of materials consumed

Cost of materials consumed were ₹ 9,077.68 lakhs for the six months' period ended September 30, 2022. Cost of materials consumed was 57.37% of our total income for the six months ended September 30, 2023.

Changes in inventories

Changes in inventories comprises of stock in trade were ₹ (1145.36) lakhs, for the six months period ended September 30, 2023.

Employee Benefits Expenses

Employee benefits expenses were ₹ 1,633.88 lakhs for the six months period ended September 30, 2023, which primarily included salaries, wages and bonus of ₹1,269.52 lakhs and balance includes contribution to provident, gratuity, compensated absences and employee welfare. Employee benefits expenses were 10.33% of our total income for the six months ended September 30, 2023.

Other Expenses

Other expenses were ₹2,220.53 lakhs for the six months period ended September 30, 2023, which primarily included Die-casting /Job work changes of ₹536.00 Lakhs, Consumption of stores, spare parts and others(indigenous) of ₹448.58 lakhs, freight & forwarding expenses of ₹171.15 lakhs, Power and Fuel Costs of ₹334.86 Lakhs and legal and professional fees of ₹ 87.61 lakhs among others. Other expenses were 14% of our total income for the six months ended September 30, 2023.

Finance Expense

Our finance expenses were ₹543.96 lakhs for the six months' period ended September 30, 2023, which primarily included interest expense of ₹476.54 lakhs, and other borrowing costs of ₹43.91 lakhs. Finance expenses were 3.44% of our total income for the six months ended September 30, 2023.

Depreciation and Amortization Expense

Our depreciation and amortization expenses were ₹521.14 lakhs for the six months' period ended September 30, 2022, which was 3.29% of our total income.

Income tax expense

Our total tax expense was ₹220.13 lakhs for the six months period ended September 30, 2023, which was primarily on account of current income tax expense of ₹222.48 lakhs, less deferred tax expense of prior year ₹ 2.35 lakhs.

Profit before tax

As a result of the foregoing, our profit before tax for the six period months period ended September 30, 2023 was ₹905.25 lakhs. Profit before tax was 5.72% of our total income for the six months ended September 30, 2023.

The following table sets forth, for the fiscal year 2023, 2022 and 2021 indicated, certain items derived from our Consolidated Financial Statements, in each case also stated as a percentage of our total income:

Particulars	Fiscal March, 2023		Fiscal March, 2022		Fiscal March, 2021	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
Revenue From Operations	36222.2	99.46%	31,561.19	99.56%	21,940.72	99.79%
Other Income	194.88	0.54%	139.68	0.44%	46.56	0.21%
Total Income	36417.08	100.00%	31,700.87	100.00%	21987.27	100.00%

Particulars	Fiscal March, 2023		Fiscal March, 2022		Fiscal March, 2021	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
Operating Expenses						
Cost of Material Consumed	19922.94	54.71%	17974.81	56.70%	10,603.58	48.23%
Purchase of Stock in Trade	3823.49	10.50%	4323.03	13.64%	4563.27	20.75%
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	-559.51	0.00%	-2114.15	0.00%	-1289.47	0.00%
Employee Benefits Expenses	3905.68	10.72%	3534.87	11.15%	2361.86	10.74%
Other Expenses	5845.27	16.05%	4873.98	15.37%	3698.2	16.82%
Total Operating Expenses	32937.87	90.45%	28592.54	90.19%	19937.44	90.68%
EBIDTA	3479.21	9.55%	3,108.33	9.81%	2,049.83	9.32%
Less: Depreciation and Amortisation Expenses	1181.34	3.24%	919.13	2.90%	599.14	2.72%
Less: Finance Cost	1087.28	2.99%	920.78	2.90%	590.41	2.69%
Profit Before Tax	1210.59	3.32%	1,268.42	4.00%	860.28	3.91%
Less: Income Tax Expenses	347.02	0.95%	353.03	1.11%	284.07	1.29%
Profit After Tax	863.57	2.37%	915.39	2.89%	576.21	2.62%

Result of operation for fiscal year ending 31st March, 2023

Revenue

Our total income was ₹36417.08 lakhs for the fiscal year ended March 31, 2023, which comprises of revenue from operations of ₹ 36222.2 lakhs and other income of ₹194.88 lakhs.

Revenue from Operations

Our revenue from operations was ₹ 36222.2 lakhs for the fiscal year ended March 31, 2023, which comprised of revenue from sale of manufactured products of ₹36,170.62 lakhs and other operating revenue of ₹ 51.58 lakhs.

Other Income

Our other income was ₹ 194.88 lakhs for the fiscal year ended March 31, 2023 which primarily due to sale of Property, Plant and Equipment of ₹ 75.26 lakhs, and rental income of ₹36.60 lakhs amongst others.

Expenses

Cost of materials consumed

Cost of materials consumed were ₹19,922.94 lakhs for the fiscal year ended March 31, 2023. Cost of materials consumed was 54.71% of our total income for the fiscal year ended March 31, 2023.

Changes in inventories

Changes in inventories comprises of stock in trade were ₹ (559.51) lakhs for the fiscal year ended March 31, 2023.

Employee Benefits Expenses

Employee benefits expenses were ₹3,905.68 lakhs for the fiscal year ended March 31, 2023, which primarily included salaries, wages and bonus of ₹3,278.30 lakhs and balance includes contribution to provident, gratuity, and employee welfare. Employee benefits expenses was 10.72% of our total income for the fiscal year ended March 31, 2023.

Other Expenses

Other expenses were ₹5,845.27 lakhs for the fiscal year ended March 31, 2023, which primarily included Die-casting/ Job work charges of ₹1,973.83 lakhs, Power and Fuel costs of ₹943.66 lakhs, Consumption of stores and spares costs of ₹578.12 Lakhs and Freight and forwarding expenses of ₹364.52 lakhs among others. Other expenses were 16.05% of our total income for the fiscal year ended March 31, 2023.

Finance Expense

Our finance expenses were ₹1087.28 lakhs for the fiscal year ended March 31, 2023, which primarily included interest expense of ₹ 991.89 lakhs, other borrowing costs of ₹44.48 lakhs among others. Finance expenses were 2.98% of our total income for the fiscal year ended March 31, 2023.

Depreciation and Amortization Expense

Our depreciation and amortization expenses were ₹1,181.34 lakhs for the fiscal year ended March 31, 2023, which was 3.24% of our total income.

Income tax expense

Our total tax expense was ₹347.02 lakhs for the fiscal year ended March 31, 2023, which was primarily on account of current income tax expense of ₹310.31 Lakhs, deferred tax credit of ₹36.71 lakhs.

Profit before tax

As a result of the foregoing, our profit before tax for the fiscal ended March 31, 2023 was ₹ 1,210.58 lakh

Comparison of Historical Results of Operations

Fiscal 2023 compared to Fiscal 2022

Revenue

Total income increased by 14.88% to ₹ 36,417.08 lakhs for Fiscal 2023 from ₹ 31,700.87 lakhs for Fiscal 2022, primarily due to an increase in revenue from operations.

Revenue from Operations

Revenue from operations increased by 14.77% to ₹36,222.20 lakhs for Fiscal 2023 from ₹31,561.19 lakhs for Fiscal 2022 primarily due to an increase in volume of sales of our products as a result of our growth strategy as well as improved industry conditions.

Other Income

Other income increased by 39.52% to ₹ 194.88 lakhs for Fiscal 2023 from ₹ 139.68 lakhs for Fiscal 2022, primarily due to sale of property, plant and equipment as well as rent income.

Cost of materials consumed

Cost of materials consumed increased by 10.84% to ₹ 19,922.94 lakhs for Fiscal 2023 from ₹ 17,974.81 lakhs for Fiscal 2022. This increase was primarily due to an increase in our Company's requirement for raw materials and components purchase for our Company's production.

Changes in Inventories of finished goods and Purchase of Stock in Trade

During Fiscal 2023 Changes in Inventories of finished goods and Purchase of Stock in Trade was ₹ 3298.63 lakhs and the in fiscal this was ₹2,208.88 lakhs.

Employee Benefits Expense

Employee benefits expense increased by 10.49% to ₹3,905.68 lakhs for Fiscal 2023 from ₹ 3,534.87 lakhs for Fiscal 2022. Increase in employee benefits expense was primarily due to increase in the salaries, wages and bonus expenses from ₹ 2,972.82 lakhs in Fiscal 2022 to ₹ 3,278.30 lakhs in Fiscal 2023 on account of increments.

Other Expenses

Other expenses increased by 19.93% to ₹ 5,845.27 lakhs for Fiscal 2023 from ₹ 4,873.98 lakhs for Fiscal 2022, primarily attributable to i) Die-casting/job work Changes to ₹ 1,973.83 lakhs in Fiscal 2023 from ₹ 1,739.47 lakhs in Fiscal 2022 ii) Power and Fuel charges to ₹ 943.66 lakhs in Fiscal 2023 from ₹ 806.14 lakhs in Fiscal 2022.

Finance Costs

Finance expenses increased by 18.08% to ₹1,087.28 Lakhs for Fiscal 2023 from ₹ 920.78 Lakhs for Fiscal 2022. The Interest expense increased to ₹ 991.89 lakhs in Fiscal 2023 from ₹ 776.39 lakhs in Fiscal 2022, primarily on account of increase in bank loans. Other Borrowing cost of the company has reduced to ₹44.48 lakhs in Fiscal 2023 from ₹99.62 lakhs in Fiscal 2022.

Depreciation and Amortisation Expenses

Depreciation and Amortization expense increased by 28.52% to ₹ 1,181.34 lakhs for Fiscal 2023 from ₹ 919.13 lakhs for Fiscal 2022 primarily due to incremental investments into property, plant and machinery during Fiscal 2023 as compared to Fiscal 2022.

Income Tax Expense

Total income tax expense reduced to ₹ 347.02 lakhs for Fiscal 2023 from ₹ 353.03 lakhs for Fiscal 2022, primarily due to decrease in profit before tax.

Profit after tax

As a result of the foregoing, our profit for the year reduced by 5.66% to ₹ 863.56 lakhs for the financial year 2023 from ₹ 915.40 lakhs for the financial year 2022.

FISCAL 2022 COMPARED TO FISCAL 2021

Revenue

Total income increased by 44.18% to ₹ 31,700.87 lakhs for Fiscal 2022 from ₹ 21,987.27 lakhs for Fiscal 2021, primarily due to an increase in revenue from operations.

Revenue from Operations

Revenue from operations increased by 43.85% to ₹31,561.19 lakhs for Fiscal 2022 from ₹21,940.72 lakhs for Fiscal 2021 primarily due to an increase in volume of sales of our products as a result of our growth strategy as well as improved industry conditions after Covid-19 pandemic and also as we had acquired Pavna Goyam Auto Pvt Ltd in FY 21-22. This has lead to substantial increase in revenue of the company.

Other Income

Other income increased by 200% to ₹ 139.68 lakhs for Fiscal 2022 from ₹ 46.56 lakhs for Fiscal 2021, primarily on account of increase of net gain arising on sale of property worth 58.45 lakhs.

Cost of materials consumed

Cost of materials consumed increased by 69.52% to ₹ 17,974.81 lakhs for Fiscal 2022 from ₹ 10,603.58 lakhs for Fiscal 2021. This increase was primarily due to an increase in our Company's requirement for raw materials and components purchase.

Changes in Inventories of finished goods and purchase of stock in trade

During Fiscal 2022 the Changes in Inventories of finished goods and purchase of stock in trade was ₹2,208.88 lakhs and in fiscal 2021 Changes in Inventories of finished goods and purchase of stock in trade were 3273.80. Primarily due to significant changes in opening and closing inventories.

Employee Benefits Expense

Employee benefits expense increased by 49.66% to ₹3,534.87 lakhs for Fiscal 2022 from ₹2,361.86 lakhs for Fiscal 2021. Increase in employee benefits expense was primarily due to increase in the salaries, wages and bonus expenses from ₹1,962.86 lakhs in Fiscal 2021 to ₹ 2,972.82 lakhs in Fiscal 2022 on account of increment on salary.

Other Expenses

Other expenses increased by 31.79% to ₹ 4,873.98 lakhs for Fiscal 2022 from ₹ 3,698.20 lakhs for Fiscal 2021, primarily attributable to i) Die-casting/job work Changes to ₹1,739.47 lakhs in Fiscal 2022 from ₹ 1,178.05 lakhs in Fiscal 2021 ii) Power and Fuel charges to ₹ 806.14 lakhs in Fiscal 2022 from ₹ 572.17 lakhs in Fiscal 2021

Finance Costs

Finance expenses increased by 55.96% to ₹ 920.78 lakhs for Fiscal 2022 from ₹ 590.41 lakhs for Fiscal 2021. The interest expense increased to ₹ 776.39 lakhs in Fiscal 2022 from ₹ 512.49 lakhs in Fiscal 2021, primarily on account of increase in bank loans Other Borrowing cost of the company has increased to ₹99.62 lakhs in Fiscal 2022 from ₹34.93 lakhs in Fiscal 2021.

Depreciation and Amortisation Expenses

Depreciation and amortization expense increased by 53.41% to ₹ 919.13lakhs for Fiscal 2022 from ₹599.14lakhs for Fiscal 2021, increase in depreciation and amortisation expenses was due to Increase in assets by 255 Lakhs. Also PIL acquired Pavana Goyam in FY 21-22. Increase in assets acquired lead to higher depreciation.

Income Tax Expense

Total income tax expense increased to ₹ 353.03 lakhs for Fiscal 2022 from ₹ 284.07 lakhs for Fiscal 2021, primarily as a result of an increase in profit before tax.

Profit after tax

As a result of the foregoing, our profit for the year increased by 58.86% to ₹ 915.40 lakhs for the financial year 2022 from ₹576.22 lakhs for the financial year 2021.

CASHFLOW

Particulars	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net cash flow from operating activities	1,825.45	(2,126.83)	(1,081.97)
Net cash flow from investing activities	(2,308.23)	(3,082.42)	(1,136.68)
Net cash flow from financing activities	481.32	5,216.10	2,110.00
Net increase in cash and cash equivalents	(1.46)	6.84	(108.64)
Add: Balance at the beginning of the year	44.55	37.70	146.34
Cash and cash equivalents at the end of the year	43.09	44.54	37.70

Net Cash Flow from Operating Activities

Fiscal 2023

Our net cash generated from operating activities for Fiscal 2023 was ₹1825.45 lakhs, which was primarily due to movement in working capital. The operating profit before working capital changes is ₹ 3,384.14 This was positively impacted by movement in working capital mainly because of decrease in trade payables by ₹1032.67 lakhs, increase in other assets by ₹ 54.27 lakhs, The same was partially offset by increase in inventories by ₹ 1,454.49 Lakhs, increase in trade receivables by ₹ 193.51 lakhs and adjusted for taxes paid of ₹301.09 lakhs.

Fiscal 2022

Our net cash generated from operating activities for Fiscal 2022 was ₹ (2,126.83) lakhs, which was primarily due to operating profit before working capital changes of ₹3,066.65 lakhs. This was positively impacted, mainly because of decrease in trade payables by ₹ 497.28 Lakhs. The same was partially offset by increase in inventories

by ₹4545.66 lakhs as well increase in trade receivables ₹1,183.46lakhs and adjusted for taxes paid of ₹ 332.63 lakhs.

Fiscal 2021

Our net cash generated from `operating activities for Fiscal 2021 was ₹ (1,081.97) lakhs, which was primarily due to operating profit before working capital changes of ₹ 2,063.67 lakhs. This was positively impacted, mainly because of decrease in trade payables by ₹ 1,279.33 lakhs. The same was partially offset by increase in inventories by ₹ 1,846.03 lakhs and increase in trade receivables by ₹ 866.76 lakhs and adjusted for taxes paid by ₹360.74 lakhs.

Net Cash Flow from Investing Activities

Fiscal 2023

Our net cash used in investing activities for Fiscal 2023 was ₹ (2,308.23) lakhs, which was primarily due to purchase of fixed assets of ₹ 2,474.08 lakhs and sale of fixed assets of ₹163.53 lakhs

Fiscal 2022

Our net cash used in investing activities for Fiscal 2022 was ₹ (3,082.42) lakhs, which was primarily due to purchase to fixed assets of ₹3,193.87 lakhs and Sale of Fixed Assets of ₹ 110.00 lakhs.

Fiscal 2021

Our net cash used in investing activities for Fiscal 2021 was ₹ (1,136.68) lakhs, which was primarily due to purchase to fixed assets of ₹1,138.45 lakhs and interest received of ₹ 1.77 lakhs.

Net Cash Flow from Financing Activities

Fiscal 2023

Our net cash flow from financing activities for Fiscal 2023 was ₹481.32 lakhs, which was due to proceeds of borrowings by ₹1,686.06 lakhs. This was offset by finance cost paid by ₹ 1,044.66 lakhs along with dividend paid of ₹121.81 lakhs.

Fiscal 2022

Our net cash used in financing activities for Fiscal 2022 was ₹ 5,216.10 lakhs, which was due to proceeds from borrowings by ₹6,189.90 lakhs. This was offset by finance cost paid by ₹920.78 lakhs, payment of lease liability of ₹53.02 lakhs.

Fiscal 2021

Our net cash flow from financing activities for Fiscal 2021 was ₹ 2,110.00 lakhs, which was due to repayment in borrowings by ₹ 1,226.26 lakhs, finance cost paid by ₹ 590.41 lakhs payment of lease liability of 14.80 lakhs.

Financial Indebtedness

Please see “Financial Information” for a description of broad terms of our indebtedness on page 137 of this Letter of Offer. In the event our lenders declare an event of default, such current and any future defaults could lead to acceleration of our obligations, termination of one or more of our financing agreements or force us to sell our assets, which may adversely affect our business, results of operations and financial condition.

Off-balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Reservations, Qualifications and Adverse Remarks Included in Financial Statements

There have been no reservations or qualifications or adverse remarks of our Statutory Auditors in the last three fiscal years.

Related Party Transactions

For summary of the related party transactions entered into by our Company for Fiscals 2023, 2022 and 2021, please see “*Financial Information*” beginning on page 137.

Cash and bank balance

The Company held cash and bank balance with credit worthy banks and financial institutions of ₹ 43.09 lakhs, ₹ 44.55 lakhs and ₹ 37.70 lakhs as at March 31, 2023, March 31, 2022 and March 31, 2021, respectively. The credit worthiness of such banks and financial institutions is evaluated by the management on an ongoing basis and is considered to be good.

Quantitative and Qualitative Analysis of Market Risks

Quantitative and Qualitative Analysis of Market Risks Our business exposes us to a variety of financial risks, including credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments if a counter party defaults on its obligations. Our Company’s exposure to credit risk arises majorly from trade receivables/ unbilled revenue and other financial assets. Other financial assets are bank deposits with banks and hence, our Company does not expect any credit risk with respect to these financial assets.

Liquidity risk

Liquidity risk refers to insufficiency of funds to meet the financial obligations. Liquidity risk management implies maintenance of sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit lines to meet obligations when due.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign exchange risk.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

1. Unusual or Infrequent Events or Transactions

Except as described in this Draft Letter of Offer and as mentioned below, there have been no other events or transactions that, to our knowledge, may be described as “unusual” or “infrequent”.

2. Known Trends or Uncertainties

Our business has been affected and we expect that it will continue to be affected by the trends identified above in “Significant Factors Affecting Our Results of Operations and Financial Condition” and the uncertainties described in the section “Risk Factors” beginning on page 22. To our knowledge, except as disclosed in this Draft Letter of Offer, there are no known factors which we expect to have a material adverse effect on our income.

3. Status of any publicly announced New Products or Business Segment

Except as disclosed elsewhere in the Draft Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

4. Future changes in relationship between cost and revenue

Other than as described in “Risk Factors” beginning on page 22 and this section, there are no known factors that might affect the future relationship between cost and revenue.

5. Total turnover of each major industry segment in which the issuer company operates.

For details of the industry please refer to Chapter titled “Industry Overview” beginning on page 22.

6. 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.

7. Competitive Conditions

For details, please refer to the discussions of our competition in the sections “Risk Factors” and “Our Business” beginning on pages 22 and 99, respectively.

8. Seasonality of Business

Our business is seasonal in nature. For details, please refer to chapter “Risk Factors” on page 22.

9. New Products or Business Lines

Our Company has not announced any new product or product vertical.

10. Customer Concentration

We do not have any material dependence on a single or few customers. We have a wide customer base and do not currently have any material dependence on any particular customer. Our top five (5) customers contributed 68.67%, 56.13%, 69.84% and 62.71%, respectively, of total revenue from operations for the six months period ended September 30, 2023 and Fiscals 2023, 2022 and 2021, respectively.

11. Significant Developments Occurring after March 31, 2023

Except as set out in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Letter of Offer which materially or adversely affect or are likely to affect, our operations, trading or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

MARKET PRICE INFORMATION

The Equity Shares were listed on the NSE and BSE. The Face Value of the Equity Share is Rs. 10 per Equity Share. The Equity Shares of our Company were initially listed on NSE Emerge (SME Platform) and has migrated to mainboard platform on June 1, 2023. The Equity Shares being issued pursuant to this Issue, will be listed on the NSE and BSE pursuant to this Issue. For further details, see “Issue Information” on page 218. We have received in-principle approvals for listing of the Equity Shares to be issued pursuant to this Issue from NSE and BSE pursuant to their letters dated [●] and [●], respectively. Our Company will also make applications to BSE and NSE to obtain the trading approvals from the respective stock exchanges for the Rights Entitlements as required under the SEBI ICDR Master Circulars.

For the purpose of this section, unless otherwise specified:

- a) Year is a Financial Year;
- b) Average price is the average of the daily closing prices of our Equity Shares for the year, or the month, as the case may be;
- c) High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of our Equity Shares, for the year, the month, or the week, as the case may be; and
- d) In case of two days with the same high / low / closing price, the date with higher volume has been considered.

Yearly Stock Market Quotation at NSE

The following table sets forth the high, low and average market prices of the Equity Shares recorded on the NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded.

(Data not available for BSE as the company was listed on NSE Emerge)

NSE												
Year	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Year	No. of trading days in the period	Equity Shares traded in the Year (Volume)	Equity Shares traded in the Year (Turnover(₹ in Lakhs)
FY 2021-2022	314	21 st January, 2022	1,600	5.02	165.05	12 th April, 2021	20,800	34.34	194.75	139	5,25,600	1011.86
FY 2022-23	497	18 th August, 2022	4,000	18.18	166.75	25 th Nov, 2022	4,800	8.27	362.26	68	2,02,400	598.21

NSE												
Year	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Year	No. of trading days in the period	Equity Shares traded in the Year (Volume)	Equity Shares traded in the Year (Turnover(₹ in Lakhs))

(Source: www.nseindia.com)

Monthly Stock Market Quotation at BSE

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

BSE												
Month	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Month	No. of trading days in the period	Equity Shares traded in the Month (Volume)	Equity Shares traded in the Month (Turnover(₹ in Lakhs))
July 2023	343.7	03 rd July, 2023	151	.49	265	25 th July, 2023	42	.11	305.89	18	1817	5.39
August 2023	465.35	30 th Aug, 2023	2819	12.74	295.1	03 rd Aug, 2023	204	.60	350.81	17	15078	64.37
September 2023	486	11 th Sept, 2023	5121	24.15	411.05	27 th Sept, 2023	2118	8.90	435.17	19	23056	102.60

BSE												
Month	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Month	No. of trading days in the period	Equity Shares traded in the Month (Volume)	Equity Shares traded in the Month (Turnover(₹ in Lakhs)
October 2023	465	09 th Oct, 2023	1175	5.09	378.7	27 th Oct, 2023	70	.27	410.41	20	14019	59.27
November 2023	435	10 th Nov, 2023	80	.33	381.8	29 th Nov, 2023	436	1.70	396.76	21	5781	22.88
December 2023	420	28 th Dec, 2023	1080	4.46	382.45	08 th Dec, 2023	1811	7.06	398.05	20	9006	35.88

(Source: www.bseindia.com)

The total number of days trading during the past six months was 115. The average volume of Equity Shares traded on the BSE was 597.89 Equity Shares per day.

Monthly Stock Market Quotation at NSE

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

NSE												
Month	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Month	No. of trading days in the period	Equity Shares traded in the Month (Volume)	Equity Shares traded in the Month (Turnover(₹ in Lakhs))
July 2023	338	03 rd July, 2023	337	1.11	269.6	25 th July, 2023	326	.89	302.52	21	7885	23.80
August 2023	470.7	30 th Aug, 2023	15,099	68.06	282.65	03 rd Aug, 2023	244	.71	340.44	22	59,718	249.22
September 2023	484	11 th Sept, 2023	6,214	29.30	410.5	26 th Sept, 2023	4,998	21.06	433.82	20	64914	287.04
October 2023	469.8	09 th Oct, 2023	13,682	58.82	371	30 th Oct, 2023	2,527	9.64	410.00	20	89546	375.90
November 2023	415	06 th Nov, 2023	611	2.47	376.05	16 th Nov, 2023	1,045	4.09	396.64	21	20824	82.47
December 2023	427	27 th Dec, 2023	4,737	19.10	380	08 th Dec, 2023	5,192	20.24	398.05	20	35,660	141.84

(Source: www.nseindia.com)

The total number of days trading during the past six months was 124. The average volume of Equity Shares traded on the NSE was 2246.35 Equity Shares per day.

Weekly Stock Market Quotation at BSE

Week end closing prices of the Equity Shares for the last four weeks on the BSE are as below:

Week Ended on	Closing Price (In Rs.)	High (in Rs.)	Date of High	Low (in Rs.)	Date of Low
January 12, 2024	556.95	640.05	January 10,2024	408.25	January 08,2024
January 20, 2024	575.65	612	January 20,2024	500	January 19,2024
January 25, 2024	533.4	605	January 23,2024	530	January 25,2024
February 2, 2024	540.25	550.9	January 29, 2024	498	January 31, 2024

^ (Source: www.bseindia.com)

Weekly Stock Market Quotation at NSE

Week end closing prices of the Equity Shares for the last four weeks on the BSE are as below:

Week Ended on	Closing Price (In Rs.)	High (in Rs.)	Date of High	Low (in Rs.)	Date of Low
January 12, 2024	556.6	640.85	January 10,2024	406.4	January 08,2024
January 20, 2024	576.65	614.85	January 20,2024	503.1	January 16,2024
January 25, 2024	529.4	599.5	January 23,2024	511.4	January 24,2024
February 2, 2024	517.15	569	January 29, 2024	510	February 11, 2024

^ (Source: www.nseindia.com)

The Board of our Company has approved the Issue at their meeting held on January 10, 2023. The high and low prices of our Company's shares as quoted on the BSE and NSE on January 11, 2023, the day on which the trading happened immediately following the date of the Board meeting is as follows:

Date	Volume (No of equity Shares)	High Price (₹)	Low price (₹)
BSE			
January 11, 2023	2871	600.2	561.85
NSE			
January 11, 2023	15,564	600	565.2

(Source: www.nseindia.com and www.bseindia.com)

The closing market price of the Equity Shares as on one day prior* to the date of this Letter of Offer was ₹ 46.84 on the BSE and ₹ 46.85 on the NSE. The Issue Price is ₹ 15.50 per Rights Equity Share. *As on December 08, 2023

EX- Bonus issue

Ex-bonus date was 05th September, 2022- 8th September, 2022.

Yearly Stock Market Quotation at NSE

FY 2023-23 denotes the remaining period in the FY 23 post the ex-bonus date, and FY2023-24 denotes the period from 1st April, 2023 to till date.

NSE												
Year	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Year	No. of trading days in the period	Equity Shares traded in the Year (Volume)	Equity Shares traded in the Year (Turnover (₹ in Lakhs))
FY2022-23	260	18 th August, 2022	12,800	31.57	166.75	25 th Nov, 2022	4,800	8.27	210.82	24	92,800	200.72
FY2023-24	640.85	10 th January, 2024	1,19,740	731.70	244	03 rd April, 2023	3,200	7.90	377.56	169	5,44,362	252.71

Monthly Stock Market Quotation at BSE

The company was listed on NSE Emerge and was listed on NSE and BSE on 1st June, 2023, the data below is from ex-bonus date i.e. September,2022.

BSE												
Month	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Month	No. of trading days in the period	Equity Shares traded in the Month (Volume)	Equity Shares traded in the Month (Turnover(₹ in Lakhs))
June 2023	375	08 th June, 2023	1718	5.98	298.05	01 st June, 2023	1452	4.60	336.45	21	5437	18.34
July 2023	343.7	03 rd July, 2023	151	0.49	265	25 th July, 2023	42	0.11	305.89	18	1817	5.39
August 2023	465.35	30 th Aug, 2023	2819	12.74	295.1	03 rd Aug, 2023	204	0.61	350.81	17	15078	64.37
September 2023	486	11 th Sept, 2023	5121	24.15	411.05	27 th Sept, 2023	2118	8.90	435.17	19	23056	102.60
October 2023	465	09 th Oct, 2023	1175	5.09	378.7	27 th Oct, 2023	70	0.27	410.41	20	14019	59.27
November 2023	435	10 th Nov, 2023	80	0.33	381.8	29 th Nov, 2023	436	1.70	396.76	21	5781	22.88
December 2023	420	28 th Dec, 2023	1080	4.46	382.45	08 th Dec, 2023	1811	7.06	398.05	20	9006	35.88

Monthly Stock Market Quotation at NSE

The company was listed on NSE Emerge and was listed on NSE and BSE on 1st June, 2023, the data below is after the ex-bonus date i.e. from the month of September,2022. All calculations have been performed from 08th September, 2022.

NSE												
Month	High	Date of High	No. of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ in Lakhs)	Low	Date of Low	No. of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ in Lakhs)	Average price for the Month	No. of trading days in the period	Equity Shares traded in the Month (Volume)	Equity Shares traded in the Month (Turnover(₹ in Lakhs))
September 2022	205	08 th September, 2022	3,200	6.52	195	26 th September, 2022	1,600	3.12	200.8	3	6,400	12.88
October 2022	187.25	04 th October, 2022	1,600	3.00	168.2	12 th October, 2022	1,600	2.69	176.1	5	12,800	22.53
November 2022	179	25 th November, 2022	4,800	8.27	166.75	25 th November, 2022	4,800	8.27	179	1	4,800	8.27
December 2022	260	20 th December, 2022	1,600	4.16	175	05 th December, 2022	1,600	2.80	224.42	9	51,200	116.28
January 2023	224	10 th January, 2023	1,600	3.58	215	23 rd January, 2023	1,600	3.44	219.5	2	3,200	7.02
February 2023	237	20 th February, 2023	1,600	3.79	225	17 th February, 2023	4,800	10.82	233.06	3	8,000	18.40

March 2023	239.75	01 st March, 2023	6,400	15.34	239.75	01 st March, 2023	6,400	15.34	239.75	1	6,400	15.34
April 2023	281.4	24 th April, 2023	3,200	9.00	244	03 rd April, 2023	3,200	7.89	267.67	5	12,800	34.31
May 2023	305	31 st May, 2023	10,400	31.56	285.05	30 th May, 2023	2,400	6.95	295.33	5	20,800	61.83
June 2023	378	07 th June, 2023	652	2.31	291.4	01 st June, 2023	2,887	8.87	334.77	21	23541	79.37
July 2023	338	03 rd July, 2023	337	1.11	269.6	25 th July, 2023	326	0.89	302.52	21	7885	23.80
August 2023	470.7	30 th Aug, 2023	15,099	68.06	282.65	03 rd Aug, 2023	244	0.71	340.44	22	59,718	249.22
September 2023	484	11 th Sept, 2023	6,214	29.29	410.5	26 th Sept, 2023	4,998	21.06	433.82	20	64914	287.04
October 2023	469.8	09 th Oct, 2023	13,682	58.82	371	30 th Oct, 2023	2,527	9.64	410.00	20	89546	375.90
November 2023	415	06 th Nov, 2023	611	2.47	376.05	16 th Nov, 2023	1,045	4.09	396.64	21	20824	82.47
December 2023	427	27 th Dec, 2023	4,737	19.11	380	08 th Dec, 2023	5,192	20.24	398.05	20	35,660	141.84

SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigations with respect to the (i) issues of moral turpitude or criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company; (iii) economic offences where proceedings have been initiated against our Company; and (iv) any pending matters including civil litigation and tax proceedings, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.

In relation to point (iv) above, our board in its meeting held on January 10, 2024 has considered and adopted a 'Policy for Determining Material Events and Information', framed in accordance with Regulation 30 of the SEBI Listing Regulations ("Materiality Policy"). In terms of the Materiality Policy, any outstanding litigations, involving our Company, whose total monetary impact is equivalent to or exceeds the lower of the following.

- a) 2% of turnover, as per the last audited financial statements of our Company; (i.e. 724.44 Lakhs)*
- b) 2% of net worth, as per the last audited financial statements of our Company, except in case the arithmetic value of the net worth is negative; and (i.e. 123.33 Lakhs)*
- c) 5% of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of our Company (i.e. 39.25 lakhs)*

all outstanding litigation civil proceedings involving our Company whose monetary impact is equivalent to or in excess of ₹ 39.25 lakhs have been disclosed in this section.

I. LITIGATIONS INVOLVING OUR COMPANY

A. Outstanding criminal litigations involving our Company

Criminal litigation against our Company

As on the date of this Draft Letter of Offer, there are no criminal litigations initiated against our Company.

Criminal litigations initiated by our Company

As on the date of this Draft Letter of Offer, there are no criminal litigations initiated by our Company.

B. Outstanding Material Civil litigations involving our Company

Material Civil litigations against our Company

As on the date of this Draft Letter of Offer, there are no outstanding civil litigations initiated by our Company.

Material Civil litigations initiated by our Company

As on the date of this Draft Letter of Offer, there are no outstanding civil litigations initiated by our Company.

C. Outstanding actions by Statutory or Regulatory Authorities against our Company

As on the date of this Draft Letter of Offer, there are no outstanding actions initiated by Statutory or Regulatory Authorities against our Company except as disclosed below:

Actions taken by Stock Exchanges

(₹ in lakhs)

Sr. No.	Particulars	Amount of fine/penalty (₹ in lakhs)	Date on which Fine/Penalty was imposed and name of stock exchange	Status
1.	Non-compliance of Regulation 33 of the SEBI LODR Regulations	0.50	December 14, 2021 (NSE)	Penalty paid
2.	Non-compliance of Regulation 17 (1A) of the SEBI LODR Regulations	0.56	November 21, 2023 (NSE)	Penalty paid
3.	Non-compliance of Regulation 17 (1A) of the SEBI LODR Regulations	0.56	November 21, 2023 (NSE)	Penalty paid

II. LITIGATIONS INVOLVING OUR SUBSIDIARIES

A. Outstanding criminal litigations involving our Subsidiaries

Criminal litigations against our Subsidiaries

As on the date of this Draft Letter of Offer, there are no outstanding criminal litigations initiated against our Subsidiaries.

Criminal litigations initiated by our Subsidiaries

As on the date of this Draft Letter of Offer, there are no outstanding criminal litigations initiated by our Subsidiaries.

B. Outstanding material civil litigations involving our Subsidiaries

Material Civil litigations against our Subsidiaries

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated against our Subsidiaries.

Material Civil litigations initiated by our Subsidiaries

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated by our Subsidiaries.

C. Outstanding actions by Statutory or Regulatory authorities involving any of our Subsidiaries

As on the date of this Draft Letter of Offer, there are no outstanding action initiated by Statutory or Regulatory authorities involving any of our Subsidiaries.

III. LITIGATIONS INVOLVING OUR PROMOTERS

D. Outstanding criminal litigations involving our Promoters

Criminal litigations against our Promoters

As on the date of this Draft Letter of Offer, there are no outstanding criminal litigations initiated against our Promoters except as disclosed below:

A criminal miscellaneous writ petition no. 10075 of 2013 (the “**Writ Petition**”) before the Hon’ble Allahabad High Court has been filed by Manjeet Jain, Sri. S. C. Jain, Sri. Samiran Baral, Pawan Jain,

Mohan Lakhamraju and one of our Promoters, Swapnil Jain (collectively, “**Petitioners**”) against State of U. P., Senior Superintendent of Police, Aligarh Station Officer, Police Station Iglas, Aligarh and Anam Naqvi (collectively, “**Respondents**”). The Writ Petition has been filed seeking directions to quash the impugned first information report (the “**FIR**”) registered as case crime no. 154 of 2013 under section 420 of IPC registered at Police Station Iglas, Aligarh against the Petitioners. The Respondent, Anam Naqvi has alleged in the FIR filed by him that the Mangalayatan University had illegally issued certificates to certain students in the year 2009-10 and 2010-11 for bachelor’s degree in education (Innovative) course without recognition from the National Council for Teacher Education. The Writ Petition is pending for hearing.

Criminal litigations initiated by our Promoters

As on the date of this Draft Letter of Offer, there are no outstanding criminal litigations initiated by our Promoters.

E. Outstanding material civil litigations involving our Promoters

Material Civil litigations against our Promoters

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated against our Promoters.

Material Civil litigations initiated by our Promoters

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated by our Promoters.

F. Outstanding actions by Statutory or Regulatory authorities involving any of our Promoters

As on the date of this Draft Letter of Offer, there are no outstanding actions initiated by Statutory or Regulatory authorities involving any of our Promoters.

IV. LITIGATIONS INVOLVING OUR DIRECTORS

A. Outstanding Criminal litigations involving our Directors

Criminal litigations against our Directors

As on the date of this Draft Letter of Offer there are no outstanding criminal litigations against our Directors.

Criminal litigations initiated by our Directors

As on the date of this Draft Letter of Offer there are no outstanding criminal litigations initiated by our Directors.

B. Outstanding Material Civil litigations involving our Directors

Material Civil litigations against our Directors

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated against our Directors.

Material Civil litigations initiated by our Directors

As on the date of this Draft Letter of Offer, there are no outstanding material civil litigations initiated by our Directors.

C. Outstanding actions by Statutory or Regulatory Authorities involving any of our Directors

As on the date of this Draft Letter of Offer there are no outstanding actions initiated by the Statutory or Regulatory Authorities involving any of our Directors.

V. Tax proceedings

(₹ in lakhs)

Particulars	Number of cases	Amount involved*
Our Company		
Direct Tax	NIL	NIL
Indirect Tax	2	127.11
Our Subsidiaries		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
Our Promoters		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL
Our Directors (other than our Promoters)		
Direct Tax	NIL	NIL
Indirect Tax	NIL	NIL

*To the extent quantifiable

VI. Outstanding dues to creditors

As of September 30, 2023, our Company has 552 creditors, and the aggregate outstanding dues to these creditors by our Company are ₹ 4,076.86 lakhs.

Details of outstanding due owned to micro, small and medium enterprises and other creditors as of September 30, 2023, are set out below:

(₹ in lakhs)

Type of creditor	Number of creditors	Amount involved
Micro, small and medium enterprises	NIL	NIL
Other creditors	552	4,076.86
Total	552	4,076.86

VII. Disclosures pertaining to Wilful Defaulters

Neither our Company, nor our Subsidiaries, Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

VIII. Material Developments

Except as otherwise disclosed in “*Management’s Discussion and Analysis of Financial Conditions and Results of Operations*”, no circumstances have arisen since the date of the last financial statements disclosed in this Draft Letter of Offer, that could materially and adversely affect or are likely to affect, our trading, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

GOVERNMENT AND OTHER STATUTORY APPROVALS

We are not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled “*Objects of the Issue*” at page 56 of this Draft Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors in its meeting dated January 10, 2024 have authorised this Issue under Section 62(1)(a) of the Companies Act, 2013

This Draft Letter of Offer has been approved by our Board pursuant to its resolution dated February 10, 2024. Our Board of Directors has, in its meeting held on [●], has resolved to issue the Rights Equity Shares to the Eligible Equity Shareholders, at the Issue Price of ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) and Rights Entitlement as [●] Rights Equity Share for every [●] Equity Shares held on the Record Date aggregating up to ₹ [●] lakhs. The Issue Price of ₹ [●] per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Record Date.

Our Company has received 'in-principle' approvals for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, *vide* letters dated [●] and [●] issued by BSE and NSE, respectively for listing of the Rights Equity Shares to be Allotted pursuant to the Issue.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of our Promoter Group and persons in control of our Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Our Promoters and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors or Promoters are associated with the securities market in any manner.

There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoters nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters and fraudulent borrowers issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under the Companies Act, 1956. The Equity Shares of our Company are presently listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter III of the SEBI ICDR Regulations.

Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is made the disclosures in accordance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. NSE is the Designated Stock Exchange for the Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT LETTER OF OFFER TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 (“SEBI ICDR REGULATIONS”). THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 10, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS, WHICH READS AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THIS DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - a) THIS DRAFT LETTER OF OFFER IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - b) ALL THE MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c) THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THIS DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE.
6. ALL APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, WHICH RELATE TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER. – NOT APPLICABLE.
7. ALL APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE.
8. NECESSARY ARRANGEMENTS SHALL BE MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE.
9. THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE "MAIN OBJECTS" IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST 10 YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. - COMPLIED TO THE EXTENT APPLICABLE.
10. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
 - a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY. AS ON THE DATE OF THIS DRAFT LETTER OF OFFER, OUR COMPANY HAS NOT ISSUED ANY SR EQUITY SHARES AND THERE ARE NO OUTSTANDING SR EQUITY SHARES; AND
 - b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

11. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS, AS AMENDED WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.
12. WE CONFIRM THAT THE ISSUER IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS – NOT APPLICABLE.
13. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. – COMPLIED WITH.
14. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, AS AMENDED, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – COMPLIED WITH.

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

Disclaimer from our Company, our Directors and the Lead Manager

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website at www.pavna.in.

All information shall be made available by our Company and the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Caution

Investors will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and its their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Uttar Pradesh, India only.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with the Stock Exchange.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to the filing with the Stock Exchange.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is National Stock Exchange.

Listing

Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Consents

Consents in writing of: (a) our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, the Lead Manager, Legal Counsel to the Issue, the Registrar to the Issue, Statutory Auditor, Chartered Engineer, and CareEdge Research to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer; (b) Banker(s) to the Issue will be obtained and filed along with a copy of the Letter of Offer with the RoC as required under Sections 26 and 32 of the Companies Act, 2013.

Expert Opinion

Except as disclosed below, our Company has obtained any expert opinions:

Our Company has received written consent dated January 19, 2024 from our Statutory Auditors to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Draft Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated February 2, 2024 on our Restated Consolidated Financial Information for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021; (ii) limited reviewed report dated November 7, 2023 on the Limited Reviewed Financial information for the six months periods ended September 30, 2023 and September 30, 2022 disclosed in this Draft Letter of Offer; and (iii) the statement of tax benefits dated February 2, 2024 in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Our Company has received written consent dated February 2, 2024 from M/s. Wg. Cdr. Harish Kumar Aggarwal, (Director – SSBH Techno Consultants Pvt. Ltd, Govt. Approved Valuer (Plant and Machinery) Independent Chartered Engineer to include their name as required under Section 26(5) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Letter of Offer, and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and their capacity as independent chartered engineer in respect of details in relation to capacity and capacity utilisation of manufacturing units of our Company and Subsidiaries and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any rights issues or public issues during the five years immediately preceding the date of this Draft Letter of Offer except as disclosed below:

Information	Details
Year of issue	2021
Type of issue (Public/Rights)	Public*
Amount of issue	2,970 lakhs
Issue price	₹ 165.00
Date of closure of issue	March 1, 2021
Date of allotment and credit of securities to dematerialized account of investors	March 4, 2021
Date of completion of the project, where object of the issue was financing the project.	NA
Rate of dividend paid	NIL

**Our Company was initially listed on NSE Emerge and has migrated to NSE and BSE mainboard platform on June 1, 2023.*

There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Performance vis-à-vis objects – Last issue of listed Subsidiaries or Associates

None of our Subsidiaries are listed as on date of this Draft Letter of Offer. Further, our Company does not have any associate company.

Stock Market Data of the Equity Shares

Our Equity Shares are listed and traded on BSE and NSE. For details in connection with the stock market data of the Stock Exchanges, please refer to the chapter titled “Market Price Information” on page 197 of this Draft Letter of Offer.

Filing

This Draft Letter of Offer has been filed with SEBI for its observations electronically through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the SEBI circular bearing reference no. SEBI/HO/CFD/ DIL1/ CIR/P/2018/ 011) dated January 19, 2018 issued by the SEBI, and with the Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company has submitted a copy of this Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in. After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges simultaneously with the filing of the Letter of Offer with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar and Share Transfer Agent, however our Company has appointed Link Intime India Private Limited as the Registrar and Share Transfer Agent for the purpose of this Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “*Terms of the Issue*” beginning at page 218 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Link Intime India Private Limited

C-101, 1st Floor, 247 Park,
L.B. S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India

Tel: + 91 81081 14949

Email: Pavnaindustries.rights2024@linkintime.co.in

Website: www.linkintime.co.in

Investor grievance e-mail: Pavnaindustries.rights2024@linkintime.co.in

Contact Person: Shanti Gopalkrishnan

SEBI Registration No.: INR000004058

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as non-receipt of Letters of Allotment / share certificates/ demat credit/ Refund Orders etc.

Charu Singh, Company Secretary and Compliance Officer of our Company. Her contact details are set forth hereunder.

Pavna Industries Limited

Vimlanchal, Hari Nagar,
Aligarh, 202 001
Uttar Pradesh, India

Telephone: +91 8006409332

E-mail: cs@pavnagroup.com

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer and the Letter of Offer.

Investors are requested to note that application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents/ records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to the Rights Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

The Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the RBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations, our Company will at least three days before the Issue Opening Date, dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material, only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Draft Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Draft Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Draft Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.pavna.in
- b) the Registrar to the Issue at www.linkintime.co.in
- c) the Lead Manager at i.e. PNB Investment Services Limited at www.pnbisl.com
- d) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit www.linkintime.co.in.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at www.linkintime.co.in by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company (i.e. www.pavna.in).

Further, our Company along with the Lead Manager will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI for observations and the Letter of Offer will be filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or its affiliates to make any filing or registration (other than in India).

Our Company is undertaking the Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials

primarily to email addresses of Eligible Equity Shareholders who have provided a valid e-mail address and an Indian address to our Company.

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in the Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in the Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 231.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in the Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see “- *Grounds for Technical Rejection*” on page 226. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 222.

- Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to. Details of each of the Eligible Equity Shareholders’ Rights Entitlement will be sent to the Eligible Equity shareholder separately along with the Application Form and would also be available on the website of the Registrar to the Issue at www.linkintime.co.in and link of the same would

also be available on the website of our Company at <https://pavna.in/> Respective Eligible Equity Shareholder can check their entitlement by keying their requisite details therein.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- (v) renounce its Rights Entitlements in full.

- ***Making of an application through the ASBA Process***

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Do's

- (a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- (b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- (c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- (d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- (f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- (g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

- (h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- (i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts:

- a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- c) Do not send your physical Application to the Lead Manager, the Registrar, the Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- e) Do not submit Application Form using third party ASBA account.
- f) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- g) Do not submit multiple Applications.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in case of non-receipt of Application Form as detailed above and only such plain paper applications which provide all the details required in terms of Regulation 78 of SEBI ICDR Regulations shall be accepted by SCSBs. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Pavna Industries Limited
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “Restrictions on Purchases and Resales”, and shall include the following:

“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Purchases and Resales” this Letter of Offer.

I/ We acknowledge that the Company, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.linkintime.co.in.

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue

Closing Date.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in the Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in the Issue:

- (a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;
- (b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- (c) The remaining procedure for Application shall be same as set out in “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 222.

In accordance with the SEBI circular bearing reference no. SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “- *Basis of Allotment*” on page 239.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application are as follows:

- (a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.
- (b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- (c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 222.
- (d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- (e) Applications should not be submitted to the Banker(s) to the Issue or Escrow Collection Bank(s) (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar or the Lead Manager.
- (f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.
- (g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, folio number, bank account details and occupation (“Demographic Details”) are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such

Application Forms are liable to be rejected.

- (h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- (j) Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.
- (k) In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
- (l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- (m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (n) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- (o) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and FEMA Rules.
- (p) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in the Issue are liable to be rejected on the following grounds:

- (a) DP ID, folio number and Client ID mentioned in Application does not match with the DP ID, folio number and Client ID records available with the Registrar.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- (c) Sending an Application to our Company, the Lead Manager, Registrar, Escrow Collection Bank(s) assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
- (d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- (e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

- (f) Account holder not signing the Application or declaration mentioned therein.
- (g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- (h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- (i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- (j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- (k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
- (m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- (n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- (o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- (p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and “qualified purchasers” (as defined under the U.S. Investment Company Act of 1940, as amended and referred to in this Draft Letter of Offer as “QPs”) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- (q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- (r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- (s) Applicants not having the requisite approvals to make application in the Issue.
- (t) **IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT’S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM.**

INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

- (u) Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.
- (v) These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- (w) The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.
- (x) In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

- ***Multiple Applications***

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see “- Procedure for Applications by certain categories of Investors” on page 228.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoter or any member of the Promoter Group to meet the minimum subscription requirements applicable to the Issue as described in “***General Information – Minimum Subscription***” on page 48.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions or restrictions as specified by SEBI and RBI in this regard. Further, pursuant to shareholders' resolution dated July 17, 2018, our Company capped the aggregate limit of all FPIs investments up to 74% of the paid-up equity share capital of our Company at the time of making such investment.

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. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject

to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“Restricted Investors”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company’s paid-up share capital carrying voting rights.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “- *Basis of Allotment*” on page 239.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of four days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.pavna.in).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e. <https://linkintime.co.in/>). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “[●]”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- ***Renounees***

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renounee(s) as well.

- ***Renunciation of Rights Entitlements***

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- ***Procedure for Renunciation of Rights Entitlements***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

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

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA.

The Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer and the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company in accordance with sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see “The Issue” on page 46.

• Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of three Equity Share for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their rights entitlement, if any.

For example, if an Eligible Equity Shareholder holds [●] ([●]) Equity Shares, such Equity Shareholder will be entitled to [●] ([●]) Equity Share and will also be given a preferential consideration for the Allotment of one additional Equity Share if such Eligible Equity Shareholder has applied for additional

Equity Shares, over and above his/her Rights Entitlements, subject to availability of Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- ***Ranking***

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank *pari passu* with the existing Equity Shares, in all respects including dividends.

- ***Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue***

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 540173) and NSE (Scrip Code: PAVNAIND) under the ISIN: INE07S101020. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- ***Subscription to the Issue by our Promoter and members of the Promoter Group***

For details of the intent and extent of subscription by our Promoter and members of the Promoter Group, see “*Capital Structure – Intention and extent of participation by the Promoter and the Promoter Group*” on page 54.

As of the date of this Draft Letter of Offer, the members of the Promoter Group do not hold any Equity Shares.

- ***Rights of Holders of Equity Shares of our Company***

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- (a) The right to receive dividend, if declared;
- (b) The right to receive surplus on liquidation;
- (c) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- (d) The right to free transferability of Rights Equity Shares;
- (e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and
- (f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Terms of Payment

The entire amount of the Issue Price of ₹ [●] per Rights Equity Share shall be payable at the time of Application.

GENERAL TERMS OF THE ISSUE

- ***Market Lot***

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- ***Joint Holders***

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- ***Nomination***

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- ***Arrangements for Disposal of Odd Lots***

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- ***Restrictions on transfer and transmission of shares and on their consolidation/splitting***

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue.

However, the Investors should note that pursuant to provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be effected unless the securities are held in the dematerialized form with a depository.

- ***Notices***

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation (Hindi also being the regional language in the place where our Registered and Corporate Office is located).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- ***Offer to Non-Resident Eligible Equity Shareholders/Investors***

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at www.linkintime.co.in. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by replying on such approvals.

The Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application For

(provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 240.

ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	[●]
ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

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

*Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part, as adjusted for fraction entitlement.
- (b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional

Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

- (c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such rate as specified under applicable law from the expiry of such 15 days" period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository. In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR

Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XII. PAYMENT OF REFUND

- **Mode of making refunds**

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- (a) Unblocking amounts blocked using ASBA facility.
- (b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“MICR”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- (c) **National Electronic Fund Transfer (“NEFT”)** -Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (d) **Direct Credit** – Investors having bank accounts with the Banker(s) to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- (e) **RTGS** - If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- (f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- (g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

- ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XIII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- ***Receipt of the Rights Equity Shares in Dematerialized Form***

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

- (a) Tripartite agreement dated April 30, 2019 amongst our Company, NSDL and the Registrar to the Issue; and
- (b) Tripartite agreement dated July 20, 2020 amongst our Company, CDSL and the Registrar to the Issue

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.
7. Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.
9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

XIV. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below

“Any person who –

- (a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- (c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹1.00 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹5.00 million or with both.

XV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of the Issue shall be transferred to a separate bank account;

- B. Details of all monies utilized out of the Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilized monies out of the Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

XVI. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- 1) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the period prescribed by SEBI.
- 3) The funds required for unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) No further issue of securities shall be made till the securities offered through the Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription, etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.
- 7) Adequate arrangements shall be made to collect all ASBA Applications.
- 8) As on date our Company does not have any convertible debt instruments.
- 9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVII. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed “[●]” on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited
C-101, 1st Floor, 247 Park,
L.B. S. Marg, Vikhroli (West)
Mumbai 400 083
Maharashtra, India

Tel: + 91 8109114949
Email: pavnaindustries.rights2024@linkintime.co.in
Website: www.linkintime.co.in
Investor grievance e-mail: pavnaindustries.rights2024@linkintime.co.in
Contact Person: Ms. Shanti Gopalakrishnan
SEBI Registration No.: INR000004058

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 4918 6200.
4. The Investors can visit following links for the below-mentioned purposes:
 - (a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.linkintime.co.in;
 - (b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: <https://linkintime.co.in>;
 - (c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.linkintime.co.in; and
 - (d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: [●]

The Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, 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. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2017 (“**FDI Circular 2017**”), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 28, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The Consolidated FDI Policy, issued by the DIPP, consolidates the policy framework in place as on August 27, 2017, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore the Consolidated FDI Policy will be valid until the DIPP issues an updated circular.

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 falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the existing policy of the Government of India, erstwhile OCBs cannot participate in this Issue.

The above information is given for the benefit of the Applicants / Investors. 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 Letter of Offer. Investors 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.

SECTION VIII – STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding pan in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available on the website of the Company at www.pavna.in from the date of this Draft Letter of Offer until the Issue Closing Date.

1. Material Contracts for the Issue

- (i) Issue Agreement dated February 2, 2024 entered into between our Company and the Lead Manager.
- (ii) Registrar Agreement dated February 2, 2024 entered into amongst our Company and the Registrar to the Issue.
- (iii) Escrow Agreement dated [●] amongst our Company, the Lead Manager, the Registrar to the Issue and the Bankers to the Issue.
- (iv) Monitoring Agency agreement dated [●] entered into between our Company and the Monitoring Agency.

2. Material Documents

- (i) Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time.
- (ii) Annual Reports of the Company for the past three years.
- (iii) Certificate of incorporation dated April 19, 1994.
- (iv) Prospectus dated February 16, 2021 filed with NSE Emerge for the initial public offering of our Company.
- (v) Resolution of the Board of Directors dated January 10, 2024 in relation to the Issue.
- (vi) Resolution of the Board of Directors dated February 10, 2024 approving and adopting the Letter of Offer.
- (vii) Resolution of our Board dated [●], finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
- (viii) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditor, Lead Manager, Bankers to the Issue, Legal Advisor, the Registrar to the Issue and Monitoring Agency for inclusion of their names in the Draft Letter of Offer in their respective capacities.
- (ix) The examination reports dated February 2, 2024 of the Statutory Auditor, on our Company's Restated Consolidated Financial Statements, included in this Draft Letter of Offer.
- (x) The limited review report dated November 7, 2023 of the Statutory Auditor on the unaudited consolidated financial statements for the six months periods ended September 30, 2023 and September 30, 2022 included in this Draft Letter of Offer.
- (xi) Statement of Tax Benefits dated February 2, 2024 from the Statutory Auditor included in this Draft Letter of Offer.
- (xii) Report titled "*Industry Research Report on Auto Component Industry*" dated October 2023 prepared and released by CARE Analytics and Advisory Private Limited, commissioned by our Company and is available on our Company's website at <https://pavna.in/right-issue.html>.

- (xiii) Tripartite Agreement dated April 30, 2019 between our Company, NSDL and the Registrar to the Issue.
- (xiv) Tripartite Agreement dated July 20, 2020 between our Company, CSDL and the Registrar to the Issue.
- (xv) Due Diligence Certificate dated February 10, 2024 addressed to SEBI from the Lead Manager.
- (xvi) In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
- (xvii) SEBI observation letter number [●] dated [●].

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Swapnil Jain
(Managing Director)

Place: Aligarh
Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Asha Jain

(Chairperson and Executive Director)

Place: Aligarh

Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Priya Jain

(Executive Director)

Place: Aligarh

Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Sanjay Kumar Jain
(Non-Executive Director)

Place: Aligarh
Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Naozer Firoze Aibara
(Independent Director)

Place: Aligarh

Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Achyutanand Ramchandra Mishra
(Independent Director)

Place: Aligarh

Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Dhruv Jain
(Independent Director)

Place: Aligarh
Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Priyanka Moondra Rathi
(Independent Director)

Place: Aligarh

Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Himani Bhootra
(Independent Director)

Place: Aligarh
Date: February 10, 2024

DECLARATION

I hereby declare that all relevant provisions of the Companies Act 2013 and the rules, regulations and guidelines issued by the Government of India, or the rules, regulations or guidelines issued by the SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements and disclosures made in this Draft Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Palak Jain

(Chief Financial Officer)

Place: Aligarh

Date: February 10, 2024