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**DRAFT RED HERRING PROSPECTUS**
Dated: September 1, 2023
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013
**100% Book Built Issue**

# JYOTI CNC AUTOMATION LIMITED

**Corporate Identification Number**: U29221GJ1991PLC014914

| REGISTERED AND CORPORATE OFFICE | CONTACT PERSON | E-MAIL AND TELEPHONE | WEBSITE |
|---|---|---|---|
| G - 506, Lodhika GIDC, Village Metoda, Rajkot – 360 021, Gujarat, India | Maulik B Gandhi, Company Secretary and Compliance Officer | **Email:** investors@jyoti.co.in<br>**Tel:** + 91-2827 – 235182 | www.jyoti.co.in |

**OUR PROMOTERS: PARAKRAMSINH GHANSHYAMSINH JADEJA, SAHDEVSINH LALUBHA JADEJA, VIKRAMSINH RAGHUVIRSINH RANA, AND JYOTI INTERNATIONAL LLP**

**DETAILS OF THE ISSUE TO PUBLIC**

| TYPE | FRESH ISSUE SIZE | OFFER FOR SALE SIZE | TOTAL ISSUE SIZE | ELIGIBILITY AND SHARE RESERVATION AMONG QIBs, NIIs AND RIIs |
|---|---|---|---|---|
| Fresh Issue | Up to [•] Equity Shares aggregating up to ₹ 10,000.00 million. | Not Applicable | Up to [•] Equity Shares, aggregating up to ₹ 10,000.00 million | The Issue is being made pursuant to Regulation 6(2) of the SEBI ICDR Regulations, as our Company did not fulfil requirements under Regulation 6(1) of the SEBI ICDR Regulations. For further details, see *'Other Regulatory and Statutory Disclosures - Eligibility for the Issue'* on page 363. For details in relation to share reservation among QIBs, NIIs, RIIs, and Eligible Employees, see *'Issue Structure'* on page 381. |

**DETAILS OF THE OFFER FOR SALE**

| NAME OF THE SELLING SHAREHOLDER | TYPE | NUMBER OF EQUITY SHARES OFFERED/ AMOUNT (IN ₹ MILLION) | WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE (IN ₹) |
|---|---|---|---|
| Not Applicable | | | |

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Share is ₹ 2 each. The Floor Price, the Cap Price and the Issue Price as determined and justified by our Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, in accordance with the SEBI ICDR Regulations, and as stated under '*Basis for the Issue Price*' on page 123 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in 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 Equity Shares in the Issue have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to '*Risk Factors*' on page 33.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The Equity Shares to be offered through the Red Herring Prospectus are proposed to be listed on the BSE Limited (**BSE**) and the National Stock Exchange of India Limited ('**NSE**' and along with BSE hereinafter collectively referred to as the' Stock Exchanges'. For the purposes of the Issue, [•] is the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGERS**

| LOGO | NAME OF THE BOOK RUNNING LEAD MANAGER | CONTACT PERSON | E-MAIL AND TELEPHONE |
|---|---|---|---|
| equirus | Equirus Capital Private Limited | **Contact person:** Ankesh Jain / Mrunal Jadhav | **E-mail:** jyoti.ipo@equirus.com<br>**Tel:** +91 22 4332 0734 |
| ICICI Securities | ICICI Securities Limited | **Contact person:** Ashik Joisar / Harsh Thakkar | **E-mail:** jyoticncipo@icicisecurities.com<br>**Tel:** + 91 22 6807 7100 |
| SBICAPS Complete Investment Banking Solutions | SBI Capital Markets Limited | **Contact person:** Janardhan Wagle / Krithika Shetty | **E-mail:** jyoticnc.ipo@sbicaps.com<br>**Tel:** +91 22 4006 9807 |

**REGISTRAR TO THE ISSUE**

| LOGO | NAME OF THE REGISTRAR | CONTACT PERSON | E-MAIL AND TELEPHONE |
|---|---|---|---|
| LINKIntime | Link Intime India Private Limited | Shanti Gopalkrishnan | **E-mail:** jyoticnc.ipo@linkintime.co.in<br>**Tel:** +91 810 811 4949 |

**BID/ISSUE PERIOD**

| ANCHOR INVESTOR BIDDING DATE* | [•] | BID/ISSUE OPENS ON* | [•] | BID/ISSUE CLOSES ON**^ | [•] |
|---|---|---|---|---|---|

** Our Company, in consultation with the BRLMs, may consider participation by the Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be 1 Working Day prior to the Bid/Issue Opening Date.*
*** Our Company, in consultation with the BRLMs, may consider closing the Bid/Issue Period for QIBs 1 Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.*
*^ UPI mandate end time and date shall be at 5pm, on Bid/Issue Closing Date.*

**DRAFT RED HERRING PROSPECTUS**
Dated: September 1, 2023
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
Please read Section 32 of the Companies Act, 2013
**100% Book Built Issue**

# JYOTI CNC AUTOMATION LIMITED

Our Company was originally incorporated as 'AMB Engineering Company Private Limited', at Gujarat as a private limited company under the Companies Act, 1956 and received a certificate of incorporation issued by the RoC, on January 17, 1991. Thereafter, pursuant to a special resolution passed by the Shareholders of our Company on April 19, 2002, our Company's name was changed to 'Jyoti CNC Automations Private Limited', and a fresh certificate of incorporation dated May 08, 2002, was issued to our Company by the RoC. Subsequently, pursuant to a special resolution passed by the Shareholders of our Company on April 04, 2008, our Company's name was changed to 'Jyoti CNC Automation Private Limited', and a fresh certificate for incorporation dated April 28, 2008 was issued to our Company by the RoC. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by the Shareholders of our Company on September 17, 2012 and the name of our Company was changed to its present name, 'Jyoti CNC Automation Limited', pursuant to a fresh certificate of incorporation issued by the RoC on November 30, 2012. For details of changes in the name and registered office of our Company, see '*History and Certain Corporate Matters*' on page 210.

**Registered and Corporate Office**: G - 506, Lodhika GIDC, Village Metoda, Rajkot – 360 021, Gujarat, India; **Contact Person**: Maulik B Gandhi, Company Secretary and Compliance Officer; **Tel**: + 91-2827235182; **E-mail**: investors@jyoti.co.in; **Website**: www.jyoti.co.in; **Corporate Identification Number**: U29221GJ1991PLC014914

**OUR PROMOTERS: PARAKRAMSINH GHANSHYAMSINH JADEJA, SAHDEVSINH LALUBHA JADEJA, VIKRAMSINH RAGHUVIRSINH RANA, AND JYOTI INTERNATIONAL LLP**

**INITIAL PUBLIC OFFERING OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 2 EACH (EQUITY SHARES) OF JYOTI CNC AUTOMATION LIMITED (OUR COMPANY) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) (ISSUE PRICE) AGGREGATING UP TO ₹ 10,000.00 MILLION (ISSUE). THE ISSUE INCLUDES A RESERVATION OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ [●] MILLION (CONSTITUTING [●]% OF OUR POST-ISSUE EQUITY SHARE CAPITAL), FOR SUBSCRIPTION BY ELIGIBLE EMPLOYEES (EMPLOYEE RESERVATION PORTION). OUR COMPANY MAY, IN CONSULTATION WITH THE BRLMS, OFFER A DISCOUNT OF UP TO [●]% OF THE ISSUE PRICE (EQUIVALENT OF ₹ [●] PER EQUITY SHARE) TO THE ELIGIBLE EMPLOYEES BIDDING IN THE EMPLOYEE RESERVATION PORTION (EMPLOYEE DISCOUNT), SUBJECT TO NECESSARY APPROVALS AS MAY BE REQUIRED. THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION IS HEREINAFTER REFERRED TO AS THE 'NET ISSUE'. THE ISSUE AND THE NET ISSUE SHALL CONSTITUTE [●]% AND [●]% OF OUR POST-ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY, RESPECTIVELY.**

**OUR COMPANY, IN CONSULTATION WITH THE BRLMS, MAY CONSIDER A PRE-IPO PLACEMENT AGGREGATING UP TO ₹ 2,000.00 MILLION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC. THE PRE-IPO PLACEMENT SHALL BE UNDERTAKEN AT THE DISCRETION OF OUR COMPANY AND THE PRICE OF THE SPECIFIED SECURITIES ALLOTTED PURSUANT TO THE PRE-IPO PLACEMENT SHALL BE DETERMINED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMS. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE ISSUE SIZE WILL BE REDUCED TO THE EXTENT OF SUCH PRE-IPO PLACEMENT, SUBJECT TO THE ISSUE COMPLYING WITH THE MINIMUM ISSUE SIZE REQUIREMENTS PRESCRIBED UNDER RULE 19(2)(B) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957. THE PRE-IPO PLACEMENT SHALL NOT EXCEED 20% OF THE SIZE OF THE ISSUE.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 2 EACH AND THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND, EMPLOYEE DISCOUNT, IF ANY, AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (BRLMS) AND WILL BE ADVERTISED IN ALL EDITIONS OF [●], AN ENGLISH LANGUAGE NATIONAL DAILY WITH WIDE CIRCULATION, ALL EDITIONS OF [●], A HINDI LANGUAGE NATIONAL DAILY WITH WIDE CIRCULATION AND ALL EDITIONS OF [●], A GUJARATI DAILY NEWSPAPER (GUJARATI BEING THE REGIONAL LANGUAGE OF GUJARAT, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST 2 WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED (BSE) AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE, AND TOGETHER WITH BSE, THE STOCK EXCHANGES) FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES, IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (SEBI ICDR REGULATIONS).**

In case of any revision in the Price Band, the Bid/Issue Period will be extended by at least 3 additional Working Days after such revision in the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. In cases of *force majeure,* banking strike or similar circumstances, our Company in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of 3 Working Days, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR read with Regulation 31 of the SEBI ICDR Regulations and in accordance with the Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Issue shall be available for allocation on a proportionate basis to qualified institutional buyers (**QIBs**) (such portion referred as **QIB Portion**), provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to the Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (**Anchor Investor Portion**), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds. at or above the price at which allotment is made to the Anchor Investors (**Anchor Investor Allocation Price**). Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than the Anchor Investor Portion) (**Net QIB Portion**). Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds (**Mutual Fund Portion**), and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not more than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and (b) two-third of such portion shall be reserved for applicants with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors and not more than 10% of the Net Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price. Further, Equity Shares will be allocated on a proportionate basis to Eligible Employees applying under the Employee Reservation Portion, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are mandatorily required to participate in the Issue through the Application Supported by Blocked Amount (**ASBA**) process by providing details of their respective ASBA accounts, and UPI ID in case of UPI Bidders using UPI Mechanism, as applicable, pursuant to which their corresponding Bid Amount will be blocked by the Self Certified Syndicate Banks (**SCSBs**) or by the Sponsor Bank(s) under the UPI Mechanism, as the case may be. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For further details, see *'Issue Procedure'* on page 387.

**RISK IN RELATION TO THE FIRST ISSUE**

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Share is ₹ 2 each. The Floor Price, the Cap Price and the Issue Price as determined and justified by our Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, in accordance with the SEBI ICDR Regulations, and as stated under '*Basis for the Issue Price*' on page 123 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in 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 Equity Shares in the Issue have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to '*Risk Factors*' on page 33.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The Equity Shares to be issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for listing of the Equity Shares pursuant to the letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/Issue Closing Date, see *'Material Contracts and Documents for Inspection'* on page 429.

| BOOK RUNNING LEAD MANAGERS | | | REGISTRAR TO THE ISSUE |
|---|---|---|---|
| **Equirus Capital Private Limited**<br>12th Floor, C Wing, Marathon, Futurex, N M Joshi Marg Lower Parel, Mumbai – 400 013, Maharashtra, India.<br>**Tel:** +91 22 4332 0734<br>**E-mail:** jyoti.ipo@equirus.com<br>**Website:** www.equirus.com<br>**Investor grievance e-mail:** investorsgrievance@equirus.com<br>**Contact person:** Ankesh Jain / Mrunal Jadhav<br>**SEBI Registration Number:** INM000011286 | **ICICI Securities Limited**<br>ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025, Maharashtra, India<br>**Tel.**: + 91 22 6807 7100<br>**E-mail**: jyoticncipo@icicisecurities.com<br>**Website**: www.icicisecurities.com<br>**Investor Grievance email**: customercare@icicisecurities.com<br>**Contact Person**: Ashik Joisar / Harsh Thakkar<br>**SEBI Registration No.**: INM000011179 | **SBI Capital Markets Limited**<br>1501, 15th Floor, A & B Wing, Parinee Crescenzo Building, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400 051<br>**Tel:** +91 22 4006 9807<br>**E-mail:** jyoticnc.ipo@sbicaps.com<br>**Website:** www.sbicaps.com<br>**Investor grievance email:** investor.relations@sbicaps.com<br>**Contact Person:** Janardhan Wagle / Krithika Shetty<br>**SEBI Registration Number**: INM000003531 | **Link Intime India Private Limited**<br>C 101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083<br>**Tel:** +91 810 811 4949<br>**E-mail:** jyoticnc.ipo@linkintime.co.in<br>**Website:** www.linkintime.co.in<br>**Investor grievance e-mail:** jyoticnc.ipo@linkintime.co.in<br>**Contact Person:** Shanti Gopalkrishnan<br>**SEBI Registration Number:** INR000004058 |

**BID/ISSUE PERIOD**

| ANCHOR INVESTOR BIDDING DATE* | [●] | BID/ISSUE OPENS ON* | [●] | BID/ISSUE CLOSES ON**^ | [●] |
|---|---|---|---|---|---|

** Our Company in consultation with the BRLMs, may consider participation by the Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be 1 Working Day prior to the Bid/Issue Opening Date.*
*** Our Company may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs 1 Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.*
*^^ UPI mandate end time and date shall be at 5pm, on Bid/Issue Closing Date.*

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## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

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

*The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the same meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder.*

*Notwithstanding the foregoing, terms used in 'Description of Equity Shares and Main Provisions of the Articles of Association', 'Statement of Special Tax Benefits', 'Basis for the Issue Price', 'Industry Overview', 'Key Regulations and Policies', 'Financial Information', 'Outstanding Litigation and Other Material Developments', 'Restriction on Foreign Ownership of Indian Securities' and 'Issue Procedure' on pages 409, 133, 123, 139, 205, 251, 350, 407 and 387, respectively, shall have the meaning ascribed to such terms in the relevant section.*

**General terms**

| Term | Description |
|---|---|
| 'our Company', 'Company' or 'Issuer' | Jyoti CNC Automation Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at G - 506, Lodhika GIDC, Village Metoda, Rajkot – 360 021, Gujarat, India. |
| 'we', 'us', or 'our' | Unless the context otherwise indicates or implies or refers to our Company together with our Subsidiaries, on a consolidated basis. |

**Company related terms**

| Term | Description |
|---|---|
| AoA/Articles of Association or Articles | Articles of association of our Company, as amended. |
| Audit Committee | The audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and the SEBI Listing Regulations and as described in '*Our Management - Committees of Our Board'* on page 227. |
| Auditors/Statutory Auditors | The statutory auditors of our Company, namely, M/s G. K. Choksi & Co., Chartered Accountants. |
| Board or Board of Directors | The board of directors of our Company as constituted from time to time. For further details, see *'Our Management'* on page 219. |
| Compulsorily Convertible Preference Shares / CCPS | 0.0001% cumulative compulsory convertible preference shares of our Company of face value of ₹ 2 |
| Corporate Promoter | Jyoti International LLP |
| Chairman and Managing Director | The chairman and managing director of our Company, namely, Parakramsinh Ghanshyamsinh Jadeja. For further details, see *'Our Management'* on page 219. |
| Chief Financial Officer or CFO | The Chief Financial Officer of our Company, namely, Kamlesh Sureshbhai Solanki. For further details, see *'Our Management'* on page 219. |
| Company Secretary and Compliance Officer | The company secretary and compliance officer of our Company, namely, Maulik B Gandhi. For further details, see *'Our Management'* on page 219. |
| Corporate Social Responsibility Committee | The corporate social responsibility committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and as described in '*Our Management – Committees of Our Board'* on page 227. |
| Director(s) | The director(s) on the Board of our Company, as appointed from time to time. For further details, see *'Our Management'* on page 219. |
| Equity Shares | Equity shares of our Company of face value of ₹ 2 each. |
| Executive Director(s) | Executive directors of our Company, namely Parakramsinh Ghanshyamsinh Jadeja, Sahdevsinh Lalubha Jadeja, and Vikramsinh Raghuvirsinh Rana. For further details, see *'Our Management'* on page 219. |

| Term | Description |
|---|---|
| Fully Diluted Basis | Means that the calculation is to be made assuming that all the outstanding CCPS have been converted into Equity Shares |
| Group Companies | In terms of the SEBI ICDR Regulations, the term 'group companies', includes: (i) such companies (other than promoter(s) and subsidiary(ies)) with which our Company had related party transactions during the periods for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by our Board. For details of our Group Companies, see '*Our Group Companies*' on page 248. |
| Independent Chartered Engineer | The independent chartered engineer appointed by our Company, namely, Babulal A. Ughreja. |
| Independent Director(s) | Independent directors on our Board Vijay Vaman Paranjape, Yogesh Damodardas Kathrecha, Jignasa Pravinchandra Mehta, and Pravinchandra Ratilal Dholakia. For details of the Independent Directors, see '*Our Management*' on page 219. |
| IPO Committee | The IPO Committee of our Company, constituted to facilitate the process of the Issue, and as described in '*Our Management – Committees of Our Board*' on page 227. |
| Key Managerial Personnel | Key managerial personnel of our Company in accordance with Regulation 2(1) (bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act and as disclosed in '*Our Management – Key Managerial Personnel'* on page 240 |
| Key Performance Indicators/ KPIs | Key financial and operational performance indicators of our Company, as included in '*Basis for the Issue Price*' on page 123. |
| Materiality Policy | The policy adopted by our Board pursuant to its resolution dated July 12, 2023 for identification of: (a) material outstanding litigation; (b) Group Companies; and (c) material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations and for the purpose of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus. |
| Material Subsidiaries | Jyoti SAS and Huron Graffenstaden SAS |
| Memorandum of Association or MoA | The memorandum of association of our Company, as amended. |
| Nomination and Remuneration Committee | The nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and the SEBI Listing Regulations and as described in '*Our Management – Committees of Our Board'* on page 227. |
| Non-Executive Director(s) | A Director not being an Executive Director. |
| Promoter(s) | Parakramsinh Ghanshyamsinh Jadeja, Sahdevsinh Lalubha Jadeja, Vikramsinh Raghuvirsinh Rana, and Jyoti International LLP are the promoters (individual and corporate) of our Company. |
| Promoter Group | Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in '*Our Promoter, and Promoter Group*' on page 243. |
| Registrar of Companies or RoC | Registrar of Companies, Gujarat at Ahmedabad. |
| Registered and Corporate Office | The registered and corporate office of our Company situated at G – 506, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021, Gujarat, India. |
| Restated Consolidated Financial Statements | The restated consolidated financial statements of our Company comprise the restated consolidated statement of assets and liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the restated consolidated statement of profit and loss, the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021 and the notes to restated consolidated financial statements as approved by our Board and prepared in terms of the Section 26 of the Companies Act, SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised January, 2019) issued by the Institute of Chartered Accountants of India, each as amended. |
| Risk Management Committee | The risk management committee of our Company, constituted in accordance with the applicable provisions of the SEBI Listing Regulations and as described in '*Our Management - Committees of Our Board'* on page 227. |
| Senior Management | Senior management of our Company in accordance with Regulation 2(1) (bbbb) of the SEBI ICDR Regulations and as disclosed in '*Our Management*' on page 219. |
| Shareholder(s) | Shareholder(s) holding Equity Shares of our Company, from time to time. |

| Term | Description |
| --- | --- |
| Stakeholders' Relationship Committee | Stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act and the SEBI Listing Regulations, and as described in '*Our Management – Committees of Our Board*' on page 227. |
| Subsidiaries | Subsidiaries of our Company i.e., Jyoti SAS, Huron Graffenstaden SAS, Huron Frasmaschinen Gmbh, Huron Canada INC, and Huron Makina Servis Ve Diş Ticaret Limited Şirketi, as set out in '*Our Subsidiaries*' on page 215. |
| Whole-Time Directors | The whole-time directors of our Company, namely, Sahdevsinh Lalubha Jadeja, and Vikramsinh Raghuvirsinh Rana. For further details, see '*Our Management*' on page 219. |

**Issue Related Terms**

| Term | Description |
| --- | --- |
| Abridged Prospectus | Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf. |
| Acknowledgement Slip | The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form. |
| Allot, Allotment or Allotted | Unless the context otherwise requires, allotment of Equity Shares pursuant to the Issue. |
| Allotment Advice | A note or advice or intimation of Allotment sent to all the Bidders who have bided in the Issue after the Basis of Allotment has been approved by the Designated Stock Exchange |
| Allottee | A successful Bidder to whom the Equity Shares are Allotted. |
| Anchor Investor | A QIB, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus which has bid for an amount of at least ₹ 100 million. |
| Anchor Investor Allocation Price | The price at which the Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and Prospectus, which will be decided by our Company, in consultation with the BRLMs, during the Anchor Investor Bidding Date. |
| Anchor Investor Application Form | The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion, and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus. |
| Anchor Investor Bidding Date | The day, being 1 Working Day prior to the Bid/Issue Opening Date, on which Bids by the Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed. |
| Anchor Investor Issue Price | The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price.<br><br>The Anchor Investor Issue Price will be decided by our Company in consultation with the BRLMs. |
| Anchor Investor Pay-In Date | With respect to the Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Issue Price, a date not later than 2 Working Days after the Bid/ Issue Closing Date. |
| Anchor Investor Portion | Up to 60% of the QIB Portion which may be allocated by our Company, in consultation with the BRLMs, to the Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations.<br><br>One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. |
| Application Supported by Blocked Amount or ASBA | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders using the UPI mechanism. |
| ASBA Bidders | All Bidders except Anchor Investor(s). |
| ASBA Form | An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus. |

| Term | Description |
|---|---|
| ASBA Account | A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a UPI Bidder which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidder using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder. |
| Banker(s) to the Issue | Collectively, the Escrow Collection Bank(s), the Refund Bank(s), the Sponsor Bank and the Public Issue Account Bank(s), as the case may be. |
| Basis of Allotment | The Basis on which the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in '*Issue Structure*' on page 381. |
| Bid | An indication to make an offer during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of the Red Herring Prospectus and the Bid cum Application form. The term 'Bidding' shall be construed accordingly. |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut-off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case may be, upon submission of the Bid.<br><br>Eligible Employees applying in the Employee Reservation Portion can apply at the Cut Off Price and the Bid Amount shall be Cap Price (net of the Employee Discount), multiplied by the number of Equity Shares Bid for such Eligible Employee and mentioned in the Bid cum Application Form.<br><br>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 0.50 million (net of the Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 0.20 million (net of the Employee Discount). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of the Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of the Employee Discount). |
| Bidder/Applicant / Investor | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor. |
| Bid cum Application Form | The Anchor Investor Application Form or the ASBA Form, as the context requires. |
| Bidding Centres | The centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs. |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. |
| Bid/Issue Closing Date | Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of the [●], an English language national daily with wide circulation, all editions of [●], a Hindi language national daily with wide circulation and [●] edition of [●], a Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is located).<br><br>In case of any revisions, the extended Issue Closing Date shall also be notified on the websites and terminals of the members of the Syndicate, as required under the SEBI ICDR Regulations and communicated to the Designated Intermediaries and the Sponsor Bank, which shall also be notified in an advertisement in the same newspapers in which the Bid/Issue Opening Date was published, as required under the SEBI ICDR Regulations. |

| Term | Description |
|---|---|
| Bid/Issue Opening Date | Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●] which shall be published in all editions of the [●], an English language national daily with wide circulation, all editions of [●], a Hindi language national daily with wide circulation and [●] edition of [●], a Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is located). |
| Bid/Issue Period | Except in relation to the Anchor Investors, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations.<br><br>Our Company may, in consultation with the BRLMs, consider closing the Bid/Issue Period for the QIBs 1 Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations. The Bid/Issue Period will comprise Working Days only. |
| Book Building Process | Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue is being made. |
| Book Running Lead Managers or BRLMs | The book running lead managers to the Issue, namely, Equirus Capital Private Limited, ICICI Securities Limited and SBI Capital Markets Limited. |
| Broker Centres | Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker (in case of UPI Bidders, only using UPI Mechanism). The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com). |
| CAN/Confirmation of Allocation Note | Notice or intimation of allocation of the Equity Shares sent to the Anchor Investors, who have been allocated the Equity Shares, on/after the Anchor Investor Bidding Date. |
| Cap Price | The higher end of the Price Band, including any revisions thereof, above which the Issue Price and the Anchor Investor Issue Price will not be finalised and above which no Bids will be accepted.<br><br>Cap Price shall be at least 105% of the Floor Price and shall not exceed 120% of the Floor Price. |
| Cash Escrow and Sponsor Bank Agreement | The agreement dated [●] to be entered amongst our Company, the Registrar to the Issue, the BRLMs, the Syndicate Members and the Banker(s) to the Issue for the appointment of the Sponsor Bank(s) in accordance with the Circular on Streamlining of Public Issues, the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account(s) and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof. |
| Client ID | Client identification number maintained with one of the Depositories in relation to demat account. |
| Collecting Depository Participant(s)/CDP(s) | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), as per the list available on the websites of BSE and NSE, as updated from time to time. |
| Collecting Registrar and Share Transfer Agents/CRTAs | Registrar and share transfer agents registered with the SEBI and eligible to procure Bids at the Designated RTA Locations in terms of the UPI Circulars. |
| Cut-off Price | Issue Price, finalised by our Company, in consultation with the BRLMs which shall be any price within the Price Band.<br><br>Only Retail Individual Bidder and the Eligible Employees Bidding in the Employee Reservation Portion are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price |
| Demographic Details | Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details and UPI ID, where applicable. |

| Term | Description |
|---|---|
| Designated CDP Locations | Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com). |
| Designated Date | The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account(s) to the Public Issue Account(s) or the Refund Account(s), as the case may be, and instructions are given to the SCSBs (in case of UPI Bidders using UPI Mechanism, instructions through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Issue Account(s) or the Refund Account(s), as appropriate, in terms of the Red Herring Prospectus and the Prospectus following which Equity Shares will be Allotted in the Issue to the successful Bidders. |
| Designated Intermediaries | In relation to ASBA Forms submitted by (i) RIBs, (ii) Non-Institutional Bidders with an application size of up to ₹ 0.50 million (not using the UPI mechanism) and the and the Eligible Employees Bidding in the Employee Reservation Portion by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.<br><br>In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/agents, Registered Brokers, CDPs and RTAs.<br><br>In relation to ASBA Forms submitted by QIBs and Non-Institutional Bidders (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTA. |
| Designated RTA Locations | Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com). |
| Designated SCSB Branches | Such branches of the SCSBs, which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time. |
| Designated Stock Exchange | [●] |
| Draft Red Herring Prospectus or DRHP | This draft red herring prospectus dated September 1, 2023 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Issue including any addenda or corrigenda thereto. |

| Term | Description |
|---|---|
| Eligible Employees | A permanent employee of our Company and / or our Subsidiaries working in India or out of India (excluding such employees who are not eligible to invest in the Issue under applicable laws), as on the date of filing of this Draft Red Herring Prospectus with SEBI and who continue to be a permanent employee of our Company and / or our Subsidiaries until the submission of the Bid cum Application Form; or a director of our Company and / or Subsidiaries, whether whole-time or not, as on the date of the filing of this Draft Red Herring Prospectus with SEBI and who continue to be a permanent employee of our Company or Subsidiaries, until the submission of the Bid cum Application Form, but excludes: (a) an employee who is our Promoter or the member of our Promoter Group; (b) a director who either by himself or through his relatives or through any body corporate, directly or indirectly holds more than 10% of outstanding Equity Shares of our Company; and (c) our Independent Directors.<br><br>The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹ 0.50 million (net of the Employee Discount). However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹ 0.20 million (net of the Employee Discount). Only in the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of the Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of the Employee Discount). |
| Eligible FPIs | FPIs that are eligible to participate in this Issue in terms of applicable laws. |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares. |
| Employee Discount | Our Company may, in consultation with the BRLMs, offer a discount of up to [●]% of the Issue Price (equivalent of ₹ [●] per Equity Share) to the Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required, and which shall be announced at least 2 Working Days prior to the Bid / Issue Opening Date. |
| Employee Reservation Portion | The portion of the Issue being up to [●] Equity Shares aggregating up to ₹ [●] million, available for allocation to Eligible Employees, on a proportionate basis. Such portion constitutes [●]% of the post-Issue Equity Share capital of our Company. |
| Escrow Account(s) | Non-lien and non-interest-bearing accounts to be opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid. |
| Escrow Collection Bank(s) | Bank(s) which are clearing members and registered with SEBI as banker(s) to an issue, under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and with whom the Escrow Account(s) in relation to the Issue for Bids by Anchor Investors, will be opened, in this case being [●]. |
| Equirus | Equirus Capital Private Limited |
| First Bidder / Sole Bidder | Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names. |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price and the Anchor Investor Issue Price will be finalised and below which no Bids will be accepted. |
| F&S | Frost & Sullivan (India) Private Limited (F&S). |
| F&S Report | Report titled '*Assessment of the CNC Machining Centers Market*' dated August 23, 2023, prepared and issued by F&S, appointed by our Company pursuant to an engagement letter dated May 6, 2022, and exclusively commissioned and paid for by our Company in connection with the Issue. A copy of the F&S Report is available on the website of our Company at www.jyoti.co.in. |
| Gross Proceeds | The gross proceeds of the Fresh Issue |

| Term | Description |
|---|---|
| General Information Document | The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and modified and updated pursuant to the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs. |
| Maximum RIB Allottees | Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Issue Price. |
| Monitoring Agency | [●]. |
| Monitoring Agency Agreement | The agreement dated [●] to be entered into between our Company and the Monitoring Agency prior to filing of the Red Herring Prospectus. |
| Mutual Fund Portion | 5% of the Net QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Issue Price. |
| Mutual Funds | Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996. |
| Net Issue | The Issue less the Employee Reservation Portion.<br><br>The unsubscribed portion, if any, in the Employee Reservation Portion after allocation up to ₹ 0.50 million (net of Employee Discount) shall be added to the Net Issue. |
| Net Proceeds | Proceeds of the Issue less the Issue related expenses. For further details regarding the use of the Net Proceeds and the Issue expenses, see '*Objects of the Issue*' on page 110. |
| Net QIB Portion | QIB Portion less the number of Equity Shares Allotted to the Anchor Investors. |
| Non-Institutional Bidders/ NIBs | All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 0.20 million (but not including NRIs other than Eligible NRIs). |
| Non-Institutional Portion | The portion of the Issue being not more than 15% of the Net Issue consisting of [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price, out of which (i) one-third shall be reserved for NIBs with the application size exceeding ₹ 0.20 million up to ₹ 1 million; and (ii) two-thirds shall be reserved for NIBs with the application size exceeding ₹ 1 million.<br><br>Provided that the unsubscribed portion in either of the sub-categories specified in (i) or (ii) above, may be allocated to applicants in the other sub-category of Non-Institutional Bidders. |
| Non-Resident | Person resident outside India, as defined under FEMA and includes NRIs, FVCIs, VCFs, and FPIs. |
| I-SEC | ICICI Securities Limited |
| Issue / Fresh Issue | The initial public offer of up to [●] Equity Shares of face value of ₹ 2 each for cash at a price of ₹ [●] each, aggregating up to ₹ 10,000.00 million. The Issue comprises the Net Issue and the Employee Reservation Portion.<br><br>The unsubscribed portion, if any, in the Employee Reservation Portion after allocation up to ₹ 0.50 million (net of Employee Discount) shall be added to the Net Issue.<br><br>Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue. |
| Issue Agreement | The agreement dated September 1, 2023 amongst our Company and the BRLMs, pursuant to which certain arrangements have been agreed to in relation to the Issue. |

| Term | Description |
|---|---|
| Issue Price | The final price at which Equity Shares will be Allotted to successful Bidders, other than Anchor Investors in terms of the Red Herring Prospectus and the Prospectus.<br><br>The Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price which will be decided by our Company, in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Issue Price will be determined by our Company in consultation with the BRLMs on the Pricing Date, in accordance with the Book Building Process and in terms of the Red Herring Prospectus.<br><br>A discount of up to [●]% on the Issue Price (equivalent of ₹ [●] per Equity Share) may be offered to the Eligible Employees Bidding in the Employee Reservation Portion. This Employee Discount, if any, will be decided by our Company, in consultation with the BRLM. |
| Issue Proceeds | The proceeds of the Issue shall be available to our Company. |
| Pre-IPO Placement | Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Regulation 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue. |
| Price Band | Price band of a minimum price of ₹ [●] per Equity Share (**Floor Price**) and the maximum price of ₹ [●] per Equity Share (**Cap Price**) including any revisions thereof. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company in consultation with the BRLMs, and will be advertised in all editions of the [●], an English language national daily with wide circulation and all editions of [●], a Hindi language national daily with wide circulation and [●] edition of [●], a Gujarati language daily newspaper (Gujarati being the regional language of Gujarat, where our Registered Office is located), at least 2 Working Days prior to the Issue Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites.<br><br>Provided that the Cap Price shall be the minimum 105% of the Floor Price and shall not exceed than 120% of the Floor Price. |
| Pricing Date | The date on which our Company in consultation with the BRLMs, will finalise the Issue Price. |
| Prospectus | The prospectus to be filed with the RoC for this Issue in accordance with the provisions of Section 26 of the Companies Act and the SEBI ICDR Regulations containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information, including any addenda or corrigenda thereto. |
| Public Issue Account(s) | Bank account(s) to be opened with the Public Issue Account Bank(s) under Section 40(3) of the Companies Act, to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date. |
| Public Issue Account Bank(s) | The bank(s) which are clearing members and registered with the SEBI as a banker to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with which the Public Issue Account(s) shall be opened, being [●]. |
| QIB Category/QIB Portion | The portion of the Issue (including the Anchor Investor Portion) being not less than 75% of the Net Issue consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors) on a proportionate basis (in which allocation to Anchor Investors shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Issue Price or Anchor Investor Issue Price (for Anchor Investors). |
| Qualified Institutional Buyers/QIBs/QIB Bidders | Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. |
| QIB Bidders | QIB who Bids in the Issue. |

| Term | Description |
|---|---|
| Red Herring Prospectus or RHP | The red herring prospectus to be issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the Issue Price and the size of the Issue, including any addenda or corrigenda thereto.<br><br>The Red Herring Prospectus will be filed with the RoC at least 3 Working Days before the Bid/ Issue Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date. |
| Refund Account(s) | The account(s) opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investor(s) shall be made. |
| Refund Bank(s) | The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being [●]. |
| Registered Brokers | Stockbrokers registered under SEBI (Stockbrokers and Sub-Brokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012, issued by SEBI. |
| Registrar Agreement | The agreement dated August 31, 2023 amongst our Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue. |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), and the UPI Circulars, as per the lists available on the websites of BSE and NSE. |
| Registrar to the Issue or Registrar | Link Intime India Private Limited. |
| Retail Individual Bidders/Retail Individual Investors/RIBs/RIIs | Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹ 0.20 million in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs). |
| Retail Portion | The portion of the Issue being not more than 10% of the Net Issue comprising [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. |
| Revision Form | Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s).<br><br>QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and the Eligible Employee Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Issue Period and withdraw their Bids until Bid/Issue Closing Date. |
| SBICAPS | SBI Capital Markets Limited |
| Self-Certified Syndicate Bank(s)/SCSB(s) | The banks registered with the SEBI, offering services in relation to ASBA, 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 or such other websites and updated from time to time. |
| Specified Securities | Equity Shares and CCPS. |
| Specified Locations | Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders and in case of UPI Bidders, only ASBA Forms with UPI. |
| Sponsor Bank(s) | The Bankers to the Issue registered with SEBI appointed by our Company to act as a conduit between the Stock Exchanges and the National Payments Corporation of India in order to push the UPI Mandate Requests and / or payment instructions of the UPI Bidders using the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, in this case being [●]. |
| Stock Exchanges | Collectively, BSE Limited and National Stock Exchange of India Limited. |
| Sub-Syndicate Members | The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms. |
| Syndicate or the members of the Syndicate | Together, the BRLMs and the Syndicate Members. |

| Term | Description |
|---|---|
| Syndicate Agreement | The agreement to be entered into among our Company, the Registrar to the Issue, the BRLMs and the Syndicate Members in relation to collection of Bids by Syndicate. |
| Syndicate Members | Syndicate members as defined under Regulation 2(1)(hhh) of the SEBI ICDR Regulations. |
| Underwriters | [●]. |
| Underwriting Agreement | The agreement dated [●] to be entered between the Underwriters and our Company to be entered into on or after the Pricing Date but prior to filing of the Prospectus. |
| UPI | Unified Payment Interface, which is an instant payment mechanism, developed by NPCI. |
| UPI Bidder(s) | Collectively, individual investors applying as (i) Retail Individual Bidders in the Retail Portion, and (ii) Eligible Employees Bidding in the Employee Reservation Portion and (iii) Non-Institutional Bidders with an application size of more than ₹ 0.20 million and up to ₹ 0.50 million in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.<br><br>Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 0.50 million shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity). |
| UPI Circulars | SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) along with the Circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the Circular issued by the BSE Limited having reference no. 20220803- 40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard including SEBI Circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, if the Issue is undertaken through the said circular. |
| UPI ID | ID created on UPI for single-window mobile payment system developed by the NPCI. |
| UPI Mandate Request | A request (intimating the UPI Bidder by way of a notification on the UPI linked mobile application and by way of a SMS directing the UPI Bidder to such UPI linked mobile application) to the UPI Bidder initiated by the Sponsor Bank(s) to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment. |
| UPI Mechanism | The mechanism that may be used by UPI Bidder to make a Bid in the Issue in accordance with the UPI Circulars. |
| UPI PIN | Password to authenticate UPI transaction. |
| Wilful Defaulter or Fraudulent Borrower | A wilful defaulter or a fraudulent borrower as defined in Regulation 2(1)(lll) of the SEBI ICDR Regulations. |
| Working Day | All days 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, 'Working Day' shall mean all days, excluding all 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 Exchanges, 'Working Day' shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI. |

**Technical / industry related terms**

| Term | Description |
|---|---|
| Application Industries | Domestic and international customers across the world operating in various end-user industries. |
| CNC | Computer Numerical Control. The 5 Axis and 3 Axis CNC machines referred are 5 Axis simultaneous machines and 3 Axis simultaneous machines. |

| Term | Description |
|---|---|
| EMS | Electronics Manufacturing Services. |
| ERP | Enterprise Resource Planning. |
| HMCs | CNC Horizontal Machining Centers. |
| IIOT | Industrial Internet of Things. |
| IMTMA | Indian Machine Tools Manufacturers Association. |
| ISRO | Indian Space Research Organization. |
| POTS | Piston Oval Turning Software. |
| SAP | Systems Applications and Products. |
| VMCs | CNC Vertical Machining Centers. |

**Conventional and general terms and abbreviations**

| Term | Description |
|---|---|
| ₹/Rs./Rupees/INR | Indian Rupees |
| ₹ million | Indian Rupee million |
| A/c | Account |
| AIF | Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations |
| Air Act | The Air (Prevention and Control of Pollution) Act, 1981 |
| AS or Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India |
| Banking Regulation Act | The Banking Regulation Act, 1949 |
| 'Bn' or 'bn' | Billion |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| Category I FPI(s) | FPIs who are registered as 'Category I foreign portfolio investors' under the SEBI FPI Regulations |
| Category II FPI(s) | FPIs who are registered as 'Category II foreign portfolio investors' under the SEBI FPI Regulations |
| CDSL | Central Depository Services (India) Limited |
| CGST | Central Goods and Services Act, 2017 |
| Companies Act, 1956 | *Erstwhile* Companies Act, 1956 along with the relevant rules made thereunder |
| Companies Act/ Companies Act, 2013 | Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder |
| COVID-19 | The novel coronavirus disease which was declared as a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020 by the World Health Organisation |
| CSR | Corporate social responsibility |
| Customs Act | The Customs Act, 1962 |
| CY | Calendar year |
| Depositories | Together, NSDL and CDSL |
| Depositories Act | Depositories Act, 1996 |
| DIN | Director Identification Number |
| DPITT | Department for Promotion of Industry and Internal Trade |
| DP ID | Depository Participant's Identification |
| DP/Depository Participant | A depository participant as defined under the Depositories Act |
| Drawback Rules | The Customs and Central Excise Duties Drawback Rules, 2017, as amended |
| EBIT | Profit/ (loss) for the year plus total income tax expense plus finance costs |
| EBITDA | Profit/ (loss) for the year less exceptional items and other income plus finance costs, depreciation and amortisation, and total income tax expenses |
| EBITDA Margin | EBITDA divided by revenue from operations |
| EPA | The Environment (Protection) Act, 1986 |
| EPS | Earnings per Share |
| Euros / € / EUR | Euros |
| FCNR Account | Foreign Currency Non-Resident Account |
| FDI | Foreign Direct Investment |
| FEMA | The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder |
| FEMA Rules | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |

| Term | Description |
|---|---|
| Financial Year/Fiscal/fiscal/Fiscal Year/FY | Unless stated otherwise, the period of 12 months ending March 31 of that particular year |
| FPI(s) | Foreign Portfolio Investors as defined under the SEBI FPI Regulations |
| FVCI | Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations |
| GAAP | Generally Accepted Accounting Principles |
| GDP | Gross domestic product |
| GoI/Government | Government of India |
| Gross Fixed Assets Turnover Ratio | Revenue from operations divided by cost of property, plant and equipment; capital work in progress; right of use assets; intangible assets and intangible assets under development |
| Gross Margin | Gross profit divided by revenue from operations |
| Gross Profit | Revenue from operations minus cost of raw materials consumed minus (increase)/decrease in inventories of finished goods and work-in-progress |
| GST | Goods and services tax |
| Hazardous Waste Rules | The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016 |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| IGST | Integrated Goods and Services Act, 2017 |
| Income Tax Act or IT Act | Income Tax Act, 1961 |
| Ind AS / Indian Accounting Standards | Indian Accounting Standards prescribed under section 133 of the Companies Act, as notified by the Ind AS Rules |
| Ind AS Rules | The Companies (Indian Accounting Standard) Rules, 2015, as amended |
| India | Republic of India |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial public offering |
| ISO | International Organization for Standardization. |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IST | Indian Standard Time |
| KYC | Know Your Customer |
| MCA | Ministry of Corporate Affairs, Government of India |
| Metrology Act | Legal Metrology Act, 2009 |
| MSME | Micro, Small & Medium Enterprises |
| N.A./NA | Not Applicable |
| NEFT | National Electronic Fund Transfer |
| Net working capital turnover ratio | Revenue from operations over working capital (working capital is a sum of Inventory and Trade Receivables less Trade Payables). |
| No. | Number |
| NPCI | National Payments Corporation of India |
| NR | Non-Resident |
| NRE Account | Non-Resident External Accounts |
| NRI | A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955 |
| NRO | Non-Resident Ordinary |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| OCB/Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to participate in the Issue |
| p.a. | Per annum |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT Margin | Profit/ (loss) for the year divided by total income |

| Term | Description |
|---|---|
| PLI schemes | Production Linked Incentive Schemes. |
| Profit after tax | Profit for the year |
| RBI | Reserve Bank of India |
| Return on Equity | Profit/ (loss) for the year divided by total equity |
| 'ROCE' or 'Return on Capital Employed' | EBIT divided by capital employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as EBITDA plus other income less depreciation and amortization |
| RoDTEP Scheme | The Scheme for Remission of Duties and Taxes on Exported Products |
| 'ROE' or 'Return on Equity' | Profit/ (loss) for the year divided by total equity |
| 'RoNW' or 'Return on Net Worth' | Restated Profit for the year/period divided by Total Equity at the end of the year |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act, 1992 |
| SEBI Act | 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, 2019, as amended |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended |
| SEBI ICDR Regulations | 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 Merchant Bankers Regulations | Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992, as amended |
| SEBI Takeover Regulations | 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, as repealed by the SEBI AIF Regulations |
| SGST | State Goods and Services Act, 2017 |
| Stock Exchanges | Together, BSE and NSE |
| UGST | Union Territory Goods and Services Act, 2017 |
| U.S./USA/United States | United States of America |
| U.S. GAAP | Generally Accepted Accounting Principles in the United States of America |
| USD/US$ | United States Dollars |
| VCFs | Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations |
| Water Act | The Water (Prevention and Control of Pollution) Act, 1974 |
| Water Cess Act | The Water (Prevention and Control of Pollution) Cess Act, 1977 |

## CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

### Certain Conventions

All references to 'India' contained in this Draft Red Herring Prospectus are to the Republic of India. All references to the 'Government', 'Indian Government', 'GoI', 'Central Government' are to the Government of India and all references to the 'State Government' are to the government of the relevant state.

Unless stated otherwise, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time. Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### Financial Data

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Fiscal or Financial Year, unless stated otherwise, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless stated, or, the context requires, otherwise all financial information and financial ratios in this Draft Red Herring Prospectus is derived from our Restated Consolidated Financial Statements. The Restated Consolidated Financial Statements of our Company comprise the restated consolidated statement of assets and liabilities as at March 31, 2023, March 31, 2022 and March 31, 2021, the restated consolidated statement of profit and loss, the restated consolidated statement of cash flows and the restated consolidated statement of changes in equity for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021 and the notes to restated consolidated financial statements as approved by our Board and prepared in terms of the Section 26 of the Companies Act, SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised January, 2019) issued by the ICAI, each as amended. For further information, see '*Financial Information'* on page 251.

### Non-GAAP Measures

Certain non-GAAP measures included and presented in this Draft Red Herring Prospectus, for instance Gross Profit, Gross Profit Margin, EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity and Gross Fixed Assets Turnover Ratio (**Non-GAAP Measures**) presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, Non-GAAP Measures are not standardised terms, hence a direct comparison of Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measure differently from us, limiting its usefulness as a comparative measure. Although Non-GAAP Measures is not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See '*Risk Factors - Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Gross Profit, Gross Profit Margin, EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity and Gross Fixed Assets Turnover Ratio have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*.' on page 54.

There are significant differences between Ind AS, U.S. GAAP and IFRS. See '*Risk Factor - Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus'* on page 61. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you 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 Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as stated otherwise, all figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

**Currency and Units of Presentation**

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US$’ or ‘USD’ or ‘$’ are to United States Dollars, the official currency of the United States of America; and (c) ‘Euros’ or ‘€’ or ‘EUR’ are to Euros, the official currency of the member states of European Union.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in ‘million’ units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. 1 million represents ‘10 lakhs’ or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than million, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in their respective sources.

Any percentage amounts (excluding certain operational data), as set forth in *‘Risk Factors’, ‘Our Business’, and ‘Management’s Discussion and Analysis of Financial Conditions and Results of Operation’* on pages 33, 176, and 312 and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated based on our Restated Consolidated Financial Statements.

**Exchange Rates**

This Draft Red Herring Prospectus contains conversion 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 Rupees USD and Euro:

*(In ₹)*

| Currency | Exchange Rate as on | | |
|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| 1 USD | 82.22 | 75.81 | 73.50 |
| 1 Euro | 89.61 | 84.66 | 86.10 |

*Source: www.fbil.org.in*
**Note: The reference rates are rounded off to two decimal places.*

**Industry and Market Data**

Unless otherwise indicated, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information as well as the F&S Report titled ‘*Assessment of the CNC Machining Centers Market’* dated August 23, 2023, prepared and issued by F&S, appointed by our Company pursuant to an engagement letter dated May 6, 2022, and exclusively commissioned and paid for by our Company in connection with the Issue. A copy of the F&S Report is available on the website of our Company at www.jyoti.co.in. F&S was appointed by our Company and is not connected to our Company, our Directors, our Promoters, our Key Managerial Personnel, Senior Management or BRLMs. For risks in relation to commissioned reports, see ‘*Risk Factor - This Draft Red Herring Prospectus contains information from an industry report prepared by F&S which our Company has commissioned and paid for’* on page 54.

Except for the F&S Report, we have not commissioned any report for purposes of this Draft Red Herring Prospectus and any market and industry related data, other than that extracted or obtained from the F&S Report, used in this Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources.

The data used in industry sources and publications may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. The data used in the industry sources and publication involves risks uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the '*Risk Factors*' on page 33.

Further, the extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. In addition, certain data in relation to our Company used in this Draft Red Herring Prospectus has been obtained or derived from the F&S Report which may differ in certain respects from our Restated Financial Statements as a result of, *inter alia*, the methodologies used in compiling such data. Accordingly, investment decision should not be made based on such information.

**Disclaimer of F&S Report**

*"Assessment of the CNC Machining Centers Market" has been prepared for the proposed initial public offering of equity shares by **Jyoti CNC Automation Limited** (the "Company").*

*This study has been undertaken through extensive primary and secondary research, which involves discussing the status of the industry with leading market participants and experts, and compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Frost & Sullivan (India) Private Limited ("Frost & Sullivan") and its assumptions are based on varying levels of quantitative and qualitative analyses, including industry journals, company reports and information in the public domain.*

*Frost & Sullivan has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics and primary research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged*

*Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.*

*In making any decision regarding the transaction, the recipient should conduct its own investigation and analysis of all facts and information contained in the prospectus of which this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients 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."*

In accordance with the SEBI ICDR Regulations, the section '*Basis for Issue Price*' on page 123, includes information relating to our peer group companies and industry averages. Such information has been derived from publicly available sources. Such industry sources and publications are also prepared based on information as at specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base this information on estimates and assumptions that may prove to be incorrect.

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain 'forward-looking statements' which are not historical facts. These forward-looking statements generally can be identified by words or phrases such as 'aim', 'anticipate', 'believe', 'can', 'could', 'expect', 'estimate', 'intend', 'may', 'likely', 'objective', 'plan', 'propose', 'project', 'seek to', 'will', 'will continue', 'will pursue' or other words or phrases of similar import but are not the exclusive means of identifying such statements. Similarly, statements that describe our strategies, objectives, plans, goals, future events, future financial performance, or financial needs are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations, and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

These forward-looking statements, whether made by us or a third-party, are based on our current plans, estimates, presumptions and expectations and actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, regulatory licenses, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its 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 domestic laws, regulations and taxes, changes in competition in the industries in which we operate and incidents of natural calamities and, or, acts of violence.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our success is dependent on our relationship with our customers, and we do not, generally enter into long term purchase contracts. This exposes us to risk emanating from the inability to retain our established customers as our clients.

- Our Company does not have long-term agreements with suppliers for our input materials and a significant increase in the cost of, or a shortfall in the availability, or deterioration in the quality, of such input materials could have an adverse effect on our business and results of operations.

- We operate in a competitive industry. Any inability to compete effectively may lead to a lower market share or reduced operating margins.

- We are completely reliant on third-party logistics service providers for transport of input materials and finished products.

- Any failure on our part to effectively manage our inventory may result in an adverse effect on our business, revenue from manufacturing operations and financial condition.

For further discussion on factors that could cause actual results to differ from expectations, see '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on pages 33, 176 and 312 respectively. 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 you that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

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

In accordance with the SEBI ICDR Regulations, our Company and the BRLMs will ensure that the investors in India are informed of material developments pertaining to our Company from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Issue.

## SUMMARY OF THE ISSUE DOCUMENT

*Unless otherwise indicated, industry and market data used in this section has been derived from the F&S Report titled 'Assessment of the CNC Machining Centers Market' dated August 23, 2023 prepared and issued by F&S, appointed by us pursuant to engagement letter dated May 6, 2022 and exclusively commissioned and paid for by us in connection with the Issue. Unless otherwise indicated, all industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. F&S was appointed by our Company and is not connected to our Company, our Directors, our Promoters, our Key Managerial Personnel, Senior Management or BRLMs. A copy of the F&S Report is available on the website of our Company at www.jyoti.co.in.*

This section is a general summary of the terms of the Issue and of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including '*Risk Factors*', '*Industry Overview*', '*Our Business*', '*Capital Structure*', '*The Issue*' and '*Outstanding Litigation and Material Developments*' on pages 33, 139, 176, 81, 64 and 350, respectively.

### Primary business of our Company

We are one of the world's leading manufacturers of metal cutting computer numerical control (**CNC**) machines with the second and twelfth largest market share, in India and globally, respectively. In Fiscal 2022, we were the second largest CNC machine manufacturer in India and accounted for approximately 8% of the market share. We are a prominent manufacturer of simultaneous 5-Axis CNC machines in India and are a supplier of one of the most diverse portfolios of CNC machines in India *(Source: F&S Report)* We offer over 200 variants across 44 series. Since April 1, 2004, we have supplied over 30,000 CNC machines globally.

### Summary of Industry

The global CNC machining Centers market is estimated to be ~$51.5 billion in 2027. This market is majorly driven by global automotive and heavy industries manufacturers, who are embracing automation and advanced software solutions to meet their customers' needs. In addition, shortage of skilled labor, working hour limits, and labor costs are on the rise. Thus, there is a rapid growth in the demand for automated precision machines. Global CNC Machining Centers Market is expected to grow at CAGR of 9.9% from 2023-2027. (*Source: F&S Report*)

### Name of Promoter(s)

Parakramsinh Ghanshyamsinh Jadeja, Sahdevsinh Lalubha Jadeja, Vikramsinh Raghuvirsinh Rana, and Jyoti International LLP are the Promoters of our Company. For details, see '*Our Promoters and Promoter Group*' on page 243

### Issue size

| | |
|---|---|
| Issue(1) | Fresh Issue of up to [●] Equity Shares, for cash at a price of ₹ [●] per Equity Share aggregating up to ₹ 10,000.00 million |
| Employee Reservation Portion(2) | Up to [●] Equity Shares, aggregating up to ₹ [●] million |
| Net Issue | Up to [●] Equity Shares, aggregating up to ₹ [●] million |

(1) *The Issue has been authorised by our Board pursuant to the resolution passed at its meeting dated May 18, 2023 and has been authorised by our Shareholders pursuant to the shareholders' resolution dated August 19, 2023. Includes the proceeds, if any, received pursuant to a Pre-IPO Placement which may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹ 2,000.00 million. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue. Our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

(2) *In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of Employee Discount) subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion after allocation up to ₹ 0.50 million (net of*

*Employee Discount) shall be added to the Net Issue. Our Company in consultation with the BRLMs, may offer a discount of up to [●]% on the Issue Price (equivalent of ₹ [●] per Equity Share) to Eligible Employees bidding in the Employee Reservation Portion which shall be announced two Working Days prior to the Bid/Issue Opening Date. For further details, see 'The Issue' and 'Issue Structure' on pages 64 and 381, respectively.*

The Issue shall constitute [●] % of the post-Issue paid-up Equity Share capital of our Company. For further details, see '*The Issue*' on page 64.

**Objects of the Issue**

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

*(in ₹ million)*

| Sr. No. | Particulars | Estimated utilisation from Net Proceeds |
|---|---|---|
| 1. | Repayment and/or pre-payment, in full or part, of certain borrowings availed by our Company (1) | 4,500.00 |
| 2. | Funding long-term working capital requirements of our Company (1) | 3,000.00 |
| 3. | General corporate purposes (2) | [●] |
| **Net Proceeds** | | [●] |

(1) *Includes the proceeds, if any, received pursuant to a Pre-IPO Placement which may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹2,000.00 million. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue. Our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

(2) *To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.*

**Aggregate Pre-Issue shareholding of the Promoters and the members of our Promoter Group as a percentage of the paid-up Equity Share capital**

| Sr. No. | Name of the Shareholder | No. of Equity Shares held | Percentage of total pre-Issue paid up equity share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) |
|---|---|---|---|---|---|
| **Promoters** | | | | | |
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 61,188,760 | 31.26 | 61,188,760 | 30.95 |
| 2. | Jyoti International LLP | 36,748,995 | 18.77 | 36,748,995 | 18.59 |
| 3. | Sahdevsinh Lalubha Jadeja | 6,685,400 | 3.42 | 6,685,400 | 3.38 |
| 4. | Vikramsinh Raghuvirsinh Rana | 4,547,500 | 2.32 | 4,547,500 | 2.30 |
| Sub-Total (**A**) | | **109,170,655** | **55.77** | **109,170,655** | **55.21** |
| **Promoter Group** | | | | | |
| 5. | Anilkumar Bhikhabhai Virani | 32,856,340 | 16.78 | 32,856,340 | 16.62 |
| 6. | Vijaysinh Pravinsinh Zala | 219,500 | 0.11 | 219,500 | 0.11 |
| Sub-Total (**B**) | | **33,075,840** | **16.90** | **33,075,840** | **16.73** |
| **Total (A+B)** | | **142,246,495** | **72.66** | **142,246,495** | **71.94** |

*^As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

For further details, see '*Capital Structure'* on page 81.

**Summary of selected financial information derived from our Restated Consolidated Financial Statements**

*(in ₹ million)*

| Particulars | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|---|---|---|---|
| Equity Share capital* | 329.29 | 294.79 | 294.79 |
| Net Worth | 362.29 | (296.75) | 186.65 |
| Revenue from operations | 9,292.59 | 7,464.87 | 5,800.59 |

| Particulars | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|---|---|---|---|
| Profit / (loss) after tax for the year | 150.60 | (483.00) | (700.29) |
| Earnings / (loss) per equity share** | | | |
| - Basic (in ₹) | 0.10 | (0.33) | (0.48) |
| - Diluted (in ₹) | 0.10 | (0.33) | (0.48) |
| Net asset value per Equity Share | 5.57 | 2.79 | 7.64 |
| Total Borrowings | 8,349.74 | 7,921.57 | 7,251.17 |

(1) *Net Worth' means the aggregate value of the paid-up share capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the restated balance sheet, but does not include reserves created out of revaluation of assets including revaluation reserve, capital redemption reserve, write back of depreciation and amalgamation.*

(2) *Basic EPS (₹) = Basic earnings per share are calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year including sub-division.*

(3) *Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year including sub-division.*

(4) *Net asset value (NAV) per equity share means total equity divided by weighted average number of equity shares post sub-division of shares.*

(5) *Total borrowings comprise of current borrowing and non-current borrowings.*

**After March 31, 2023, our Company has issued 62,22,052 Equity Shares of face value of ₹ 10 each and 392,855 CCPS of face value of ₹ 10 each. Subsequently, the Equity Shares of face value of ₹ 10 each and CCPS of face value of ₹ 10 each of our Company were sub-divided into Equity Shares of face value of ₹ 2 each and CCPS of face value ₹ 2 each, respectively. For further details, see 'Capital Structure' on page 81.*

For further details, see '*Restated Consolidated Financial Statements*' on page 251.

**Qualifications by the Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Statements**

There are no qualifications included by our Statutory Auditors in the financial statements which have not been given effect to in the Restated Consolidated Financial Statements.

**Summary of Outstanding Litigation**

A summary of outstanding litigation proceedings involving our Company, our Subsidiaries, our Directors, our Promoters and our Group Companies in accordance with the SEBI ICDR Regulations and the Materiality Policy as on the date of this Draft Red Herring Prospectus, is set out below:

| Name of Entity | Criminal Proceedings | Tax proceedings | Statutory/ Regulatory proceedings | Disciplinary actions by the SEBI or stock Exchanges against our Promoter | Material civil litigation | Aggregate amount involved (₹ in million)* |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| By the Company | 1 | - | - | - | 2 | 14.62 |
| Against the Company | 1** | 21 | Nil | Nil | Nil | 393.67 |
| **Promoters** | | | | | | |
| By the Promoter | Nil | - | - | - | - | Nil |
| Against the Promoter | Nil | 12 | Nil | Nil | Nil | Nil |
| **Directors (other than Promoters)** | | | | | | |
| By the Directors | Nil | - | - | - | Nil | Nil |

| Name of Entity | Criminal Proceedings | Tax proceedings | Statutory/ Regulatory proceedings | Disciplinary actions by the SEBI or stock Exchanges against our Promoter | Material civil litigation | Aggregate amount involved (₹ in million)* |
|---|---|---|---|---|---|---|
| Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| **Subsidiaries** | | | | | | |
| By the Subsidiaries | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Subsidiaries | Nil | Nil | Nil | Nil | 2 | 43.57# |

**To the extent quantifiable.*
***In addition to the 1 criminal proceeding against our Company, an FIR has been filed by Ram Lal in the Hari Nagar Police Station. For details, see 'Outstanding Litigation and Material Development' at page 350.*
*# Amount involved is € 481,000 (i.e., ₹ 43.57 million; 1 € = ₹ 90.58 as of July 31, 2023 (Source: www.fbil.org.in)).*

Further, as on the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Companies, the outcome of which could have a material impact on our Company.

*For details, see 'Outstanding Litigation and Material Development' at page 350.*

**Risk Factors**

Specific attention of Investors is invited to '*Risk Factors*' on page 33. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

**Summary of contingent liabilities and commitments of our Company**

The details of our contingent liabilities as on March 31, 2023 derived from the Restated Consolidated Financial Statements are set forth below:

| Particulars | As of March 31, 2023 (₹ million) |
|---|---|
| Letter of Credit, Standby Letter of Credit, Letter of Comfort & Bank Guarantee | |
| (i) Outstanding Letter of Credits & Bank Guarantee | 941.42 |
| (ii) Outstanding Standby Letter of Credit & Letter of Comfort | 537.65 |
| Corporate Guarantee | |
| (i) Guarantees given by the Company to banks on behalf of step down subsidiary | 806.47 |
| Claim Against the Company not Acknowledged as Debt | |
| - *Vendor* | 0.61 |
| - *Customer (Compensation claim)* | 5.84 |
| - *Customer (Amount paid under protest)* | 3.61 |
| Disputed Excise Duty, Service Tax & Other Liabilities in respect of Pending Litigations before Appellate Authority & Against which amount paid Under Protest are as follows | |
| - *Disputed excise duty liabilities* | 27.26 |
| - *Disputed income tax liabilities* | 4.32 |
| - *Disputed CST liabilities* | 166.59 |

| Particulars | As of March 31, 2023<br>(₹ million) |
|---|---|
| - *Disputed VAT liabilities* | 28.54 |
| - *Disputed GST Liabilities* | - |
| - *Amount paid under protest – Excise duty* | 4.43 |
| - *Amount paid under protest – CST* | 14.00 |
| *Amount paid under protest – VAT* | 2.65 |
| **Total** | **2,543.37** |

For further information of our contingent liabilities as at March 31, 2023 as per Ind AS 37, see '*Restated Consolidated Financial Statements - Note 34 - Contingent Liabilities & Commitments - to the extent not provided for*' on page 283.

The details of our capital commitments as on March 31, 2023 derived from the Restated Consolidated Financial Statements are set forth below:

| Particulars | As of March 31, 2023<br>(₹ million) |
|---|---|
| Estimated amount of Capital Contracts Remaining to be executed & not provided as on Balance Sheet Date | 66.06 |
| Other Commitments - Export Obligation Against Advance License | - |
| Other Commitments - Subsidiary | 1,136.10 |

For further information of our capital commitments as at March 31, 2023 as per Ind AS 37, see '*Restated Consolidated Financial Statements - Note 34 - Contingent Liabilities & Commitments – to the extent not provided for*' on page 283.

**Summary of Related Party Transactions**

Set out below are the details of our related party transactions from our Restated Consolidated Financial Statements as at and for Fiscal 2023, Fiscal 2022, and Fiscal 2021:

*(₹ million)*

| Nature of Transaction | Subsidiaries | KMP | Relatives of KMP | Independent Director | Enterprise Influenced By KMP | Enterprise Influenced By Relative of KMP | Total |
|---|---|---|---|---|---|---|---|
| **Transactions Carried Out With Related Parties referred in Note 36.1 of the Restated Consolidated Financial Statements, in Ordinary Course of Business** | | | | | | | |
| Loans & Advances Taken (Net) | - | 328.83 | - | - | 168.42 | - | 497.25 |
| | - | *210.59* | - | - | *334.49* | - | *545.08* |
| | **-** | **6.95** | **-** | **-** | **-** | **-** | **6.95** |
| | | | | | | | |
| Loans & Advances Repaid (Net) | - | - | - | - | - | - | - |
| | *14.56* | *115.65* | - | - | *233.71* | - | *363.93* |
| | - | - | - | - | - | - | - |
| | | | | | | | |
| Revenue From Operations (net of Returns) | 212.16 | - | - | - | - | 52.89 | 265.04 |

| Nature of Transaction | Subsidiaries | KMP | Relatives of KMP | Independent Director | Enterprise Influenced By KMP | Enterprise Influenced By Relative of KMP | Total |
|---|---|---|---|---|---|---|---|
| | *274.33* | - | - | - | - | *43.54* | *317.86* |
| | **212.00** | **-** | **-** | **-** | **-** | **2.00** | **214.00** |
| | | | | | | | |
| Conversion of Loan to Equity | - | 319.00 | - | - | 181.25 | - | 500.25 |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | | | | | | | |
| Conversion of Loan & Advance to Equity | 1,523.56 | - | - | - | - | - | 1,523.56 |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | | | | | | | |
| Other Income | 88.27 | - | - | - | - | 0.36 | 88.63 |
| | *63.67* | - | - | - | - | *0.18* | *63.85* |
| | **68.00** | **-** | **-** | **-** | **-** | **-** | **68.00** |
| | | | | | | | |
| Purchase of Raw Materials | 11.86 | - | - | - | - | 66.10 | 77.96 |
| | *27.20* | - | - | - | - | *26.13* | *53.32* |
| | **39.00** | **-** | **-** | **-** | **-** | **0.20** | **39.20** |
| | | | | | | | |
| Interest Expense | - | - | - | - | 45.82 | - | 45.82 |
| | - | - | - | - | 8.88 | - | 8.88 |
| | - | - | - | - | - | - | - |
| | | | | | | | |
| Loans & Advance Given | - | - | - | - | - | - | - |
| | - | - | *2.16* | - | - | - | *2.16* |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| | | | | | | | |
| Employee Benefit Expenses | - | 25.91 | 2.18 | - | - | - | 28.09 |
| | - | *26.49* | *2.53* | - | - | - | *29.02* |
| | **-** | **23.00** | **2.00** | **-** | **-** | **-** | **25.00** |
| Sitting Fees | - | - | - | 0.30 | - | - | 0.30 |

| Nature of Transaction | Subsidiaries | KMP | Relatives of KMP | Independent Director | Enterprise Influenced By KMP | Enterprise Influenced By Relative of KMP | Total |
|---|---|---|---|---|---|---|---|
| | - | - | - | *0.14* | - | - | *0.14* |
| | **-** | **-** | **-** | **0.12** | **-** | **-** | **0.12** |
| | | | | | | | |
| Purchase of Fixed Asset | 0.71 | - | - | - | - | 2.00 | 2.71 |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| | | | | | | | |
| Other Expenses | 3.49 | - | - | - | - | - | 3.49 |
| | *0.53* | - | - | - | - | *3.76* | *4.29* |
| | ***3.82*** | **-** | **-** | **-** | **-** | ***0.03*** | ***3.85*** |
| | | | | | | | |

*Figures in Italics represents Previous Year's Figures.*
***Figures in Bold represents March 21 Figures.***

For further details, see '*Restated Consolidated Financial Statements - Note 36 - Related Party Disclosures'* on page 286.

**Financing Arrangements**

There have been no financing arrangements whereby our Promoters, the members of our Promoter Group, our Directors and their relatives and the directors of our Corporate Promoter have financed the purchase by any other person of securities of our Company, during a period of 6 months immediately preceding the date of this Draft Red Herring Prospectus.

**Weighted average price at which the Equity Shares were acquired by our Promoters in the last 1 year preceding the date of this Draft Red Herring Prospectus**

Except as disclosed below, no Equity Shares have been acquired by our Promoters in the last 1 year preceding the date of this Draft Red Herring Prospectus.

| Sr. No | Name of the Promoters | No. of Equity Shares acquired in the last 1 year^ | Weighted Average Price at which the Equity Shares acquired in the last 1 year (in ₹)* |
|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 30,500,000 | 30.15 |
| 2. | Jyoti International LLP | 15,950,000 | 30.10 |
| 3. | Sahdevsinh Lalubha Jadeja | Nil | Not Applicable |
| 4. | Vikramsinh Raghuvirsinh Rana | Nil | Not Applicable |

**As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 31, 2023.*
*^ As adjusted for sub-division of Equity Shares of face value of ₹ 10 each into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*

### Average Cost of Acquisition by our Promoters

The average cost of acquisition per Equity Share for our Promoters as on the date of this Draft Red Herring Prospectus is:

| Sr. No | Name of the Promoters | No. of Equity Shares acquired^ | Average cost of acquisition per Equity Share (in ₹)* |
|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 61,188,760 | 18.46 |
| 2. | Jyoti International LLP | 36,748,995 | 26.17 |
| 3. | Sahdevsinh Lalubha Jadeja | 6,685,400 | 1.98 |
| 4. | Vikramsinh Raghuvirsinh Rana | 4,547,500 | 1.00 |

**As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 31, 2023.*
*^ As adjusted for sub-division of Equity Shares of face value of ₹ 10 each into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*

### Details of price at which Equity Shares were acquired by our Promoters, the members of our Promoter Group, and Shareholders with right to nominate Directors or other rights in the last 3 years preceding the date of this Draft Red Herring Prospectus

Save and except for below, our Promoters and the members of our Promoter Group, have not acquired any specified securities in the last 3 years preceding the date of this Draft Red Herring Prospectus:

| Sr. No. | Name of the acquirer | Nature of securities | Face value (₹)# | Date of acquisition of securities | Number of specified securities acquired# | Acquisition price per security (₹) |
|---|---|---|---|---|---|---|
| **Promoter** | | | | | | |
| 1. | Parakramsinh Ghanshyamsinh Jadeja | Equity Shares | 2 | March 31, 2023 | 11,000,000 | 29.00* |
| 2. | Parakramsinh Ghanshyamsinh Jadeja | Equity Shares | 2 | August 19, 2023 | 19,500,000 | 30.80** |
| 3. | Jyoti International LLP | Equity Shares | 2 | March 31, 2023 | 6,250,000 | 29.00*** |
| 4. | Jyoti International LLP | Equity Shares | 2 | August 19, 2023 | 9,700,000 | 30.80**** |
| 5. | Anilkumar Bhikhabhai Virani | Equity Shares | 2 | August 28, 2023 | 32,856,340 | 31.20 |

*# Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*
**Allotment of 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja against conversion of unsecured loan of ₹ 319.00 million advanced by Parakramsinh Ghanshyamsinh Jadeja to our Company.*
***Allotment of 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja against conversion of unsecured loan of ₹ 600.60 million advanced by Parakramsinh Ghanshyamsinh Jadeja to our Company.*
****Allotment of 1,250,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 181.25 million advanced by Jyoti International LLP to our Company.*
***** Allotment of 1,940,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 298.76 million advanced by Jyoti International LLP to our Company*

*Note: As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 31, 2023.*

There are no Shareholders who are entitled to nominate Directors or have any other special rights including the right to nominate Director(s) on our Company's Board.

For further details, see '*Capital Structure*' on page 81.

**Weighted average cost of acquisition of (i) all shares issued by our Company; and (ii) all shares acquired by our Promoters and Promoter Group, in the 3 years, 18 months and 1 year preceding the date of this Draft Red Herring Prospectus**

| Period | Weighted Average Cost of Acquisition (in ₹)*# | Cap Price is 'X' times the Weighted Average Cost of Acquisition^ | Range of acquisition price: Lowest price - highest price*# (in ₹) |
|---|---|---|---|
| Last 3 years | 38.28 | [●] | ₹ 29 - ₹ 196 |
| Last 18 months | 38.28 | [●] | ₹ 29 - ₹ 196 |
| Last 1 year | 38.28 | [●] | ₹ 29 - ₹ 196 |

* *As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 31, 2023.*
^ *To be updated in the Prospectus.*
#*Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 and CCPS of face value of ₹ 10 each were sub-divided into CCPS of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*

**Details of Pre-IPO Placement**

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue.

**Issue of Equity Shares for consideration other than cash in the last 1 year**

Except as set forth below, we have not issued Equity Shares for consideration other than cash or by way of bonus issue or out of revaluation reserves:

| Date of allotment | Number of Equity Shares allotted | Name of the allottees | Face value (₹) | Issue price per equity share (₹) | Reasons for allotment | Benefits if any that have accrued to the Company |
|---|---|---|---|---|---|---|
| March 31, 2023 | 3,450,000 | Allotment of (i) 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,250,000 Equity Shares to Jyoti International LLP | 10 | 145 | Conversion of loan into Equity Shares * | N.A. |
| August 19, 2023 | 5,840,000 | Allotment of (i) 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,940,000 Equity Shares to Jyoti International LLP | 10 | 154 | Conversion of loan into Equity Shares ** | N.A. |

**Allotment of 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,250,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 319.00 million and ₹ 181.25 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*
***Allotment of 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,940,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 600.60 million and ₹ 298.76 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*

**Split / Consolidation of Equity Shares of our Company in the last 1 year**

Except for the sub-division of Equity Shares of face value of ₹ 10 each to ₹ 2 each, authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and by our Shareholders pursuant to the special resolution at their meeting held on August 19, 2023, our Company has not undertaken any split / consolidation of its Equity Shares in 1 year preceding the date of this Draft Red Herring Prospectus. For further details, see '*Capital Structure - Notes to the Capital Structure - Equity Share capital history of our Company'* on page 82.

**Exemption from complying with any provisions of securities laws, if any, granted by SEBI**

Our Company has not made any application under SEBI ICDR Regulation for any exemption from complying with any provisions of the securities laws.

## SECTION II: RISK FACTORS

*An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described in this section are not the only ones relevant to us or the Equity Shares but also includes the industry and segments in which we currently operate. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks, or a combination of risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our businesses, results of operations, financial condition and cash flows could be adversely affected, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of us, prospective investors should read this section in conjunction with 'Industry Overview', Our Business', 'Financial Indebtedness' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on pages 139, 176, 302 and 312, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus. 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. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.*

*Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. Further, our Company has Subsidiaries in France, Germany, Canada and Turkey, and such Subsidiaries are subject to the legal and regulatory environment prevalent in such countries, including applicable the EU legal and regulatory framework, which will be different from the legal and regulatory framework governing our Company. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see 'Forward-Looking Statements' on page 21.*

*Unless stated or, the context requires, otherwise, our financial information has been derived from the Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. In this Section, unless otherwise stipulated, all references to 'CNC' are to 'metal cutting CNC'.*

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled 'Assessment of the CNC Machining Centers Market', prepared by F&S which has been commissioned and paid for by our Company in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year, refers to such information for the relevant calendar year. F&S was appointed by our Company and is not connected to our Company, our Directors, our Promoters, our Key Managerial Personnel, Senior Management or BRLMs. A copy of the F&S Report is available on the website of our Company at www.jyoti.co.in.*

*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.*

***Internal Risk Factors***

1. ***Our success is dependent on our relationship with our customers, and we do not, generally enter into long term purchase contracts. This exposes us to risk emanating from the inability to retain our established customers as our clients.***

   We currently supply computer numerical control (**CNC**) machines to our customers who operate in diverse sectors such as automobile, general engineering, defence, aerospace, electronic manufacturing services (**EMS**) and dies & moulds. Our customers include Space Applications Centre - ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited and Aequs Private Limited. Our CNC machines are marketed and sold to diverse domestic and international customers across the world operating in various end-user industries (**Application Industries**). Our revenue from these Application Industries during Fiscals 2023, 2022 and 2021 are set out below:

| End-user industries* | Fiscal 2023 | | Fiscal 2022 | | Fiscal 2021 | |
|---|---|---|---|---|---|---|
| | Revenue from sale of machinery (in ₹ million) | As a % of revenue from sale of machinery | Revenue sale of machinery (in ₹ million) | As a % of revenue from sale of machinery | Revenue from sale of machinery (in ₹ million) | As a % of revenue from sale of machinery |
| Aerospace and Defence | 1,730.74 | 20.32 | 512.30 | 7.52 | 978.44 | 19.03 |
| Auto & Auto Components | 3,975.84 | 46.68 | 2,689.93 | 39.47 | 1,836.61 | 35.72 |
| General Engineering | 1,667.77 | 19.58 | 1,900.29 | 27.88 | 1,254.16 | 24.39 |
| Dies & Moulds | 765.72 | 8.99 | 660.42 | 9.69 | 321.99 | 6.26 |
| EMS | 1.50 | 0.02 | - | - | - | - |
| Others | 375.54 | 4.41 | 1,052.71 | 15.45 | 750.87 | 14.60 |
| **Total** | **8,517.10** | **100.00** | **6,815.65** | **100.00** | **5,142.07** | **100.00** |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*
**As per the end-user industries as specified to us at the time of supply of machines*

We strive, constantly, to cater to, and anticipate, the needs of our customers. By their very nature, though, CNC machines are not consumer products and, therefore, we do not, generally, have repeat customers on an annual basis. While our business relationships with our customers have been built over time, we do not enter into long term contracts with our customers and, the absence of long-term contracts with our customers exposes us to a significant risk of customer attrition. However, while the customers may vary annually, we are reliant on the contribution of our top 10 customers every year. Consequently, our business and financial condition in any given financial year is reliant on our top 10 customers.

While we do not have repeat orders on an annual or bi-annual basis, our customers have been associated with us for a long duration. We cannot assure you that we will be able to retain the business of our existing key customers or maintain the current level of business with each of these customers. Further, while our dependence on our top 10 customers has slightly reduced from 29.54% in Fiscal 2021 to 20.08% in Fiscal 2023, we cannot assure you that our reliance on our top 10 customer will decrease. Set out in the table below is the contribution of our top 3, 5 and 10 customers to our consolidated revenue from operations in Fiscal 2023, Fiscal 2022 and Fiscal 2021.

| Particulars | Fiscal 2023 | | Fiscal 2022 | | Fiscal 2021 | |
|---|---|---|---|---|---|---|
| | Revenue from operations (in ₹ million) | As a % of Revenue from Operations | Revenue from operations (in ₹ million) | As a % of Revenue from Operations | Revenue from operations (in ₹ million) | As a % of Revenue from Operations |
| Top 3 customers | 1,296.18 | 13.95 | 1,044.04 | 13.99 | 1,063.27 | 18.33 |
| Top 5 customers | 1,499.53 | 16.14 | 1,274.88 | 17.08 | 1,308.84 | 22.56 |
| Top 10 customers | 1,866.00 | 20.08 | 1,685.87 | 22.58 | 1,713.36 | 29.54 |

Consequently, our business, results from operations, and financial condition are heavily dependent on our maintaining our relationship with our customers in the Application Industries, and, in particular, continuing to receive orders from such entities and failure to do so, or inability to do so on commercially viable terms could have an adverse impact on our revenue and, or, margins, and, consequently, our profitability. In addition, as can be noticed from the table above, our business, results from operations, and financial condition are heavily dependent on our maintaining our relationship with our customers, and failure or inability to maintain of all or any of our top 10 customers, for any reason (including, due to failure to negotiate acceptable terms, adverse change in the financial condition of such customers for various factors such as possible bankruptcy or liquidation or other financial hardship, merger or decline in sales from such customers, reduced or delayed customer requirements, facility shutdowns, labour strikes, geopolitical reasons and, or, other work stoppages affecting production by such customers) could have a material adverse impact on our business, results of operations, financial condition and cash flows.

2. ***Our Company does not have long-term agreements with suppliers for our input materials and a significant increase in the cost of, or a shortfall in the availability, or deterioration in the quality, of such input materials could have an adverse effect on our business and results of operations.***

Our business depends on the availability of commercially viable and high-quality input materials in the quantities required by us. The input materials involved in the manufacturing of our products require special properties including dimensional stability, machinability, and workability, corrosion resistance, and impact resistance. The key input materials involved in our manufacturing process include CNC controllers, motors, linear guide ways, ball screws, pig iron, cold rolled steel sheets, scrap iron and electric panel. These key input materials are purchased from the domestic and international markets.

During Fiscals 2023, 2022 and 2021, our cost of material consumed and (increase)/ decrease in inventories of finished goods and work-in-progress was ₹ 5,326.13 million, ₹ 4,196.84 million and ₹ 3,189.55 million, constituting 55.76%, 53.00% and 48.20%, respectively, of our total expenses. The price and availability of such input materials is subject to, supply side disruptions and is dependent on several factors beyond our control, including overall economic conditions, taxes and duties, the prevailing Indian regulatory environment, foreign exchange rate, production levels and competition. Further, input materials are subject to price volatility and any fluctuation in the price of our input materials may have an adverse impact on our margins. For instance, our business operations during Fiscals 2021 and 2022 were impacted due to the global shortage of semi-conductor chips which led to an increase in the delivery time for our products and an escalation of the cost of our CNC machines.

We do not have any contracts with, or long-term arrangements for sourcing input materials from suppliers of input materials. The absence of long-term contracts makes us susceptible *inter alia* to short-term supply challenges and exposes us to volatility in the prices of input materials. While we purchase input materials through purchase orders, we are dependent on few suppliers for supply of some of our input materials, with whom we do not have long term contracts or arrangements. If our primary suppliers of input materials curtail or discontinue their delivery of such materials or products to us in the quantities we need, or on commercially acceptable terms, production and delivery schedules could be disrupted, and our business and results of operations could be adversely affected. If we are unable to source input materials on commercially viable terms or if we are unable to pass these costs onto our customers, it could have an adverse impact on our margins, and consequently, profitability.

3. ***We operate in a competitive industry. Any inability to compete effectively may lead to a lower market share or reduced operating margins.***

We operate in a highly competitive environment in both in the Indian and overseas markets. The industry is highly fragmented, both domestically and globally. (*Source: F&S Report*). As a result, to remain competitive in the market we must, in addition, continuing to meet exacting quality standards, continuously strive to reduce our production and distribution costs and improve our operating efficiencies and innovate our products offering. If we fail to do so, it may have an adverse effect on our market share and results of operations. Many of our competitors may be larger than us and may benefit from greater economies of scale and operating efficiencies. There can be no assurance that we can continue to effectively compete with such manufacturers in the future, and failure to compete effectively may have an adverse effect on our business, financial condition, and results of operations. Moreover, the competitive nature of the manufacturing industry may result in lower prices for our products and decreased profit margins, which may materially adversely affect our revenue and profitability.

4. ***We are completely reliant on third-party logistics service providers for transport of input materials and finished products.***

We procure input materials from domestic and international suppliers, which are brought to our manufacturing units through third party logistics providers including shipping companies and overland transport companies. Similarly, our finished products are transported from our manufacturing units to distribution points by sea and overland transport. The logistics service providers are, therefore, integral to our Company's business operations. While we have over the years engaged the services of various logistics service providers for our business operations, we do not have, and we do not propose to enter into, contractual arrangements with such third-party logistics providers. While these third-party logistics service providers have generally, in the past, been reliable, we cannot assure you that they will continue to be available to us as required. If such third-party logistics service providers discontinue their services for a reasonable length of time and, if we are unable to obtain the services of other service providers, our business operations could be adversely impacted, at times, significantly. Moreover, we cannot assure you that we will not be liable for acts of negligence or other acts which may result in harm or injury to third parties. Any such acts could result in serious liability claims (for which we may not be adequately insured) which may, in addition to resulting in pecuniary liability also entail personal liability, which could significantly adversely impact our business operations and financial condition. In addition, our Company also transport input materials and products and from one unit to another unit of our Company's manufacturing facilities for which it relies on its own transport system as well as third-party transporters, for which our Company does purchase any insurance.

5. ***Any failure on our part to effectively manage our inventory may result in an adverse effect on our business, revenue from manufacturing operations and financial condition.***

We are a manufacturing entity, and, at all points of time, a certain portion of assets comprise inventory of input materials and finished products. Maintaining sufficient inventory of input materials is critical for our operations including as a buffer against any supply disruptions. Any failure on our part to effectively manage our inventory of input materials and finished products in response to changing market scenario may have an adverse effect on our financial condition and may even lead to loss of materials and increase the costs of our operations.

If we overestimate our requirements for input materials as compared to the demand for our products, it may lead to wastage and increase our operating costs and further restrict our ability to service our customers in a timely and cost-efficient manner. Further, such erroneous overestimations may also unduly increase our foreign exchange exposure and increase costs of production affecting profitability. Equally, if we underestimate our requirements for input materials, it may adversely affect our ability to manufacture the required quantity of products for our customers' requirements in a timely and cost-efficient manner which may lead to loss of business and / or the opportunity to service our customers which could adversely affect our business, results of operations and financial condition. Further, we may also lose opportunities to acquire input materials in a cost-effective manner, thereby increasing costs of operations and adversely affecting our working capital requirements.

Additionally, if our inventory of finished products is not dispatched on time or if there is an unanticipated delay in the delivery of our finished products or if the finished products are not properly maintained or are damaged or destroyed, we could lose such inventory which could have an adverse impact on our production cycle, results of operation and financial condition.

6. ***Our Company has a high working capital requirement and if our Company is unable to raise sufficient working capital the operations of our Company will be adversely affected.***

Our Company's business operations are subject to high working capital requirements. Currently, our Company meets its working capital requirements through a mix of internal accruals and working capital facilities from scheduled commercial banks. Our net working capital turnover ratio as on March 31, 2023, March 31, 2022 and March 31, 2021 was 1.68, 1.39 and 1.06. As on July 31, 2023, our Company had sanctioned working capital facilities aggregating to ₹ 3,667.80 million.

While we believe that our internal accruals and working capital facilities availed from our lenders will be sufficient to address our working capital requirements, we cannot assure you that we will continue to generate sufficient internal accruals and / or be able to raise adequate working capital from lenders to address our future needs. Our inability to meet our present working capital requirements or our enhanced working capital requirements will have an adverse impact on our results of operation, business and financial condition. For further details pertaining to our present working capital position, see '*Financial Indebtedness*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operation*' beginning on pages 302 and 312, respectively.

In addition, our Promoters have also extended personal and corporate guarantees, as applicable, for some of the debt facilities availed by our Company. Any inability to continue to provide such guarantee or their inability to honour such guarantee could result in an acceleration of such facilities and / or adversely impact our ability to raise debt which could impact our cash flows, result in cash flow mismatch and adversely affect our financial condition.

7. ***We are heavily dependent on machinery for our operations. Any break-down of our machinery will have a significant impact on our business, financial results and growth prospects. Our success and financial condition will depend on our ability to maximise our manufacturing capacities.***

We operate two manufacturing units on land leased from the Gujarat Industrial Development Corporation (**GIDC**), at Rajkot, in Gujarat. Each of our manufacturing units houses addresses disparate aspects of our manufacturing process. For instance, one unit in Rajkot, Gujarat houses our entire component manufacturing, metrology, milling and grinding operations, whereas another unit houses our backward integrated facilities such as foundry, sub-assembly and assembly facilities. Additionally, we have manufacturing facilities in Strasbourg, France. Each of these manufacturing units has different machinery specific to the operation that it caters to including the 'mother' CNC machines for our products, foundry equipment, high precision analysis and testing equipment, cranes and loading and unloading equipments such as forklifts etc.

Our success and our financial condition are predicated on our ability to maximise our manufacturing capacities. As on June 30, 2023, we had the capacity to manufacture 4,400 machines p.a. in India and 121 machines p.a. in France.

Our manufacturing capacities are dependent on the efficient utilisation of our plant and machinery. Any significant malfunction or breakdown of our machinery may entail repair and maintenance costs and cause delays in our operations. Further, while we believe that we maintain necessary supplies of spare parts and maintenance related equipment, if we are unable to procure the necessary spare parts in a timely manner or if we are unable to carry out the necessary repair of the malfunctioning machinery promptly, our manufacturing operations may be hampered which could have an adverse impact on our results of operations and financial condition. Further, we do not purchase insurance against the break-down of our machinery and any such cost will be to our account and may have an adverse impact on our financial condition and result of operations. In addition, any malfunction or break-down of machinery which significantly impacts our manufacturing process could also have an adverse impact on our ability to meet our product delivery schedules which could also invite penalties / damages and affect our reputation.

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

Our Company's manufacturing operations are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. The occurrence of any of these risks could affect our Company's operations by causing production at our manufacturing units to shut down or slowdown. Although our Company takes reasonable precautions to minimize the risk of any significant operational problems at its facilities, no assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on our Company's results of operations and financial condition.

Our Company is also heavily dependent on continuous supply of essential utilities such as gas and electricity etc. which are critical to our manufacturing operations. Any shortage or non-availability of essential utilities could result in temporary shut-down of a part, or all, of our operations at the location experiencing such shortage. Such shut-downs could, particularly if they are for prolonged periods, have an adverse effect our business, results of operations and financial condition. Moreover, if we are required to operate for extended periods of time on diesel generator sets, our cost of operations would be higher during such period which could have an adverse impact on our profitability.

9. ***We have incurred losses in the past. Losses in future could have an adverse impact on our growth prospectus and would also preclude us from undertaking actions such as declaring dividends.***

We have incurred losses on a restated consolidated basis in the manner set out below:

*(in ₹ million)*

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| Profit / (loss) for the year | 150.60 | (483.00) | (700.29) |

For further details, see *'Management's Discussion and Analysis of Financial Condition and Results of Operations'* on page 312.

In accordance with the Companies Act, 2013 and our dividend policy, dividend may be distributed only from profits generated in any Fiscal. Accordingly, our Company will not be able to declare and distribute dividends in any Fiscal in which it incurs a loss. For further details on our dividend policy, see '*Dividend Policy*' on page 250.

Further, our Material Subsidiaries, Jyoti SAS on a consolidated basis, have also incurred losses during Fiscals 2023, 2022 and 2021 and Huron Graffenstaden SAS, on a consolidated basis, have also incurred losses during Fiscals 2022 and 2021. In addition, Jyoti SAS and Huron Graffenstaden SAS had negative net worth during Fiscals 2023, 2022 and 2021.

Losses, if any, in future, could adversely impact our operations, financial condition and the trading price of the Equity Shares.

**10.** ***Failure to meet quality standards required by our customers for our products and processes may lead to cancellation of existing and future orders and expose us inter alia to warranty claims, including monetary liability.***

All our products and manufacturing processes are subject to stringent quality standards and specifications. Any failure on our part to maintain the applicable standards and manufacture products according to prescribed specifications, may lead to loss of reputation and goodwill of our Company, cancellation of orders and even lead to loss of customers. We manufacture products that are essential for the end user industries comprising sectors such as automobile, engineering, defence, aerospace and EMS. Each of our products has a specific utility and the use of our products depends on the nature of the usage. We cater to a large number of prominent Indian and international customers, including Space Applications Centre - ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited, and Aequs Private Limited, who have exacting quality standards and adhering to such standards is a pre-requisite for us to be able to obtain repeat orders from our customers. Failure to meet quality and standards of our products and processes can have serious consequences including rejection of the product and loss of customer confidence which could have adverse effect on our reputation, business and our financial condition. There have been instances where the products supplied by us to our customers have been rejected. Considering our products are customised for the requirements of each customer, we may face difficulty in finding another buyer for such product, which may have an impact on our inventories and our working capital cycle. The purchase orders placed by our Company's customers generally also include liquidated damages ranging between 0.5% per week and maximum of 12% of the total purchase order value, invocation or forfeiture of performance bank guarantees, or warranty claims in the event of non-compliance or inadequacy in performance of the obligations on our Company pursuant to these purchase orders. Further, our Company generally is required to provide warranties of up to 12 months in case of CNC machines and 24 months in case of CNC controllers and repair/replacement basis free of cost and adhere to prescribed resolution times. Accordingly, any failure at our end to deliver the performance as expected by our customers could expose us to warranty claims, product recall, indemnities, and cancellation of existing and future orders without liability. While there have not been any instances of our Company's customers claiming liquidated damages or involving performance bank guarantees due to delays in delivery of our products to our customers or the quality of our products, our Company cannot assure you that liquidated damages will not be imposed or performance guarantees will not be invoked in the event of inadequate performance or non-performance or delay in performance of the obligations under the purchase orders by our Company.

**11.** ***We source some of our input materials from international suppliers and any adverse foreign exchange fluctuation could increase our cost of operations and affect our profitability. Further, any restriction or embargo on the sourcing of input materials from certain countries could adversely affect our business and financial condition.***

Our manufacturing operations require a number of input materials, illustratively, CNC controllers, motors, linear guide ways, ball screws, pig iron, cold rolled steel sheets, scrap iron and electric panel, which are sourced / procured either partly, or entirely, from international suppliers. These input materials are indispensable in manufacturing some of our products and are integral to our manufacturing process. For some of the components that we buy from international suppliers, we do not maintain high levels of inventories. Therefore, we import such input materials, as and when required, by placing purchase orders with our suppliers. We generally do not enter into long term supply contracts with most of our suppliers of input materials.

Our purchase of input materials outside of where we have our manufacturing operations are denominated in foreign currency. Any adverse fluctuation in the foreign exchange rate or steady depreciation in the value of the Indian Rupee against the currency of our imports will increase our costs of operations, may adversely affect our margins, and consequently, adversely affect our profitability. While some of the input materials may be procured from domestic suppliers, we cannot be assured of the same quality which would adversely impact our product offerings. Further, import is also subject to geopolitical realities and macro-economic conditions and if we are prohibited from importing input materials from certain countries our business and financial condition could be adversely affected for such time, and to the extent, that we are unable to identify a new supplier. While we have not historically faced any significant supply side disruptions, we cannot assure you that we will not face a shortage, albeit temporary, of imported input materials, which could have an adverse impact on our business and results of operations.

12. ***Our Company operates in the capital goods industry which is sensitive to general economic downturn.***

Our Company operates in the capital goods industry which is sensitive to general economic downturn. Since our products such as machine tools are mainly used to produce other capital goods, we are vulnerable to the market fluctuations. The economic downturn triggered by the COVID-19 and its impact was highlighted as the one of the biggest challenges faced by most machine tool builders. Import duties on input materials, metal components, and machinery affected the machine tool industry and the export of machine tools. Accordingly any such economic downturn could have a material adverse effect on our business, financial condition and results of operations.

13. ***Our Company's operations are subject to varied business risks and our Company's insurance cover may prove inadequate to cover the economic losses of our Company.***

Our Company's operations are subject to various risks and hazards which may adversely affect revenue generation and profitability of our Company. While our Company believes that it has taken adequate safeguards to protect our Company's assets from various risks inherent in our Company's business, including by purchasing and maintaining relevant insurance cover, it is possible that our Company's insurance cover may not provide adequate coverage in certain circumstances.

While our Company believes that we maintain sufficient insurance cover by virtue of maintaining insurance policies, certain types of losses may be either uninsurable, not economically viable to insure or not offered for insurance, such as losses due to acts of terrorism or war. If any uninsured loss occur, our Company could lose our investment in, as well as anticipated profits and cash flows from the asset. In addition, even if any such loss is insured, there may be a significant deductible on any claim for recovery prior to our insurer being obligated to reimburse us for the loss, or the amount of the loss may exceed our coverage for the loss. For instance, during Fiscal 2023, an insurance claim for damage to our machines due to flood, was not fully reimbursed. Further, even in the case of an insured risk occurring there can be no assurance that our Company will be successful in claiming insurance in part or full, or that the insurance purchased by us will be sufficient to cover the loss occasioned by the risk. Any loss that is not covered by insurance, or for which our Company is unable to successfully claim insurance, or which is in excess of the insurance cover could, in addition to damaging our Company's reputation, have an adverse effect on our Company's business, cash flows, financial condition and results of operation. Further, an insurance claim once made could lead to an increase in our Company's insurance premium.

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

Details of our total insurance coverage *vis-à-vis* our net assets as at March 31, 2023, March 31, 2022 and March 31, 2021 is set out below:

(*in ₹ million*)

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| Insurance Coverage (A) | 19,195.01 | 17,582.76 | 17,039.77 |
| Net assets* as per Restated Consolidated Financial Statements (B) | 2,913.41 | 2,933.64 | 3,722.19 |

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| Insurance coverage times the net assets (A/B) | 6.59 | 5.99 | 4.58 |

**Sum of property, plant and equipment (net block), capital work in progress, intangibles (net block) and investment property (buildings net block).*
*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*

**14.** ***Delays or defaults in client payment could result in reduction of our profits.***

One of the risks involved in relation to our business is the practice of extending long term credit. In terms of our Company's purchase orders through which we supply our products to our customers, which are private entities, our Company usually charges up to 30% of the purchase price at the time the order is placed by the customers and the balance amount at the time of delivery of the product, prior to dispatch of the product. In terms of our sales to our Company's government customers, the payment by the government customers is subject to our Company providing a performance bank guarantee generally up to 5% of the order value, the payment of security deposit and, or, earnest money, and also is subject to inspection of the product by the customer. Some portion of the payment from government customers is also linked to erection and commissioning of the product by our Company. Our Company, generally, extend credit on sales to our customers, in the ordinary course of business and our trade receivables turnover ratio as at March 31, 2023, March 31, 2022 and March 31, 2021 was 5.37 times, 3.58 times and 2.80 time. As at March 31, 2023, March 31, 2022 and March 31, 2021, our inventory turnover ratio was 1.05 times, 0.97 times and 0.78 times, respectively. Delays or defaults in client payments, or an increase of our outstanding receivable in proportion to our income could, amongst others, result in a reduction of our profits.

**15.** ***We have leased and, or availed on license, the use of certain properties from which we operate our business. There can be no assurance that the lease, and, or license agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms. Further, we do not own our Registered Office and have executed a lease agreement for use of our Registered Office.***

We do not own the premises on which our Registered Office, manufacturing units and certain office premises are situated. For further details of our premises, see '*Our Business - Property*' on page 202.

We cannot assure you that we will own, or have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of these premises, which may impair our operations and adversely affect our financial condition. There can be no assurance that we will be able to renew the lease/ license/ rent agreements with third parties in a timely manner or at all. While our Company has entered into leases agreements for the 2 manufacturing units in Rajkot, Gujarat which are valid for a period of 99 years from the date of execution of the lease deed, if we are required to vacate these premises for any reason whatsoever including expiry or termination of lease or leave and license agreements, we may be unable to identify suitable location immediately. For the remaining tenure of our lease deeds, see '*Our Business - Property*' on page 202. Further, 2 license agreements for our sales and service centre in Ahmedabad, Gujarat and Belagavi, Karnataka have expired. Further, identification of a new location to house our operations and relocating our business to the new premises may place significant demands on our senior management and other resources and also involve us incurring significant expenditure. Any inability on our part to timely identify a suitable location for a relocated office could have an adverse impact on our business.

Further, some of the rent agreements and license agreements may not be adequately stamped or registered with the registering authority of the appropriate jurisdiction. An instrument not duly stamped, or insufficiently stamped, shall not be admitted as evidence in any Indian court or may attract a penalty as prescribed under applicable law, which may have a material adverse effect on the continuance of our operations and business.

**16.** ***Our future success will depend on our ability to effectively implement our business and growth strategies failing which our results of operations may be adversely affected.***

Our success will depend, in large part, on our ability to effectively implement our business and growth strategies. We cannot assure you that we will be able to execute our strategies in a timely manner or within budget estimates or that we will meet the expectations of our clients and other stakeholders. We believe that our business and growth strategies will place significant demands on our senior management and other resources and will require us to develop and improve operational, financial and other internal controls. Further, our business and growth strategies may require us to incur further indebtedness. Any inability to manage our business and growth strategies could adversely affect our business, financial condition and results of operations. Further, our business is to a large extent driven by our internal systems and control mechanism. Therefore, our continued growth is intrinsically linked to our being able to maintain adequate internal systems, processes and controls and our failure to maintain such systems could be an impediment to our growth.

In addition, we believe that our ability to implement our business and growth strategies will also depend on our ability to expand in global markets. Our inability to maintain our growth or failure to successfully implement our growth strategies within time and cost expectations could have an adverse impact on the results of our operations, our financial condition and our business prospects.

17. ***We have a large work force and our employee benefit expense is one of the larger components of our fixed operating costs. An increase in employee benefit expense could reduce our profitability. Further, our operations could be adversely affected by work stoppages or increased wage demands by our employees or any other kind of disputes with our employees.***

Our pool of employees consists of employees as part of *inter alia* top management, manufacturing, R&D, technical support and quality assurance, finance and legal, sales and marketing, and human resources and administration. As on June 30, 2023, we employ 2,573 employees (including employees on contract basis). Our employee benefit expense during the Fiscals 2023, 2022 and 2021 was ₹ 1,662.40 million, ₹ 1,418.36 million and ₹ 1,313.86 million, constituting approximately 17.40%, 17.91% and 19.86%, respectively, of our total expense.

Due to economic growth in the past and the increase in competition for skilled and semi-skilled employees in India, wages in India have, in recent years been increasing at a fast rate. Our Company may need to increase our compensation levels to remain competitive in attracting and retaining the quality and number of skilled and semi-skilled employees that our business requires. Further, a shortage in the labour pool or general inflationary pressures will also increase our labour costs. For instance, during the COVID-19 pandemic our Company faced an acute shortage of labour since a large number of workers were from different parts of the country. While, the pandemic related shortage may be considered an exceptional situation, any prolonged situation resulting in the shortage of labour could have significant adverse impact on our business and financial condition. A significant long-term increase in our employee benefit expense could reduce our profitability, which could, amongst others, impact our growth prospects.

In addition to 2,287 permanent employees, as on June 30, 2023, we also engaged 286 persons on contract basis. Although, we do not engage such personnel directly and we only engage such workers on a contract basis, we may be held responsible for payment of wages to such workers should the third party contractors fail to make wage payments to the workers, which may impact our cash flows and results of operations.

Further, our business model is human resource intensive and as at June 30, 2023, our Company's work force comprised 2,573 employees (including employees on contract basis) including our senior management team. Our Company's average attrition rate of employees during the last 3 Fiscals is set out below:

| **Particulars** | **Fiscal 2023** | **Fiscal 2022** | **Fiscal 2021** |
|---|---|---|---|
| Employees | 25.07% | 20.28% | 16.06% |

While we consider our current employee relations to be good, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to perform our obligations for the projects. Any disputes may also result in disruptions in our operations, which may adversely affect our business and results of operation.

18. ***We are heavily reliant on our Promoters, Key Managerial Personnel, Senior Managerial Personnel and persons with technical expertise. Failure to retain or replace them will adversely affect our business.***

In order to successfully manage and expand our business, we are dependent on the services of our Promoters, Key Managerial Personnel and Senior Managerial Personnel, and their ability to attract, train, motivate and retain skilled employees and other professionals. In addition, our success depends largely on the continued services of Parakramsinh Ghanshyamsinh Jadeja's, our Chairman and Managing Director, who is also one of our Promoters, whose deep understanding of the industry and his direct involvement with key clients forms the bed-rock of our business relationships. Therefore, his continued involvement in the leadership position of our Company is critical to our success and his non-availability in a leadership role could have a deleterious impact on our business and financial conditions.

If we are unable to hire additional personnel or retain existing skilled personnel, in particular our Key Managerial Personnel and persons with requisite skills, our operations and our ability to expand our business may be impaired. Further, we may be unable to hire and retain enough skilled and experienced employees to replace those who leave or may not be able to re-deploy existing resources successfully. Failure to hire or retain Key Managerial Personnel, Senior Managerial Personnel and skilled and experienced employees could adversely affect our business and results of operations.

**19.** ***Our Company has in the past entered into related party transactions and may continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties and that such transactions will not have an adverse effect on our financial conditions and result of operations.***

Our Company has engaged in the past, and may engage in the future, in transactions with related parties, including our Promoters and Key Managerial Personnel. A summary details of our transactions with related parties are set out below:

(*in ₹ million*)

| Particulars | Fiscal 2023 | Fiscal 2022 | Fiscal 2021 |
|---|---|---|---|
| Sum of all Related Party Transaction | 3,033.10 | 1,388.53 | 357.12 |
| Revenue from Operations | 9,292.59 | 7,464.87 | 5,800.59 |
| Sum of all Related Party Transaction as a percentage of Revenue from Operations | 32.64% | 18.60% | 6.16% |

For summary of related party transactions, see '*Summary of Issue Documents - Summary of Related Party Transactions*' and '*Restated Consolidated Financial Statements*' on pages 27 and 251.

While our Company believes that all such transactions have been conducted on an arm's length basis and contain commercially reasonable terms, there can be no assurance that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that our Company may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. We cannot assure you that such transaction, individually or in the aggregate, will always be in the best interests of our Company and/or that it will not have an adverse effect on our business and results of operations.

**20.** ***Our Company may be unable to enforce its rights under some of the agreements executed by our Company on account of insufficient stamping or non-execution of some of the agreements by the counterparties to such agreements. Further, some of the contracts executed by our Company have provisions which may require us to indemnify the counterparties.***

Some of the agreements executed by our Company such as lease deeds for lease of our Company's facilities, distributor agreements executed by our Company with our distributor and certain other agreements are not stamped or may be insufficiently stamped. Unstamped or inadequately stamped documents while not illegal cannot be enforced in a court of law until the applicable stamp duty, with penalty, has been paid and could impact our Company's ability to timely enforce its rights under the agreements and may have a material adverse effect on the continuance of the operations and business of our Company. For instance, during Fiscal 2014, the Office of Sub-Registrar, Lodhika impounded certain equitable mortgage documents which were executed by our Company in favour of a consortium of lenders and presented to the Office of Sub-Registrar, Lodhika for registration, and were released after our Company paid the deficit stamp duty.

Our Company may also be unable to enforce its rights under some of the agreements which have not been executed by the counterparties. Further, some of the contracts executed by our Company have provisions which may require us to indemnify the counterparties. In some of the contracts executed by our Company, the indemnity amount may not be capped. In addition, the counterparty may be entitled to seek equitable relief such as injunction against our Company and, or, specific performance of the obligations in the agreement by our Company. While no indemnity claim has been made against our Company during Fiscal 2023, Fiscal 2022 and Fiscal 2021, our Company may be required to defend any claims for indemnification which may prove to be costly and, or, unsuccessful. If our Company is required to expend monies towards defending such indemnity claims or making payments of the indemnity claims then it may have an adverse effect on the business, financial condition, and results of operations of our Company.

There can be no assurance that our Company will be able to enforce its rights under these arrangements. Additionally, some of these contracts are with foreign entities and enforceability could be constrained or limited by the laws of the jurisdictions in which such entities operate or are incorporated.

**21.** ***Any failure to obtain, renew and maintain requisite statutory and regulatory permits, licenses and approvals for our operations from time to time may adversely affect our business.***

In terms of applicable laws and our contracts, we require various statutory and regulatory permits, licenses, registrations, certifications, consents and approvals to carry out our business and operations (cumulatively, the **Approvals**). A majority of these Approvals are granted for a limited duration and must be periodically renewed. Further, while we have applied for some of these Approvals, we cannot assure you that such Approvals will be issued or granted to us in a timely manner, or at all. If we do not receive these Approvals or if we are unable to renew the Approvals in a timely manner, or at all, then our business and operations may be adversely affected. For further details, see '*Government and Other Approvals*' at page 356.

Moreover, the Approvals are subject to numerous conditions and there can be no assurance that these Approvals will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Suspension or revocation of the Approvals by the relevant regulatory authority, either on account of non-compliance or otherwise, would impair our Company's operations and, consequently, have an adverse effect on our business, cash flows and financial condition. Our Company may also be liable to monetary penalties and concerned officers in default may be subject to imprisonment.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

**22.** ***We have incurred significant indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial conditions. Conditions and restrictions imposed on us by the agreements governing our indebtedness could adversely affect our ability to operate our business.***

As of July 31, 2023, our total sanctioned and outstanding indebtedness was ₹ 12,714.04 million and ₹ 10,370.53 million, respectively. The level of our indebtedness could have several important consequences, including but not limited to the following:

i. a significant portion of our cash flow may be used towards repayment of our existing debt, which will reduce the available cash flow to fund our capital expenditures and other general corporate requirements;

ii. defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets;

iii. substantial portion of our long term indebtedness is subject to floating rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings; and

iv. our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited.

Additionally, our financing agreements contain certain conditions and restrictive covenants that require us to obtain consents from respective lenders prior to carrying out specified activities and entering into certain transactions. Our lenders require us to obtain their prior approval for certain actions, which, amongst other things, restrict our ability to undertake various actions including incur additional debt, declare dividends, amend our constitutional documents, change the ownership or control and management of our business. While our Company has received necessary approval from its lenders to undertake this Issue, we cannot assure you that we will be able to obtain approvals to undertake any other aforementioned activities as and when required or comply with such covenants or other covenants in the future. In addition, the charge on our assets created on some of the facilities which we have re-paid to our lenders' is still subsisting. Such charge on our assets could impede or affect our ability to avail obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited. For further details regarding our indebtedness, see '*Restated Consolidated Financial Statements*' and '*Financial Indebtedness*' beginning on pages 251 and 302, respectively.

23. ***Our Company, in the past, has rescheduled payments of one of its credit facilities from its lenders. Our Company has, in the past, also delayed in re-payment of principal amount and interest on loan availed by our Company.***

Our Company, in Fiscal 2009, has rescheduled payments of its credit facilities from its lenders. For further details regarding the re-scheduling of the loans of our Company, see '*History and Other Corporate Matters*' at page 210. While our Company has not defaulted in any of the repayment terms or payment of interests on the credit facilities availed, our Company has delayed on several occasions in re-payment of principal amount and interest on loans availed by our Company from various lenders, ranging up to 56 days. Our Company cannot assure you that it will be able to duly comply with the repayment terms under the credit facilities availed by our Company.

24. ***We do not enter into hedging transactions in respect of our foreign currency exposure and are subject to risks resulting from foreign exchange rate fluctuations. Any losses, on account of foreign currency exchange rate fluctuations may adversely affect our business, results of operations and financial condition.***

Our Company operates both within India and outside India and our business is transacted in INR, USD and Euro amongst other currencies. Our Company has sales, purchase, borrowing (etc.) in foreign currency which exposes us to foreign exchange risk to the extent that a part of our revenue, and expenses are denominated in a currency other than the Indian Rupee. Foreign exchange exposure is partially balanced through purchase of goods, commodities and services in the respective currencies. For details, see '*Restated Consolidated Financial Statements – Note 38(b) – Foreign Currency Risk*' on page 293.

We do not enter into hedging transactions in respect of our foreign currency exposure. The Indian Rupee has been steadily depreciating against the USD and has between April 3, 2020 and March 31, 2023, depreciated by over 8.43%, any adverse fluctuations of the Indian Rupee vis-à-vis foreign currency to which we have an exposure cannot be accurately predicted and our attempts to mitigate the adverse effects of exchange rate fluctuations may not be successful, which may adversely affect our business, results of operations and financial condition.

Furthermore, the financial reporting currency of our Company and our operations in India is in Indian Rupees, while the financial reporting currency of our foreign Subsidiaries is in the relevant foreign currency. As per Ind AS 21, the financials of foreign Subsidiaries are converted into Indian Rupees for the purpose of consolidation of financial statements. Therefore, any mismatch could arise between our Company's Restated Consolidated Financial Statements denominated in Indian Rupees and the financial statements of our foreign Subsidiaries in their respective reporting currencies. Consequently, foreign currency exchange risks could adversely impact our results of operations and financial condition.

25. ***Our Statutory Auditors have made certain comments in respect of our Company's standalone audited financial statements for Fiscals 2023 and 2022. Our erstwhile statutory auditors have made certain comments in respect of our Company's standalone audited financial statements for Fiscals 2021.***

Our Statutory Auditors, in respect of our Company's standalone audited financial statements for Fiscals 2023 and 2022, and our erstwhile statutory auditors, in respect of our Company's standalone audited financial statements for Fiscals 2021 have drawn attention to the following notes:

| Particulars | Matters of Emphasis |
|---|---|
| Fiscal 2023 | "*Attention is invited to Note 46 of the accompanying standalone financial statements which indicates that the subsidiary company has accumulated losses and its net worth has been eroded. These conditions along with other matters set forth in Note 46, indicate the existence of material uncertainty that may impact the subsidiary company's ability to continue as a going concern. However, the financial statements of the subsidiary company have been prepared on going concern basis and accordingly carrying value investments, loans and other recoverable are not impaired and are considered good and recoverable for the reasons stated in the said Note.*<br><br>*Our opinion is not qualified in respect of this matter.*" |
| Fiscal 2022 | *"Attention is invited to Note 44 of the accompanying standalone financial statements which indicates that the subsidiary company has accumulated losses* |

| Particulars | Matters of Emphasis |
|---|---|
| | *and its net worth has been eroded. These conditions along with other matters set forth in Note 44 indicate the existence of material uncertainty that may impact the subsidiary company's ability to continue as a going concern. However, the financial statements of the subsidiary company have been prepared on going concern basis and accordingly carrying value investments, loans and other recoverable are not impaired and are considered good and recoverable for the reasons stated in the said Note.*<br><br>*Our opinion is not qualified in respect of this matter."* |
| Fiscal 2021 | "*I draw attention to Note no. 44 to the Standalone Financial Statements regarding the Company's non-current investment and non-current loans in the wholly owned subsidiary and other current financial assets in its stepdown subsidiary as at March 31, 2021. The net worth of the aforesaid wholly owned subsidiary has been eroded. However, in view of the management Letter of Support dated 25/10/2021, based on their estimates and other factors including the strategic nature of investment, future business plans and growth prospects, the management believes that the realizable amount will not be lower than the carrying value of the non-current investment, noncurrent loans and other current financial assets due to which these are not impaired and are considered good and recoverable.*<br><br>*My opinion is not modified in respect of the above stated matters*" |

26. ***Our contingent liabilities and capital commitments could materially and adversely affect our business, results of operations and financial condition.***

The table below sets forth the details of contingent liabilities as at Fiscal 2023, Fiscal 2022 and Fiscal 2021:

| **Particulars** | **As of March 31, 2023**<br>**(₹ million)** | **As of March 31, 2022**<br>**(₹ million)** | **As of March 31, 2021**<br>**(₹ million)** |
|---|---|---|---|
| Letter of Credit, Standby Letter of Credit, Letter of Comfort & Bank Guarantee | | | |
| (i) Outstanding Letter of Credits & Bank Guarantee | 941.42 | 1,025.70 | 1,066.80 |
| (ii) Outstanding Standby Letter of Credit & Letter of Comfort | 537.65 | 507.96 | 516.59 |
| Corporate Guarantee | | | |
| (i) Guarantees given by the Company to banks on behalf of step down subsidiary* | 806.47 | 761.94 | 744.89 |
| Claim Against the Company not Acknowledged as Debt | | | |
| - *Vendor* | *0.61* | *0.61* | *0.61* |
| - *Customer (Compensation claim)* | *5.84* | *5.84* | *5.84* |
| - *Customer (Amount paid under protest)* | *3.61* | *3.61* | *3.58* |
| - *Customer (Bank)* | - | *25.59* | - |
| Disputed Excise Duty, Service Tax & Other Liabilities | | | |
| - *Disputed excise duty liabilities* | *27.26* | *27.26* | *25.42* |

| Particulars | As of March 31, 2023<br><br>(₹ million) | As of March 31, 2022<br><br>(₹ million) | As of March 31, 2021<br><br>(₹ million) |
|---|---|---|---|
| - *Disputed income tax liabilities* | *4.32* | *4.32* | *13.09* |
| - *Disputed CST liabilities* | *166.59* | *207.58* | *81.74* |
| - *Disputed VAT liabilities* | *28.54* | *28.54* | *4.73* |
| - *Disputed GIDC Charges* | - | - | - |
| - *Disputed GST Liabilities* | - | *86.02* | - |
| - *Amount paid under protest – Excise duty* | *4.43* | *4.43* | *2.38* |
| - *Amount paid under protest – CST* | *14.00* | *22.20* | *22.20* |
| - *Amount paid under protest – VAT* | *2.65* | *2.65* | *0.58* |
| **Total** | **2,543.37** | **2,714.24** | **2,518.45** |

**For details of related party transactions, see 'Restated Consolidated Financial Statements - Note 36 - Related Party Disclosures'* on page 286.

The details of our capital commitments as on March 31, 2023 derived from the Restated Consolidated Financial Statements as at Fiscal 2023, Fiscal 2022 and Fiscal 2021 are set forth below:

| Particulars | As of March 31, 2023<br><br>(₹ million) | As of March 31, 2022<br><br>(₹ million) | As of March 31, 2021<br><br>(₹ million) |
|---|---|---|---|
| Estimated amount of Capital Contracts Remaining to be executed & not provided as on Balance Sheet Date | 66.06 | - | - |
| Other commitments - Export Obligation against Advance License | - | 21.29 | 115.72 |
| Other commitments - Subsidiary | 1,136.10 | 765.33 | 778.34 |

For further information of our contingent liabilities and capital commitments as per Ind AS 37, see "*Restated Consolidated Financial Statements – Note 34 - Contingent Liabilities & Commitments – to the extent not provided for*" on page 283.

While most of these contingent liabilities and commitments have been incurred in the normal course of business, if these were to fully materialize or materialize at a level higher than we expect, it may materially and adversely impact our business, results of operations and financial condition. Further, we cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future.

27. ***Our Company has delayed in submission of our audited consolidated financial statement in the past. We cannot assure you that no action will be taken against our Company.***

Our Company has delayed in submission of our audited consolidated financial statements for Fiscal 2021 and Fiscal 2022 with the RoC, by around 5 months and 8 months, respectively. While, our Company has paid the late fee while submitting these financial statements, we cannot assure you that no penalty or fine will be levied on our Company as prescribed under the Companies Act, 2013, for such delayed filing. Once the Equity Shares of the Company are listed pursuant to the Issue, our Company will be subject to the SEBI Listing Regulations, which will require our Company to file audited standalone and consolidated annual and unaudited standalone and consolidated quarterly reports with respect to our Company's business and financial condition. As a publicly listed company, our Company will need to maintain and improve the effectiveness of our Company's disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our Company's disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our Company's management's attention may be diverted from our Company's business concerns, which may adversely affect the business, prospects, results of operations and financial condition of our Company.

**28.** ***Our Audited Standalone and Consolidated Financial Statements for Fiscal 2023 have not been approved by the shareholders of our Company. Our Company cannot assure you that these financial statements will be approved by our shareholders.***

Our Audited Standalone and Consolidated Financial Statements for Fiscal 2023 have only been approved by our Company's Board and have not been approved by the shareholders of the Company as required in accordance with Companies Act, 2013. These Audited Consolidated Financial Statements form *inter alia* the basis for preparation of the Restated Consolidated Financial Statements which have been included in this Draft Red Herring Prospectus. Our Company cannot assure you that our our audited standalone and, or, consolidated financial statements will be approved by our shareholders.

**29.** ***COVID-19 had a material adverse effect on the machine tools industry and consequently had a potential impact on our business, financial condition and results of operations.***

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had significant repercussions across local, national and global economies and financial markets. Our revenue from operations during Fiscals 2020 and 2021 were impacted. In addition, in Fiscal 2020 and 2021, the number of orders from our customers and accordingly our inventory levels were impacted due to the restrictions imposed by the government owing to the COVID-19 pandemic. Thereafter, once the COVID-19 related lockdowns and restrictions were lifted, the business operations of our Company normalized which resulted in an increase in our inventory to the normal levels in Fiscal 2022. While the adverse impact of COVID-19 and consequent restrictions do not remain, any pandemic such as COVID-19 may impact our business and results of operations.

**30.** ***We have availed unsecured loans which may be recalled by our lenders, at any time.***

As of July 31, 2023, our Company has availed unsecured loan(s) aggregating ₹ 2,921.38 million from certain members of our Promoter and third parties which may be recalled at any time and our Company may need to borrow monies at higher rates of interest than presently available or utilise our Company's internal accruals, which may have an adverse impact on the profitability and future growth of our Company.

**31.** ***Our Company may not be able to secure additional funding in the future. In the event our Company is unable to obtain sufficient funding, it may delay our Company's growth plans and have a material adverse effect on the business, cash flows and financial condition of our Company.***

From time to time, our Company's plans may change due to changing circumstances, new business developments, new challenges or investment opportunities or unforeseen contingencies. If our Company's plans change or if our Company is required to adapt to changing circumstances or business realities, our Company may need to obtain additional financing to meet *inter alia* capital expenditure requirements. Such financing may be in the form of debt funding, which may be raised through borrowings from commercial banks, issue of debentures or other debt securities. If our Company raises funds in future by incurring additional debt, the interest and debt repayment obligations of our Company will increase, and our Company may be subject to supplementary or new covenants, which could limit the ability to access cash flow from operations and/or other means of financing by our Company. Moreover, these additional funds could come at a higher cost which may impact the profitability of our Company. Further, our Company cannot assure you that it will be able to obtain adequate financing to fund future capital requirements on acceptable terms, in time.

**32.** ***A downgrade in our credit ratings, may affect our Company's ability to avail of debt and could also impact the trading price of the Equity Shares.***

Our Company's borrowing costs and our access to the debt capital depend significantly on our credit rating. The current credit rating of our Company's borrowings and the credit rating for the current fiscal and the last 3 fiscals is set out below:

| Particulars | Tenure | Rating | Rating Agency |
|---|---|---|---|
| *Fiscal 2024* | | | |
| Fund based facilities | Long term | IVR BBB+ Stable | |

| Particulars | Tenure | Rating | Rating Agency |
|---|---|---|---|
| Fund based bank facilities | Short term | IVR A2 | Infomerics Valuation and Rating Private Limited |
| Non-fund based bank facilities | Short term | IVR A2 | |
| ***Fiscal 2023*** | | | |
| Fund based facilities | Long term | BWR BBB+ Stable | Brickwork Ratings India Private Limited |
| Non-fund based facilities | Short term | BWR A2 | |
| ***Fiscal 2022*** | | | |
| Fund based facilities | Long term | BWR BBB+ Stable | Brickwork Ratings India Private Limited |
| Fund based bank facilities | Short term | BWR A2 | |
| Non-fund based bank facilities | Short term | BWR A2 | |
| ***Fiscal 2021*** | | | |
| Fund based facilities | Long term | BWR BBB+ Stable | Brickwork Ratings India Private Limited |
| Non-fund based bank facilities | Short term | BWR A2 | |

While our Company's current short term debt is rated IVR A2, which according to the rating agency, carries low credit risk, our Company's current long term debt is rated IVR BBB+ Stable, which indicates that the debt carries a moderate credit risk. Lower levels of credit rating, generally, result in a higher rate of interest and, consequently, greater cash outflows. Any downgrade of our Company's credit rating by the debt rating agencies for the debt availed by our Company may adversely impact our Company's ability to obtain further financing and, or, increase the rate of interest at which we are able to avail such borrowing and such increased cost of borrowing will adversely impact our Company's profitability. Further, any difficulty in obtaining, or failure to obtain, sufficient funding in a timely manner could result in the delay, or abandonment of our Company's growth plans and have an adverse impact on the business, cash flows and financial conditions of our Company.

**33.** ***Our operations are subject to manufacturing risk and causing fatal injury to personnel including death and destruction of property and consequent imposition of civil and criminal penalties.***

Our manufacturing units are subject to operating risks and potential industrial accidents. Our manufacturing units are also subject to operating risk resulting in fatal personal injury and property damage and consequent imposition of civil and criminal penalties. While there have not been any instances of any fatal injuries at our manufacturing facilities as part of our operations, during last 3 Fiscals, we cannot assure you that there will not be any such instance in the future.

One of our manufacturing units also houses a captive foundry. Our foundry related operations are inherently risky and requires individuals to work under potentially high risk circumstances. For example, if improperly handled, molten metal can cause personal injury or loss of life of employees or other persons, and cause damage to our properties and the properties of others and the imposition of civil or criminal liabilities. We could also face claims and litigation filed on behalf of persons alleging injury as a result of occupational exposure to hazards at our facilities. Our Company is also contemplating a cupola furnace, which we are in the process of implementing, to aid our foundry division, and a separate unit to process the sand used in our foundry operations.

While each of our Company's manufacturing units meet the necessary safety standards and our Company maintain insurance policies to cover accidents including bodily injuries, disability and death, accidents including human fatalities may occur, and there can be no assurance that the precautions taken by us and our insurance cover will be completely effective or sufficient. Further, although we maintain third party liability insurance, the liability incurred may far exceed the insurance cover. Such accidents, irrespective of the monetary liability, may have an adverse impact on our business and reputation.

**34.** ***Our operations are dependent on research and development. If we are unable to continuously develop new products or optimise our processes then our ability to grow, including by expanding our presence across different end-user industries, and, or, compete effectively, might be compromised, which would have an adverse impact on our business and financial condition.***

Research and development (**R&D**) activities are integral to our business, and we rely on constant R&D for developing or innovating new formulations or products. Our ability to deliver high precision multi-purpose products is enabled by our dedicated research and development (**R&D**) facility at Rajkot, Gujarat (**R&D Centre**) and our R&D team in Strasbourg, France. R&D is a critical aspect of our product development and is integral to our process optimisation which ensures that we continue to evolve with the changing industry landscape. As of June 30, 2023, our R&D team aggregated 129 employees in Rajkot, Gujarat and Strasbourg, France. During Fiscals

2023, 2022 and 2021, our R&D expenditure was ₹ 425.39 million, ₹ 133.12 million and ₹ 138.75 million constituting 4.58%, 1.78% and 2.39% our revenue from operations, respectively. Further, we believe that continuous R&D is critical to our continued growth and business prospects and we expect to continue deploying significant resources including financial resources towards R&D. Currently, our R&D efforts are focussed on the development of high precision 3-Axis and simultaneous 5-Axis CNC machining Centers with the potential to undertake a variety of processes at high speed, and entry level machines to capture / penetrate in new emerging market. If we are unable to continuously develop new products or optimise our processes, our ability to grow, including by expanding our presence across different end-user industries, and, or, compete effectively, might be compromised, which would have an adverse impact on our business and financial condition.

**35.** ***Our Company has in the past not made filings with ROC for a shareholders' resolution for the appointment of two of our Independent Directors. Our Company has also made certain delayed filings with the RoC and RBI. In addition, the board resolution, and the RoC form for change in our Registered Office is not available in our records.***

Our Company has in the past inadvertently not made statutory filing under the Companies Act, 2013 for a shareholders' resolution for the appointment of 2 of our Independent Directors. Further, our Company has delayed in making the prescribed statutory filings under the Companies Act, 1956 and the Companies Act, 2013 for few corporate actions such as, delay in form filing for reclassification of share capital of our Company, delay in form filing for appointment and re-appointment of certain of our Directors, delay in form filing for creation/ modification of charges on our securities under our financing agreements, and delay in filing shareholders' resolution approving amendment to our Memorandum of Association. While there has not been any penalty which has been levied on our Company, as prescribed under Companies Act, 1956 and the Companies Act, 2013, at the time of the delayed filing, there can be no assurance that such non-filing and, or, delayed filings in the past will not expose our Company to fines and proceedings by regulatory bodies.

Our Company has not been able to trace the Board resolution, and RoC forms, in relation to the change in the Registered Office of our Company. Further, our Company had engaged an independent practicing Company Secretary, Nandish S. Dave, N S Dave & Associates, to trace certain the RoC form for change in the Registered Office of our Company and the corresponding RoC payment challan. The independent practicing Company Secretary, was unable to trace the RoC form, as set out in its certificate dated September 1, 2023. For further details, see '*History and Certain Corporate Matters - Changes in the Registered Office*'. We cannot assure you that we will be able to maintain all records of corporate actions of our Company in the future.

Our Company has also inadvertently delayed in filing Form ODI for certain amount remitted by our Company to one of our wholly owned subsidiaries, Jyoti SAS, during 2007-2010, and the annual performance report in Form APR with the RBI for Fiscals 2009 to 2013. While our Company had preferred an application with the RBI for compounding the delays in filing of Form ODI and Form APR and has compounded the matter by payment of compounding fee of ₹ 2 million with the RBI issuing the compounding order on March 21, 2013, our Company cannot assure you that it will be able to adhere to all the necessary compliances, in a timely manner or at all, under various applicable legislations in the future. Further, there can be no assurance that such delayed reporting will not occur in the future. Further, there have been instances of incorrect reporting in Form ODI and non-reporting of few of the overseas loans which have been advanced by our Company, by our AD Bank. While our Company has sought clarifications from the AD Bank through its letter dated December 3, 2020 in relation to these reporting, such incorrect reporting and non-reporting of transactions have not been rectified. We cannot assure you that these reporting will be rectified, or such instances will not occur in the future. In addition, our Company has not filed Form FC-GPR for shares issued by our Company. We also cannot assure you that there such incorrect reporting and non-reporting of transactions will not expose us to fines and proceedings by regulatory bodies.

**36.** ***Our Company, in the past, has delayed in the payment of statutory dues.***

Our Company have at disparate times in the past delayed in the payment of undisputed statutory dues such as provident fund, income tax, goods and service tax, cess to relevant authorities. These delays were all due to cash flow mismatch and lack of sufficient liquidity during these periods. For instance, our Company has delayed in payment of provident fund and GST during the last 3 Fiscals. While our Company has paid the interest, as applicable on delays in payment of statutory dues, we cannot assure you there will be no delays in payment of statutory dues by our Company. In addition, while no actions have been initiated against our Company in relation to the abovementioned non-compliances or delays, our Company cannot assure you that any regulatory or statutory actions will not be initiated against our Company in relation to the said non-compliance. Further, our Company cannot assure you that it will be able to adhere to all the necessary compliances, in a timely manner or at all, under various labour law legislations in the future.

37. ***Our Promoters and Promoter Group will, even after the completion of the Issue, continue to be our largest Shareholders and can influence the outcome of resolutions, which may potentially involve conflict of interest with the other Shareholders.***

Currently, our Promoters and members of the Promoter Group hold 72.66% of the Equity Share capital of our Company and they will continue to hold [●] % of the Equity Share capital after the completion of this Issue. While there is no shareholder agreement in place with our Promoters and members of the Promoter Group, they will nevertheless, collectively, will have the ability to significantly influence our corporate decision-making process. This will include the ability to appoint Directors on our Board and the right to approve significant actions at the Board and at the Shareholders' meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements and any amendment to the constitutional documents. Our Company cannot assure you that the interest of the Promoters and members of the Promoter Group in any such scenario will not conflict with the interest of other Shareholders or with our Company's interests. Any such conflict may adversely affect our Company's ability to execute its business strategy or to operate our Company's business effectively or in the best interests of the other Shareholders of our Company.

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

Our Promoters, some of our Directors and Key Managerial Personnel may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Further, our Promoters and certain Directors and Key Managerial Personnel may be deemed to be interested to the extent of Equity Shares held by them or their relatives (or Promoter Group) as well as to the extent of bonus on such Equity Shares, and to the extent of unsecured loan advanced by our Promoters to the Company. Our Company cannot assure you that our Promoter, Directors and our Key Managerial Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. For further details, please refer to the chapters '*Our Management' and 'Our Promoters and Promoter Group'* on pages 219 and 243, respectively.

39. ***Conflicts of interest may arise out of common pursuits between our Company and our Group Companies***

There are common pursuits amongst our Group Companies and our Company by virtue of engagement in the similar business activities. However, the objects of the memorandum of association of our Group Companies permits it to undertake business that is similar to our Company. Whilst we cannot assure you that a conflict of interest will not arise if the entity decide to pursue such activities in future, Our Company shall adopt necessary procedures and practices as permitted by law and regulatory guidelines to address any instances of conflict of interest, if and when they may arise.

40. ***Inability to obtain or protect our intellectual property rights may adversely affect our business.***

Our Company has various registered trade marks and has made an application for registration of our flagship multifunctional solutions package viz. which is pending before the Trade Mark registry, Ahmedabad. In the absence of the registered trade mark of , our ability to protect our intellectual property may be diluted to such extent, and could adversely affect our reputation and business, which could in turn adversely affect our financial performance and the market price of the Equity Shares. We cannot assure you that will be registered in our name, and we will continue to enjoy uninterrupted use of the said. Further, our R&D centre is named as a '*Leonardo Da' Vinci R&D Centre*', for which we have not obtained any intellectual property rights. Accordingly, we cannot assure you that we will continue to enjoy uninterrupted use of the name of our R&D centre or face any claims of intellectual property infringement from third parties. Any claim of intellectual property infringement from third parties, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. Our inability to obtain or maintain our trademarks in our business, could adversely affect our reputation, goodwill, business prospectus, and results of operations.

41. ***Regulatory, legislative or self-regulatory developments regarding privacy and data security matters could adversely affect our ability to conduct our business and impact our financial condition.***

Several domestic and international laws and regulations address privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data. These laws, rules, and regulations evolve frequently, and their scope may continually change, through new legislation, amendments to existing legislation, and changes in enforcement. Changes in laws or regulations relating to privacy, data protection, and information security, particularly any new or modified laws or regulations, or changes to the interpretation or enforcement of such laws or regulations, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could increase our operating expenses and have an adverse impact on our financial condition.

As part of our Company's operations, it is required to comply with the Information Technology Act, 2000 and the rules thereof, which provide for civil and criminal liability including compensation, fines, and imprisonment for various offences. These include offences relating to unauthorized access to computer systems, damaging such systems or modifying their contents without authorization, unauthorized disclosure of confidential information and commission of fraudulent acts through computers. In April 2011, the Ministry of Electronics and Information Technology notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (**IT Personal Data Protection Rules**) under Section 43A of the Information Technology Act, 2000 and again in February 2021 notified the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (**Intermediary Guidelines**) under Section 87 of the Information Technology Act, 2000. The IT Personal Data Protection Rules prescribe directions for the collection, disclosure, transfer, and protection of sensitive personal data. The Digital Personal Data Protection Act, 2023, which was recently promulgated on August 11, 2023, requires companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal. Our Company may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Our Company's failure to adhere to or successfully protect the privacy of our customers could result in legal liability or impairment to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

42. ***There are certain outstanding legal proceedings involving our Company, Promoters, Directors, and Subsidiaries which, if determined against us, could have a material adverse effect on our business, cash flows, financial condition and results of operations***.

Our Company, our Promoters, certain of our Directors and Subsidiaries are currently involved in a number of legal proceedings, pending at different levels of adjudication before various courts and tribunals. A summary of outstanding litigation and the monetary amount involved in the cases we are currently involved in is mentioned in brief below:

| Name of Entity | Criminal Proceedings | Tax proceedings | Statutory/ Regulatory proceedings | Disciplinary actions by the SEBI or stock Exchanges against our Promoter | Material civil litigation | Aggregate amount involved (₹ in million)* |
|---|---|---|---|---|---|---|
| **Company** | | | | | | |
| By the Company | 1 | - | - | - | 2 | 14.62 |
| Against the Company | 1** | 21 | Nil | Nil | Nil | 393.67 |
| **Promoters** | | | | | | |
| By the Promoter | Nil | - | - | - | - | Nil |
| Against the Promoter | Nil | 12 | Nil | Nil | Nil | Nil |
| **Directors (other than Promoters)** | | | | | | |
| By the Directors | Nil | - | - | - | Nil | Nil |

| Name of Entity | Criminal Proceedings | Tax proceedings | Statutory/ Regulatory proceedings | Disciplinary actions by the SEBI or stock Exchanges against our Promoter | Material civil litigation | Aggregate amount involved (₹ in million)* |
|---|---|---|---|---|---|---|
| Against the Directors | Nil | Nil | Nil | Nil | Nil | Nil |
| **Subsidiaries** | | | | | | |
| By the Subsidiaries | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Subsidiaries | Nil | Nil | Nil | Nil | 2 | 43.57# |

**To the extent quantifiable.*
***In addition to the 1 criminal proceeding against our Company, an FIR has been filed by Ram Lal in the Hari Nagar Police Station. For details, see 'Outstanding Litigation and Material Development' at page 350.*
*# Amount involved is € 481,000 (i.e., ₹ 43.57 million; 1 € = ₹ 90.58 as of July 31, 2023 (Source: www.fbil.org.in)).*

*Further, as on the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Companies, the outcome of which could have a material impact on our Company.*

For further details on the outstanding litigation matters involving our Company, its Promoters, its Directors (other than Promoters), its Subsidiaries and Group Companies see '*Outstanding Litigation and Other Material Developments*' at page 350.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. Should any new developments arise, including a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and have to make further provisions in our financial statements, which could increase our expenses and our liabilities. There can be no assurance that the provisions we have made for litigation will be sufficient or that further litigation will not be brought against us in the future. Decisions in such proceedings adverse to our interests may have a material adverse effect on our business, cash flows, financial condition, and results of operations. Further, delay in settlement of statutory dues, vendor payments and employee settlement cases may also have an adverse impact on us.

In the event significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability. We cannot provide any assurance that these matters will be decided in our favour. Furthermore, we may not be able to quantify all the claims in which we are involved. Failure to successfully defend these or other claims or if our current provisions prove to be inadequate, our business and results of operations could be adversely affected. Even if we are successful in defending such cases, we will be subjected to legal and other costs relating to defending such litigation, and such costs could be substantial. In addition, we cannot assure that similar proceedings will not be initiated in the future. This could adversely affect our business, cash flows, financial condition, and results of operation.

**43. *Health, safety and environmental matters, including compliance with environmental laws and remediation of contamination, could result in substantially increased capital requirements and operating costs.***

Our Company's business and operations are subject to laws, regulations and contractual commitments relating to health, safety and the environment and our Company's operations generate large amounts of pollutants and waste, some of which are hazardous. These laws, regulations and contractual commitments concern air emissions, wastewater discharges, solid and hazardous waste material handling and disposal, worker health and safety, and the investigation and remediation of contamination or other environmental restoration. The risks of substantial costs and liabilities related to these laws and regulations are an inherent part of our Company's business, and future conditions and contamination may develop, arise or be discovered that create substantial environmental compliance, remediation or restoration liabilities and costs. Other developments, such as increased requirements of environmental, health and safety laws and regulations, increasingly strict enforcement thereof by governmental authorities, and claims for damages to property or injury to persons resulting from the environmental, health or safety impacts our Company's operations or past contamination, could prevent or restrict some of our Company's operations, require the expenditure of significant funds to bring our Company into compliance, involve the imposition of clean up requirements and give rise to civil or criminal liability. While our Company has taken the necessary approvals under the applicable laws there can be no assurance that any legislation, regulation, enforcement or private claim will not be levied against our Company in the future which may have a material adverse effect on our Company's business, financial condition or results of operations. In the event that production at one of our Company's facilities is partially or wholly prevented due to this type of sanction, our Company's business could suffer significantly and its results of operations and financial condition could be materially and adversely affected. For details in relation to the applicable laws and material approvals taken by our Company in relation to its business, see '*Key Regulations and Policies*' and *'Government and Other Approvals*' beginning at pages 205 and 356, respectively.

**44.** ***Our Company intends to utilise a portion of the Net Proceeds of the Issue towards the long term working capital requirements of our Company which are based on certain assumptions and estimates.***

The objects of the Issue include funding of long term working capital requirements which are based on the management estimates and certain assumptions by our Company in relation to *inter alia* sales of the products by our Company and the cost and holding periods of the inventories of the products of our Company. For details, see '*Objects of the Issue*' on page 110.

The future long term working capital requirements and deployment of funds by our Company may be subject to change due to factors beyond the control of our Company including *force majeure* conditions, an increase in defaults by our customers, unanticipated expenses, economic conditions, availability of funding from banks or financial institutions. Accordingly, such long term working capital requirements and deployment of proceeds may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

Our Company's sources of additional financing, required to meet the working capital requirements of our Company may include availing debt or issue of further equity or debt securities or a combination of both. If our Company decides to raise additional funds by availing debt, the interest and debt repayment obligations of our Company will increase and could have a significant effect on our profitability and cash flows. Further, our Company may be subject to additional covenants, which could limit the ability of our Company to access cash flows from operations. Any issuance of further equity, on the other hand, could result in a dilution of your shareholding in our Company. Accordingly, continued increases in the working capital requirements by our Company may have an adverse effect on our business, results of operations, financial condition and cash flows.

**45.** ***Any material deviation in the utilisation of Issue Proceeds shall be subject to applicable law.***

The funding requirements and the deployment of the proceeds from this Issue are based on the current business plan and strategy of our Company. Our Company may have to revise this from time to time as a result of variations including changes in estimates and other external factors, which may not be within the control of the management of our Company. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the deployment for a particular purpose from its planned expenditure at the discretion of the Board of Directors of our Company, in compliance with applicable law. Accordingly, we may not be able to utilise the proceeds from this Issue in the manner set out in this Draft Red Herring Prospectus in a timely manner or at all. As a consequence of any increased expenditure, the actual deployment of funds may be higher than estimated.

**46.** ***Our Company has not paid dividends in the last 3 Fiscals and during the current Fiscal. There can be no assurance that our Company will be in a position to pay dividends in the future.***

Our Company has not paid dividends on its Equity Shares for Fiscal 2023, Fiscal 2022, Fiscal 2021 and during the current Fiscal. Our Company has also not paid any dividend on the CCPS which were issued by our Company during the current Fiscal. Our Company's ability to pay dividends in the future will depend upon a variety of factors, including our profitability, general financial conditions, capital requirements, results of operations, contractual obligations, financing arrangements and overall financial position, applicable Indian legal restrictions, our Company's Articles of Association, and other factors considered relevant by the Board of Directors of our Company. Further, our Promoters and Promoter Group will continue to hold a significant portion of our post-Issue paid-up Equity Share capital and may have a significant ability to control the payment and/or the rate of dividends. Therefore, our Company cannot assure you that it will be able to declare dividends, of any particular amount or with any frequency in the future. For further details, see the '*Dividend Policy'* at page 250.

47. ***This Draft Red Herring Prospectus contains information from an industry report prepared by F&S which our Company has commissioned and paid for.***

This Draft Red Herring Prospectus includes information that is derived from the F&S Report, prepared by Frost & Sullivan, a research house, pursuant to an engagement with our Company. F&S has advised that while it has taken due care and caution in preparing the commissioned report, which is based on information obtained from sources that it considers reliable (**Information**), it does not guarantee the accuracy, adequacy or completeness of the Information and disclaims responsibility for any errors or omissions in the Information or for the results obtained from the use of the Information. The F&S Report also highlights certain industry and market data, which may be subject to estimates and/or assumptions. There are no standard data gathering methodologies in the industry in which our Company conducts our business, and methodologies and assumptions vary widely among different industry sources. Further, such estimates and / or assumptions may change based on various factors. Additionally, some of the data and information in the F&S Report are also based on discussions / conversations with industry sources and may not have been, nor be capable of being, independently verified by F&S. Further, the F&S Report is not a recommendation to invest or disinvest in our Company. F&S has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the F&S Report.

48. ***Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Gross Profit, Gross Profit Margin, EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity and Gross Fixed Assets Turnover Ratio have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as Gross Profit, Gross Profit Margin, EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity and Gross Fixed Assets Turnover Ratio (**Non-GAAP Measures**) have been included in this Draft Red Herring Prospectus. These non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

49. ***The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution and are based on management estimates.***

The funding requirements set out in the chapter '*Objects of the Issue*' at page 110 are based on the management estimates of our Company and have not been appraised by any bank or financial institution. The funding requirements are based on our Company's current business plan and may vary based on various factors including macro-economic and other changes. In view of the dynamic nature of the industry in which we operate, we may have to revise our Company's business plan from time to time and, consequently, the funding requirement and the utilization of proceeds from the Issue may also change. This may also include rescheduling the proposed utilization of Issue Proceeds at the discretion of the management of our Company. We may make necessary changes to utilisation of Issue Proceeds in compliance with the provisions of the Companies Act. In the event of any variation in actual utilization of the Issue Proceeds, any increased fund deployment for a particular activity may be met from funds earmarked from any other activity and/or from our internal accruals. Further, any such revision in the estimates may require our Company to revise our projected expenditure which may have a bearing on the profitability of our Company.

50. ***Our Company may have issued Equity Shares during the preceding one year at a price lower than the Issue Price.***

Our Company has issued Equity Shares at a price that may be lower than the Issue Price during a period of 1 year preceding the date of this Draft Red Herring Prospectus. For further details please see '*Capital Structure - Equity Share capital history of our Company*' on page 82.

**Risks Related to the Issue and the Equity Shares**

**51.** ***The Equity Shares have never been publicly traded and the Issue may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Issue Price.***

Prior to the Issue, there has been no public market for the Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Issue. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, there will be liquidity of such market for the Equity Shares. The Issue Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Issue.

The market price of the Equity Shares after the Issue can be volatile as a result of several factors beyond our Company's control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian and global machine tools industry, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations. In addition, the Stock Exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance may also affect the price of the Equity Shares. In particular, the stock market as a whole in the past has experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

**52.** ***The requirements of being a publicly listed company may strain our Company's resources.***

Our Company is not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our Company's affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, our Company will incur significant legal, accounting, corporate governance and other expenses that our Company did not incur as an unlisted company. Our Company will be subject to the SEBI Listing Regulations, which will require our Company to file audited annual and unaudited quarterly reports with respect to our Company's business and financial condition. If our Company experience any delays, our Company may fail to satisfy our Company's reporting obligations and / or our Company may not be able to readily determine and accordingly report any changes in our Company's results of operations as promptly as other listed companies. Further, as a publicly listed company, our Company will need to maintain and improve the effectiveness of our Company's disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our Company's disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our Company's management's attention may be diverted from our Company's business concerns, which may adversely affect the business, prospects, results of operations and financial condition of our Company.

**53.** ***Any further issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding.***

Our Company may be required to finance our growth through future equity offerings. Any future equity issuances by our Company, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by the Promoters may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that the Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

54. ***Sale of Equity Shares by our Promoters and Promoter Group in future may adversely affect the market price of the Equity Shares.***

After the completion of the Issue, our Promoters and Promoter Group will own a significant percentage of our Company's issued Equity Shares. Sale of a large number of the Equity Shares by the Promoters could adversely affect the market price of the Equity Shares. Similarly, the perception that any such primary or secondary sale may occur, could adversely affect the market price of the Equity Shares. No assurance may be given that the Promoters will not dispose of, pledge or encumber their Equity Shares in the future.

55. ***There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.***

Following the listing of Equity Shares through the Issue, the Equity Shares will be subject to a daily "circuit breaker" imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares beyond the circuit breaker limit set by the Stock Exchanges. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

56. ***The determination of the Price Band and Issue Price is based on various factors and assumptions and the Issue Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Issue. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below the respective issue price.***

The determination of the Price Band is based on various factors and assumptions and will be determined by our Company in consultation with the BRLMs. Furthermore, the Issue Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under '*Basis for the Issue Price*' beginning on page 123 and may not be indicative of the market price for the Equity Shares after the Issue. In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see '*Other Regulatory and Statutory Disclosures - Price information of past issues handled by the BRLMs*' on page 369. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, our financial performance and results post-listing, and other factors beyond our Company's control. Our Company cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

57. ***There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.***

There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all. In accordance with Indian law, permission for listing and trading of the Equity Shares will not be granted until after certain actions have been completed in relation to this Issue and until Allotment of Equity Shares pursuant to this Issue. In accordance with current regulations and circulars issued by SEBI, the Equity Shares are required to be listed on the BSE and the NSE within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares. Further, there can be no assurance that the Equity Shares once listed will continue to remain listed on the Stock Exchanges. Indian laws permit a company to delist its equity shares on compliance with prescribed procedures including the requirement to obtain the approval of its shareholders. Further, certain instances of non-compliance with applicable laws can result in the delisting of the Equity Shares. We cannot assure you, therefore, that the Equity Shares, once listed, will continue to remain listed.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to 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 equity shares voting on such resolution. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our 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. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in our Company may be reduced.

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

Pursuant to the regulations under the SEBI Act, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Issue Period and withdraw their Bids until Bid/Issue Closing Date. While our Company is required to complete Allotment pursuant to the Issue within 6 Working Days from the Bid/Issue Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Issue or cause the trading price of the Equity Shares to decline on listing.

**60.** ***A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted.

**61.** ***The Issue Price, market capitalization to total income multiple, market capitalization to earnings multiple, price to earnings ratio and enterprise value to EBITDA ratio based on the Issue Price of our Company, may not be indicative of the market price of the Equity Shares on listing.***

Our total income, EBITDA, and profit after tax for Fiscal 2023 was ₹ 9,526.00 million, ₹ 973.79 million and ₹ 150.60 million, respectively. Our market capitalization (based on the Issue Price) to total income (Fiscal 2023) multiple is [●] times; our market capitalization (based on the Issue Price) to earnings (Fiscal 2023) multiple is [●] times; our price to earnings ratio (based on EBIDTA for Fiscal 2023) is [●] at the upper end of the Price Band; and our price to earnings ratio (based on profit after tax for the year Fiscal 2023) is [●] at the upper end of the Price Band; and our enterprise value to EBITDA ratio (based on EBITDA for Fiscal 2023) is [●].

The Issue Price will be determined by our Company in consultation with the BRLMs based on various factors and assumptions. Furthermore, the Issue Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Managers through the Book Building Process, and will be based on numerous factors, including factors as described under '*Basis for the Issue Price*' beginning on page 123 and may not be indicative of the market price for the Equity Shares after the Issue. Accordingly, the Issue Price, multiples and ratio may not be indicative of the market price of the Equity Shares on listing or thereafter. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, our financial performance and results post-listing, and other factors beyond our Company's control. Our Company cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

**62.** ***Our Company may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors, once the Equity Shares of our Company are listed.***

The Equity Shares of our Company may be subject to general market conditions which may include significant price and volume fluctuations, once the Equity Shares of our Company are listed. The price of the Equity Shares may fluctuate after the Issue due to several factors such as volatility in the Indian and global securities market, our performance and profitability, or any other political or economic factor. The occurrence of these factors may lead to the surveillance measures stipulated by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework being triggered in relation to the Equity Shares. If the Equity Shares are covered under such surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of the Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of the Equity Shares or may in general cause disruptions in the development of an active trading market for the Equity Shares.

**External Risks**

**63.** ***You may not be able to immediately sell any of the Equity Shares you subscribe to in this Issue on an Indian Stock Exchange.***

The Equity Shares are proposed to be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and commence trading, including the crediting of the investor's demat accounts within the timeline specified under applicable law. Further, in accordance with Indian law, permission for listing and trading of the Equity Shares will not be granted until after certain actions have been completed in relation to this Issue and until Allotment of Equity Shares pursuant to this Issue. The Allotment of Equity Shares in the Issue and the credit of Equity Shares to the investor's demat account with the relevant depository participant and listing is expected to be completed within the period as may be prescribed under applicable law. Any failure or delay in obtaining the approvals or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. Our Company cannot assure you that the Equity Shares will be credited to investor's demat accounts, or that trading in the Equity Shares will commence, within the prescribed time periods or at all which could restrict your ability to dispose of the Equity Shares.

**64.** ***A slowdown in economic growth in India could adversely affect our Company's business.***

The structure of the Indian economy has undergone considerable changes in the last decade. These include increasing importance of external trade and of external capital flows. Any slowdown in the growth of the Indian economy or manufacturing sector or any future volatility in global process could adversely affect our Company's business, financial condition and results of operations. India's economy could be adversely affected by a general rise in interest rates, fluctuations in currency exchange rates, adverse conditions affecting commodity and electricity prices or various other factors.

Further, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy and government policy may change in response to such conditions. The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, France, Europe or China or Asian emerging market countries, may have an impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets, and could have an adverse effect on our Company's business, financial condition and results of operations and the price of the Equity Shares.

65. ***Increasing employee compensation in India may erode some of our Company's competitive advantage and may reduce our Company's profit margins, which may have a material adverse effect on our Company's business, financial condition, cash flows and results of operations.***

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our Company's profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to managers and other mid-level professionals. Our Company may need to continue to increase the levels of our Company's employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our Company's business, financial condition, cash flows and results of operations.

66. ***Adverse geopolitical conditions such as an increased tension between India and its neighbouring countries, conflict amongst some of the countries in Europe, could adversely affect our business, results of operations and financial condition.***

Adverse geopolitical conditions such as increased tensions between India and its neighbouring countries, resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries including the Government of India imposing restrictions on the import or export of products or input materials, among others, and affect our ability to procure input materials required for our manufacturing operations. We could also be affected by the introduction of or increase in the levy of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries. For instance, the government of India has imposed additional tariffs in the nature of countervailing duty and anti-dumping duty on a number of items imported from China. Any such measure which affects our input material supply or reciprocal duties imposed on Indian products by China or other countries may adversely affect our results of operations and financial condition. Further, the ongoing war amongst some of the countries in Europe that is currently impacting, *inter alia,* global trade, prices of oil and gas and could have an inflationary impact on the Indian economy.

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

We are incorporated in India, and our operations are located in India. We also have foreign subsidiaries that operate in their respective jurisdictions. As a result, we are highly dependent on prevailing economic conditions in India and other economies and our results of operations and cash flows are significantly affected by factors influencing the Indian and global economies.

Other factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

a. high rates of inflation in India and in countries where we, independently or through our Subsidiaries, operate our business could increase our costs without proportionately increasing our revenue, and as such decrease our operating margins;

b. any slowdown in economic growth or financial instability in India and in countries where we, independently or through our Subsidiaries, operate our business;

c. any exchange rate fluctuations;

d. any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and scarcity of financing for our expansions;

e. prevailing income conditions among consumers and corporates;

f. volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;

g. changes in existing laws and regulations in India and in countries where we, independently or through our Subsidiaries, operate our business;

h. political instability, terrorism or military conflict in the region or globally, including in various neighbouring countries;

i. occurrence of natural or man-made disasters;

j. any downgrading of debt rating of India or where we, independently, or through our Subsidiaries, operate our business, by a domestic or international rating agency; and

k. instability in financial markets.

**68.** ***Governmental actions and changes in policy could adversely affect our Company's business.***

The Government of India and the State Governments in India have broad powers to affect the Indian economy and our business in numerous ways. Additionally, we operate our business in several countries and any change in policies in such countries may affect our business. Any change in the existing policies of Government of India and/or State Government, or foreign government policies, or new policies affecting the economy of India or any foreign country, where we operate our business, could adversely affect our business operations. Moreover, we also cannot assure you that the Central Government or State Governments in India, or foreign government in countries where we operate will not implement new regulations and policies which will require us to obtain additional approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. We cannot predict the terms of any new policy, and we cannot assure you that such policy will not be onerous. Such new policy may also adversely affect our business, cash flows, financial condition and prospects.

**69.** ***Our Company may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our Company's business.***

The Competition Act, 2002, of India, as amended (**Competition Act**) regulates practices having an appreciable adverse effect on competition (**AAEC**) in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, shares the market by way of geographical area or number of guests in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (**CCI**). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by our Company cannot be predicted with certainty at this stage. Our Company is currently not a party to an outstanding proceeding, nor has our Company received any notice in relation to non-compliance with the Competition Act and the agreements entered into by our Company. However, if our Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect the business, results of operations and prospects of our Company.

**70.** ***A downgrade in ratings of India, may affect the trading price of the Equity Shares.***

Our Company's borrowing costs and our Company's access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB– with a "stable" outlook (S&P) and BBB– with a "negative" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our Company's ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our Company's control. This could have an adverse effect on our Company's ability to fund our Company's growth on favourable terms or at all, and consequently adversely affect our Company's business and financial performance and the price of the Equity Shares.

71. ***The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.***

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. For instance, our Company's business operations were impacted during the floods in Rajkot, Gujarat during Fiscal 2022. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

72. ***Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus.***

We have not attempted to quantify the impact of U.S. GAAP or any other system of accounting principles on the financial data, prepared and presented in accordance with Ind AS for the Fiscals 2023, 2022 and 2021, included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or any other accounting principles. U.S. GAAP differs in significant respects from Ind AS. Accordingly, the degree to which the restated financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS and SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Prospectus should accordingly be limited. Additionally, Ind AS differs in certain respects from IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS.

73. ***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.

74. ***Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on the business, results of operations, future cash flows and financial condition of our Company.***

Indian financial system may be affected by financial difficulties faced by all or some of the Indian financial institutions whose commercial soundness may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect the business of our Company.

75. ***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 in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹ 0.1 million arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax (**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. Any gain realized on the sale of Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

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

**76.** ***Investors may have difficulty enforcing foreign judgments against our Company or the management of our Company.***

Our Company is incorporated under the laws of India and all the Directors and Key Managerial Personnel of our Company reside in India. A majority of the assets, and the assets of the Directors and officers of our Company, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Code of Civil Procedure, 1908, of India (**Civil Code**). Further, the Civil Code only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgement.

As a result, you may be unable to: (i) effect service of process outside of India upon our Company and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against our Company and such other persons or entities. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws.

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

The Indian 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. For instance, the economic downturn in the U.S. and several European countries during a part of Fiscals 2008 and 2009 adversely affected market prices in the global securities markets, including India. Following the United Kingdom's exit from the European Union (**Brexit**), there still remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. Further, the recent collapse of the Silicon Valley Bank also caused economic downturn. 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.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

**78.** ***Under Indian law, foreign investors are subject to investment restrictions that limit our Company's ability to attract foreign investors, which may adversely impact the trading price of the Equity Shares.***

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. In addition, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Our Company cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. For further details, see '*Restrictions on Foreign Ownership of Indian Securities*' beginning on page 407.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT and the FEMA Rules, any investment, subscription, purchase or sale of equity instruments by entities, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Our Company cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, in a timely manner or at all.

**79.** ***Our Company's ability to raise foreign capital may be constrained by Indian law.***

As an Indian company, our Company is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our Company's ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, our Company cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to our Company without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our Company's business growth, financial condition and results of operations.

**80.** ***If security or industry analysts do not publish research, or publish unfavourable or inaccurate research about the business of our Company, the price and trading volume of the Equity Shares may decline.***

The trading market for the Equity Shares may depend, in part, on the research and reports that securities or industry analysts publish about us or our business. Our Company may be unable to sustain coverage by established and / or prominent securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of our Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Equity Shares would be negatively impacted. In the event our Company obtains securities or industry analyst coverage, if one or more of the analysts downgrade the Equity Shares of our Company or publish inaccurate or unfavourable research about our business, the price of the Equity Shares may decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on our Company regularly, the demand for the Equity Shares of our Company could decrease, which might cause the price and trading volume of the Equity Shares of our Company to decline.

## SECTION III: INTRODUCTION

## THE ISSUE

The following table summarises the details of the Issue:

| | |
|---|---|
| **Issue of Equity Shares** *(1)* | Up to [●] Equity Shares, aggregating to ₹ 10,000.00 million |
| ***which includes*** | |
| **Employee Reservation Portion(6)(7)** | Up to [●] Equity Shares, aggregating up to ₹ [●] million |
| | |
| **Net Issue** | Up to [●] Equity Shares, aggregating up to ₹ [●] million |
| | |
| **The Issue consists of:** | |
| **A. QIB Portion(2)(3)** | Not less than [●] Equity Shares |
| ***of which:*** | |
| (1) **Anchor Investor Portion(2)** | Up to [●] Equity Shares |
| (2) **Net QIB Portion available for allocation to QIBs other than Anchor Investors (assuming the Anchor Investor Portion is fully subscribed)** | [●] Equity Shares |
| ***of which:*** | |
| (a) **Available for allocation to Mutual Fund only (5% of the Net QIB Portion)** | [●] Equity Shares |
| (b) **Balance of the Net QIB Portion for all QIBs including Mutual Funds** | [●] Equity Shares |
| **B. Non-Institutional Portion(3) (4) (5)** | Not more than [●] Equity Shares |
| ***of which:*** | |
| (a) **One-third of the Non-Institutional Portion reserved for applicants with an application size of more than ₹ 0.2 million and up to ₹ 1 million** | [●] Equity Shares |
| (b) **Two-third of the Non-Institutional Portion reserved for applicants with an application size of more than ₹ 1 million** | [●] Equity Shares |
| **C. Retail Portion(3)(4)** | Not more than [●] Equity Shares |
| | |
| **Pre and Post-Issue Equity Shares** | |
| **Equity Shares outstanding prior to the Issue (as at the date of this Draft Red Herring Prospectus)** | 195,757,090 Equity Shares* |
| **Equity Shares outstanding after the Issue** | [●] Equity Shares |
| **Utilization of Net Proceeds** | See '*Objects of the Issue*' on page 110 for information about the utilization of Net Proceeds. |

**As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

*(1) The Issue has been authorised by our Board pursuant to the resolution passed at its meeting dated May 18, 2023 and has been authorised by our Shareholders pursuant to the shareholders' resolution dated August 19, 2023. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Regulation 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue.*

*(2) Our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares will be added back to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the*

*remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see 'Issue Procedure' on page 387.*

*(3) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category would be allowed to be met with spill- over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. Undersubscription, if any, in the QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see 'Issue Procedure' on page 387.*

*(4) Allocation to Bidders in all categories, except in Anchor Investor Portion, Non-Institutional Portion and Retail Individual Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Issue Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. The allocation to each Non-Institutional Investor shall not be less than ₹ 0.2 million, subject to availability of Equity Shares in Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For details, see 'Issue Procedure' on page 387.*

*(5) The Equity Shares available for Allocation to Non-Institutional Investors under the Non-Institutional Portion, shall be subject to the following: (i) one-third of the portion available to Non-Institutional Investors shall be reserved for applicants with an application size of more than ₹ 0.2 million and up to ₹ 1 million; and (ii) two-third of the portion available to Non-Institutional Investors shall be reserved for applicants with application size of more than ₹ 1 million , provided that the unsubscribed portion in either of the subcategories specified above may be allocated to applicants in the other sub-category of Non-Institutional Bidders in accordance with the SEBI ICDR Regulations.*

*(6) In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of the Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of the Employee Discount). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation of up to ₹ 0.50 million, as applicable), shall be added to the Net Issue. For further details, see 'Issue Structure' on page* 381.

*(7) Our Company may, in consultation with the BRLMs, offer a discount of up to [●]% of the Issue Price (equivalent of ₹ [●] per Equity Share) to the Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required, and which shall be announced at least 2 Working Days prior to the Bid / Issue Opening Date.*

For further details, including in relation to grounds for rejection of Bids, see '*Issue Structure*' and '*Issue Procedure*' on pages 381 and 387, respectively. For further details of the terms of the Issue, see '*Terms of the Issue*' on page 376.

## SUMMARY OF FINANCIAL INFORMATION

*The following tables set forth the summary financial information derived from our Restated Consolidated Financial Statements. The information presented below may differ in certain significant respects from financial statements prepared in accordance with generally accepted accounting principles in other countries, including IFRS. For details, see "Risk Factor - Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus' on page 54. The summary financial information presented below should be read in conjunction with 'Financial Statements', and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on pages 251 and 312.*

## RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

***(in ₹ million)***

| Particulars | As at | | |
|---|---|---|---|
| | **March 31, 2023** | **March 31, 2022** | **March 31, 2021** |
| **ASSETS** | | | |
| Non-current assets | | | |
| Property, Plant and Equipment | 2,689.02 | 2,745.55 | 2,991.55 |
| Capital work-in-progress | 82.79 | 8.97 | 510.89 |
| Right of Use Assets | 0.06 | 0.36 | 0.86 |
| Intangible assets | 141.60 | 179.12 | 219.75 |
| Intangible assets under development | 71.01 | 45.81 | 26.37 |
| Financial assets: | | | |
| - Investments | 33.88 | 19.58 | 18.55 |
| - Other financial assets | 100.47 | 49.76 | 118.92 |
| Other non-current assets | 240.78 | 243.89 | 107.76 |
| **Total non-current assets** | **3,359.61** | **3,293.04** | **3,994.65** |
| | | | |
| **Current assets** | | | |
| Inventories | 8,199.19 | 6,340.41 | 6,447.06 |
| Financial assets: | | | |
| - Trade receivables | 1,458.78 | 2,001.90 | 2,166.40 |
| - Cash and cash equivalents | 160.92 | 24.44 | 101.15 |
| - Other balances with bank | 121.97 | 201.21 | 123.47 |
| - Loans | 59.30 | 48.51 | 47.22 |
| - Other financial asset | 1,410.72 | 331.40 | 513.31 |
| Other current assets | 336.38 | 587.25 | 488.66 |
| Current tax asset (net of provision) | 46.94 | 34.20 | - |
| **Total current assets** | **11,794.20** | **9,569.31** | **9,887.27** |
| | | | |
| **TOTAL ASSETS** | **15,153.81** | **12,862.35** | **13,881.92** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Equity share capital | 329.29 | 294.79 | 294.79 |
| Other equity | 491.35 | 116.74 | 831.07 |
| **Total equity** | **820.63** | **411.54** | **1,125.86** |
| | | | |
| **Non-current liabilities** | | | |
| Financial liabilities: | | | |
| - Borrowings | 1,274.65 | 1,402.63 | 1,194.28 |
| Provisions | 127.78 | 121.67 | 233.02 |
| Deferred tax liabilities (net) | 202.11 | 207.80 | 207.16 |

| Particulars | As at | | |
|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| **Total non-current liabilities** | 1,604.54 | 1,732.10 | 1,634.46 |
| | | | |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| - Borrowings | 7,075.09 | 6,518.94 | 6,056.89 |
| - Trade payables | | | |
| - Micro & Small enterprises | 17.90 | 7.28 | 12.13 |
| - Other than Micro & Small enterprises | 4,112.01 | 2,946.33 | 3,107.08 |
| - Other financial liabilities | 397.58 | 308.80 | 629.01 |
| Other current liabilities | 978.32 | 857.35 | 1,299.68 |
| Provisions | 17.40 | 18.14 | 16.81 |
| Current Tax Liabilities | 130.34 | 61.87 | - |
| **Total current liabilities** | **12,728.64** | **10,718.71** | **11,121.60** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | **15,153.81** | **12,862.35** | **13,881.92** |

**RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

*(in ₹ million, unless otherwise specified)*

| Particulars | For the year ended | | |
|---|---|---|---|
| | **March 31, 2023** | **March 31, 2022** | **March 31, 2021** |
| Revenue | | | |
| Revenue from operations | 9,292.59 | 7,464.87 | 5,800.59 |
| Other Income | 233.41 | 35.74 | 100.33 |
| **TOTAL INCOME** | **9,526.00** | **7,500.61** | **5,900.92** |
| **Expenses** | | | |
| Cost of materials consumed | 6,795.30 | 4,187.80 | 4,638.57 |
| Changes in inventories of finished goods and work-in-progress | (1,469.17) | 9.05 | (1,449.02) |
| Employee benefits expense | 1,662.40 | 1,418.36 | 1,313.86 |
| Finance costs | 897.02 | 821.99 | 755.12 |
| Depreciation and amortization expense | 336.18 | 357.86 | 377.84 |
| Other expenses | 1,330.28 | 1,123.04 | 980.28 |
| **TOTAL EXPENSES** | **9,552.01** | **7,918.11** | **6,616.65** |
| | | | |
| **Profit before tax and exceptional items** | **(26.00)** | **(417.50)** | **(715.73)** |
| | | | |
| **Exceptional Items#** | | | |
| **Profit on Waiver of Loan** | 304.50 | **-** | **-** |
| | | | |
| **PROFIT BEFORE TAX** | **278.50** | **(417.50)** | **(715.73)** |
| | | | |
| Current tax | 135.80 | 65.00 | - |
| Prior Year Tax | 0.50 | - | - |
| Deferred tax | (8.40) | 0.50 | (15.44) |
| | **127.90** | **65.50** | **(15.44)** |
| | | | |
| **PROFIT FOR THE YEAR** | **150.60** | **(483.00)** | **(700.29)** |
| **OTHER COMPREHENSIVE INCOME** | | | |
| Other comprehensive Income | | | |
| Items that will be reclassified to profit or loss | | | |
| - Foreign Currency Translation Reserve | 10.90 | (78.10) | (45.39) |
| | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| - Remeasurement gains/ (losses) on post-employment defined benefit plans | (2.70) | (0.40) | (2.25) |
| **Total Other Comprehensive Income/ (loss)** | **8.20** | **(78.50)** | **(47.64)** |
| | | | |
| Total Comprehensive Income for the Year | 158.80 | (561.50) | (747.93) |
| | | | |
| Earnings per share: (of ₹ 2) | | | |
| Basic | 0.10 | (0.33) | (0.48) |
| Diluted | 0.10 | (0.33) | (0.48) |

*Our Company has sub divided its Equity Shares in the ratio of 5 Equity Shares of ₹ 2 each for 1 equity share of ₹ 10 each on August 19, 2023. Accordingly, the earnings per share (‘**EPS**’) for the respective years have been restated in accordance with Ind AS 33 ‘Earning per share’.*

*#Exceptional Item Pertains to debt waiver during Financial year 2022-23 availed by Subsidiary:₹ 304.50 million (previous years, Financial Year 2021-22: Nil and Financial year 2020-21: Nil).*

## RESTATED CONSOLIDATED STATEMENT OF CASH FLOW

*(in ₹ million)*

| Particulars | For the year ended | | |
|---|---|---|---|
| | **March 31, 2023** | **March 31, 2022** | **March 31, 2021** |
| **A. Cash flow from operating activities** | | | |
| **Net Profit before tax** | **278.50** | **(417.50)** | **(715.73)** |
| **Adjustments for:** | | | |
| Depreciation and amortization expenses | 336.18 | 357.86 | 380.00 |
| (Gain)/ loss on sale of property, plant & equipments | (0.20) | (4.40) | - |
| (Gain)/loss on fair value of Investment through P&L | (1.30) | (1.20) | (0.32) |
| Interest & commission income | (8.99) | (14.87) | (12.28) |
| Finance cost | 897.02 | 821.99 | 755.13 |
| Other expense | 33.60 | 110.02 | - |
| Other exceptional income | (304.50) | - | - |
| Unrealised (gain)/loss on Foreign Exchange (net) | (271.53) | 206.00 | - |
| **Operating profit before changes in operating asset & liability** | **958.78** | **1,057.91** | **406.79** |
| **Adjustments for:** | | | |
| - Increase/(decrease) in current & non-current liabilities | 203.06 | (769.58) | 338.14 |
| - (Increase)/decrease in current & non-current assets | (835.20) | (2.30) | (79.29) |
| - Increase/(decrease) in trade payable | 1,176.30 | (165.60) | 405.02 |
| - (Increase)/decrease in trade receivable | 543.12 | 164.50 | (203.02) |
| - (Increase)/decrease in Inventories | (1,858.78) | 106.65 | (582.77) |
| **Cash generated from operations** | **187.27** | **391.58** | **284.87** |
| Direct taxes paid (net of refund) | (70.60) | (6.07) | (4.38) |
| **Net cash generated/(used) in operating activities (A)** | **116.67** | **385.50** | **280.49** |
| | | | |
| **B. Cash flow from investing activities** | | | |
| Movement in Property, Plant & Equipment (Net of Capital Adv) | (340.65) | (405.60) | (142.66) |
| Movement in deposit with banks | 28.54 | 69.15 | (31.54) |
| Sale/ (purchase) of investments (net) | (13.00) | 10.97 | (15.93) |
| Interest & commission received | 8.99 | 14.87 | 10.34 |
| **Net cash generated/used in investing activities (B)** | **(316.12)** | **(310.61)** | **(179.78)** |
| | | | |
| **C. Cash flow from financing activities** | | | |
| Increase/ (Decrease) in non-current borrowings | 176.52 | 208.35 | 661.99 |
| Increase/ (Decrease) in current borrowings | 556.15 | 462.06 | 75.24 |
| Finance cost paid | (897.02) | (821.99) | (768.33) |
| Issue of shares including premium | 500.30 | - | - |
| **Net cash generated /used in financing activities (C)** | **335.93** | **(151.59)** | **(31.10)** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents (A+B+C)** | **136.48** | **(76.69)** | **69.60** |
| Cash and cash equivalents at the beginning of the year | 24.44 | 101.15 | 31.55 |
| **Cash and cash equivalents as at year end** | **160.92** | **24.44** | **101.15** |

| Particulars | For the year ended | | |
|---|---|---|---|
| | March 31, 2023 | March 31, 2022 | March 31, 2021 |
| **Component of Cash & Cash Equivalent** | | | |
| Cash on hand | 1.34 | 1.32 | 3.21 |
| Balance with banks | 159.58 | 23.12 | 97.94 |
| **Cash and cash equivalent at the end of the year** | **160.92** | **24.44** | **101.15** |

## GENERAL INFORMATION

Our Company was originally incorporated as 'AMB Engineering Company Private Limited', at Gujarat as a private limited company under the Companies Act, 1956 and received a certificate of incorporation issued by the RoC, on January 17, 1991. Thereafter, pursuant to a special resolution passed by the Shareholders of our Company passed in their meeting on April 19, 2002, our Company's name was changed to 'Jyoti CNC Automations Private Limited', and a fresh certificate of incorporation dated May 08, 2002, was issued to our Company by the RoC. Subsequently, pursuant to a special resolution passed by the Shareholders of our Company passed in their meeting on April 4, 2008, our Company's name was changed to 'Jyoti CNC Automation Private Limited', and a fresh certificate for incorporation dated April 28, 2008 was issued to our Company by the RoC. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by the Shareholders of our Company passed in their meeting on September 17, 2012 and the name of our Company was changed to its present name 'Jyoti CNC Automation Limited' pursuant to a fresh certificate of incorporation issued by the RoC on November 30, 2012.

For further details in relation to changes in the registered office of our Company, see '*History and Certain Corporate Matters*' on page 210.

**Registered and Corporate Office of our Company**

The address and certain other details of our Registered and Corporate Office is as follows:

**Jyoti CNC Automation Limited**
G - 506, Lodhika GIDC,
Village Metoda, Rajkot – 360 021,
Gujarat, India
Telephone: +91-2827 – 235182
E-mail: investors@jyoti.co.in
Website: www. jyoti.co.in

**Company registration number and corporate identity number**

The registration number and corporate identity number of our Company are as follows:

Company Registration Number: 014914

Corporate Identity Number: U29221GJ1991PLC014914

**Registrar of Companies**

Our Company is registered with the RoC, Gujarat at Ahmedabad, situated at the following address:

*Address of the RoC*

ROC Bhavan, Opp Rupal Park Society,
Behind Ankur Bus Stop, Naranpura,
Ahmedabad-380013,
Gujarat, India

**Our Board**

The following table sets out the brief details of our Board as on the date of this Draft Red Herring Prospectus:

| NAME | DESIGNATION | DIN | ADDRESS |
|---|---|---|---|
| Parakramsinh Ghanshyamsinh Jadeja | Chairman and Managing Director | 00125050 | Osho, 2 Shivaji Park, Opp. Income Tax Society, Near Airport, Rajkot, Raiya Road, Gujarat, India 360 007 |
| Sahdevsinh Lalubha Jadeja | Whole Time Director | 00126392 | Plot no. 70, Silverston Meinrod, Nr Oscar Tavar, 150 Feet Road, Rajkot, Gujarat, India 360 001 |
| Vikramsinh Raghuvirsinh Rana | Whole Time Director | 00125079 | 601, Kishan Kanaiya-2, Nr Indira Circle, 150 foot ring road, Raiya Road, Rajkot, India 360 007 |

| NAME | DESIGNATION | DIN | ADDRESS |
|---|---|---|---|
| Rikesh Chand | Nominee Director* | 08769636 | A3/51, Maker Kunden Garden, near SNDT College, Santacruz (west), Mumbai, Juhu, Maharashtra, India- 400 049 |
| Yogesh Damodardas Kathrecha | Independent Director | 02355968 | 901, Krishna Palace, Panchvati Main Road, Opp. Jain Temple, Off Amin Road, Rajkot, India 360 001 |
| Vijay Vaman Paranjape | Independent Director | 00370451 | Flat No. 3, Mauli Building, Gawand Path, Near Malhar Talkies, Thane (West), Thane, Naupada, Maharashtra, India 400 602 |
| Jignasa Pravinchandra Mehta | Independent Director | 08035567 | M – 193, Gujarat Housing Board b/h Jankalyan Community Hall Amin Marg, Rajkot, Rajkot Kotda Sangani, Rajkot, Gujarat 360 001 |
| Pravinchandra Ratilal Dholakia | Independent Director | 00844014 | Adarsh Society 3/5, Behind I.O.C. Bhavan, Race Course, Ring Road, Rajkot, Gujarat 360 001 |

** Nominee of Export-Import Bank of India.*

For brief profiles and further details of our directors, see '*Our Management*' on page 219.

**Company Secretary and Compliance Officer**

Maulik B Gandhi is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

G - 506, Lodhika GIDC,
Village Metoda, Rajkot – 360 021,
Gujarat, India
Telephone: +91-2827 – 235182
E-mail: investors@jyoti.co.in

**Investor Grievances**

Investors can contact our Company Secretary and Compliance Officer, or the Registrar to the Issue in case of any pre-Issue or post-Issue related grievances, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode etc. For all Issue related queries and for redressal of complaints, investors may also write to the BRLMs. All Issue related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediaries to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number (for Bidders other than UPI Bidders using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of UPI Bidders using the UPI Mechanism. Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

In terms of the SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (to the extent applicable), any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. In terms of the SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), SCSBs are required to compensate the investor immediately on the receipt of complaint. Further, the BRLMs are required to compensate the investor for delays in grievance redressal from the date on which the grievance was received until the actual date of unblock.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Issue. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, name and address of the BRLMs, unique transaction reference number, the name of the relevant bank, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs where the Bid cum Application Form was submitted by the Anchor Investor.

**Book Running Lead Managers**

**Equirus Capital Private Limited**
12th Floor, C Wing,
Marathon Futurex,
N M Joshi Marg, Lower Parel,
Mumbai – 400 013.
Maharashtra, India.
Tel: +91 22 4332 0734
E-mail: jyoti.ipo@equirus.com
Investor grievance e-mail: investorsgrievance@equirus.com
Website: www.equirus.com
Contact Person: Ankesh Jain / Mrunal Jadhav
SEBI Registration No.: INM000011286

**ICICI Securities Limited**
ICICI Venture House,
Appasaheb Marathe Marg,
Prabhadevi, Mumbai – 400025,
Maharashtra, India
Tel: + 91 22 6807 7100
Email: jyoticncipo@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Ashik Joisar / Harsh Thakkar
SEBI registration number: INM000011179

**SBI Capital Markets Limited**
1501, 15th Floor, A & B Wing,
Parinee Crescenzo, Bulding, G Block,
Bandra Kurla Complex, Bandra (East), Mumbai – 400 051,
Maharashtra, India
Tel: +91 22 4006 9807
Email: jyoticnc.ipo@sbicaps.com
Investor grievance e-mail: investor.relations@sbicaps.com
Website: www.sbicaps.com
Contact Person: Janardhan Wagle / Krithika Shetty
SEBI registration number: INM000003531

**Statement of Inter-se Allocation of Responsibilities**

The responsibilities of the BRLMs in the Issue are set out below:

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 1. | Capital structuring, positioning strategy and due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The Book Running Lead Managers shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing. | BRLMs | Equirus |
| 2. | Drafting and approval of all statutory advertisement | BRLMs | Equirus |

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| 3. | Appointment of Intermediaries - Registrar to the Issue and Advertising Agency including coordination of all agreements to be entered into with such Intermediaries | BRLMs | SBICAPS |
| 4. | Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report. | BRLMs | SBICAPS |
| 5. | Appointment of Intermediaries - Printers, Banker(s) to the Issue, Monitoring Agency and other intermediaries, including coordination of all agreements to be entered into with such Intermediaries | BRLMs | SBICAPS |
| 6. | Preparation of road show presentation and frequently asked questions | BRLMs | Equirus |
| 7. | International institutional marketing of the Issue, which will cover, inter alia:<br>• Finalizing the list and division of international investors for one-to-one meetings<br>• Finalizing international road show and investor meeting schedules | BRLMs | I-SEC |
| 8. | Domestic institutional marketing of the Issue, which will cover, *inter alia*:<br>• Institutional marketing strategy<br>• Finalizing the list and division of domestic investors for one-to-one meetings<br>• Finalizing domestic road show and investor meeting schedules | BRLMs | Equirus |
| 9. | Retail marketing of the Issue, which will cover, *inter alia*:<br>• Formulating marketing strategies, preparation of publicity budget<br>• Finalising media, marketing and public relations strategy;<br>• Arranging for selection of underwriters and underwriting agreement;<br>• Finalising collection centers;<br>• Finalising centres for holding conferences for brokers etc.; and<br>• Follow-up on distribution of publicity and Issue material including form, RHP/Prospectus and deciding on the quantum of the Issue material | BRLMs | SBICAPS |
| 10. | Non-Institutional marketing of the Issue, which will cover, inter alia:<br>• Finalising media, marketing and public relations strategy; and<br>• Finalising centres for holding conferences for brokers, etc | BRLMs | I-SEC |
| 11. | Managing anchor book related activities and submission of letters to regulators post completion of anchor allocation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange. | BRLMs | I-SEC |
| 12. | Managing the book and finalization of pricing in consultation with the Company. | BRLMs | I-SEC |
| 13. | Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc.<br><br>Post-Issue activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Issue activity such as Registrar to the Issue Bankers to | BRLMs | Equirus |

| Sr. No. | Activity | Responsibility | Co-ordinator |
|---|---|---|---|
| | the Issue, SCSBs including responsibility for underwriting arrangements, as applicable.<br><br>Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of final post Issue report to SEBI. | | |

**Syndicate Members**

[●]

**Legal Counsel to the Issue**

**Bharucha & Partners**
13th Floor, Free Press House,
Free Press Journal Marg, Nariman Point,
Mumbai – 400021,
Maharashtra, India.
Tel: +91 222289 9300

**Statutory Auditor to the Company**

**G. K. Choksi & Co., Chartered Accountants**
708/709, Raheja Chambers,
Free Press Journal Road,
Nariman Point, Mumbai – 400021
Maharashtra India
Telephone: 35136338, 35138325, 35138326, 35138327
E-mail: himanshu@gkcco.com, svp@gkcco.com, gkcmumbai@gmail.com, gkcmumbai@rediffmail.com
Firm registration number: 125442W
Peer review number: 014179

**Changes in Auditors**

Except as disclosed below, there has been no change in the Statutory Auditors of our Company during the last 3 years preceding the date of this Draft Red Herring Prospectus.

| Particulars | Date of change | Reasons for change |
|---|---|---|
| G.K. Choksi & Co., Chartered Accountants<br>708/709, Raheja Chambers, Free Press Journal Road, Nariman Point, Mumbai, Maharashtra, India 400021<br>Telephone: 35136338, 35138325, 35138326, 35138327<br>E-mail: himanshu@gkcco.com, svp@gkcco.com, gkcmumbai@gmail.com, gkcmumbai@rediffmail.com<br>Firm registration number: 125442W<br>Peer review number: 014179 | Appointed on May 19, 2022 and re-appointed on September 30, 2022 for a term of 5 years | Appointment on May 19, 2022 due to casual vacancy. Thereafter, re-appointment as the statutory auditors of our Company on September 30, 2022. |
| Arun Mishrilal Kothari, Chartered Accountants<br>4, Jay Gujarat Society, Opp. Police Commissioner's Office, Shahibaug, Ahmedabad 380004<br>Telephone: +91-2827235100<br>E-mail: arunmkothari@gmail.com<br>Membership Number: 108669<br>Peer Review Number: NA | May 5, 2022 | Resignation due to pre-occupation with other assignments. |

**Registrar to the Issue**

**Link Intime India Private Limited**
C 101, 1st Floor, 247 Park, L.B.S. Marg, Vikhroli West,
Mumbai 400 083
**Tel:** +91 810 811 4949
**E-mail:** jyoticnc.ipo@linkintime.co.in
**Website:** www.linkintime.co.in
**Investor grievance e-mail:** jyoticnc.ipo@linkintime.co.in
**Contact Person:** Shanti Gopalkrishnan
**SEBI Registration Number**: INR000004058

**Banker(s) to the Issue**

***Escrow Collection Bank***

**[●]**

***Public Issue Account Bank(s)***

**[●]**

***Refund Bank(s)***

**[●]**

***Sponsor Bank(s)***

**[●]**

**Bankers to our Company**

***State Bank of India***
SBI Overseas Branch, Ahmedabad
Telephone: 7600041011
Email: rm3.obahm@sbi.co.in
Website: www.sbi.co.in
Contact Person: Sandeep Kumar

***Union Bank of India***
01912 – Rajkot CBB Nijanand,
Dhebar Road, Rajkot – 360 002
Telephone: 9494171620
Email: ubin0901911@unionbankofindia.bank
Website: www.unionbankofindia.co.in
Contact Person: Ravi Kishore Baddula

***Saurashtra Gramin Bank***
Nakshtra II Ground Floor, Near Sanskar Complex
Opposite KKV Hall, 150 feet ring road,
Rajkot -36 005
Telephone: 0281-2582125, 7574808187
Email: sgb00187@sgbrrb.org
Website: www.sgbrrb.org
Contact Person: Kantilal Ravjibhai Vasani

**IDBI Bank Limited**
IDBI Bank, 2nd Floor, The Emporia Building.
Near Beel Da Dhaba, Kalawad Road, Rajkot 360005
Telephone: 0281-2563605
Email: amar.yadav@idbi.co.in

Website: idbibank.in
Contact Person: Amar Yadav

**Bank of Baroda**
Rajkot Main Branch, M.G. Road, Nr. G.P.O Rajkot
Telephone: 0281-2228262
Email: rajkot@bankofbaroda.com
Website: www.bankofbaroda.com
Contact Person – Mr. Arvind Kumar Singa (AGM & BH)

**Bank of India**
BOI Building, Para Bazar, M.G. Road, Rajkot – 360001
Telephone: 9429043350
Email: Rajkot.rajkot@bankofindia.co.in
Website: www.bankofindia.co.in
Contact Person: Saket Kumar

**Export-Import Bank of India**
Ahmedabad Regional Office, Sakar II,
1st Floor, Next to Ellisbridge Shopping Centre,
Ellisbridge P.O., Ahmedabad – 380 006
Telephone: 079 - 6923 6801 / 2657 6848
Email: eximahro@eximbankindia.in / hirva@eximbankindia.in
Website: www.eximbankindia.in
Contact Person: Regional Head

**Punjab National Bank**
PNB, MCC Rajkot, 2nd Floor,
JP Sapphire Building, Race Course Road,
Rajkot, Gujrat – 360001
Telephone: 0281-2481401
Email: MCC8098@pnb.co.in
Website: https://pnbindia.in
Contact Person: Debasmita Roy

**Designated Intermediaries**

***Self-Certified Syndicate Banks***

The list of SCSBs notified by SEBI for the ASBA process is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which an ASBA Bidder (other than UPI Bidders using the UPI Mechanism), not bidding through Syndicate/ Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or at such other websites as may be prescribed by SEBI from time to time.

***Syndicate SCSB Branches***

In relation to Bids (other than Bids by Anchor Investors and RIIs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any such other website as may be prescribed by SEBI from time to time.

***SCSBs and mobile applications enabled for UPI Mechanism***

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), UPI Bidders using the UPI Mechanism may only apply through the SCSBs and mobile applications whose names appears on the website of the SEBI, which may be updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI Mechanism is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for SCSBs and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 for mobile applications or at such other websites as may be prescribed by SEBI from time to time.

***Registered Brokers***

Bidders can submit ASBA Forms in the Issue using the stock broker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers eligible to accept ASBA Forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, as updated from time to time.

***Registrar and Share Transfer Agents***

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

***Collecting Depository Participants***

The list of the CDPs eligible to accept ASBA Forms from Bidders at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

**Expert**

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

Our Company has received written consent dated August 30, 2023 from our Statutory Auditors namely, G.K. Choksi & Co., Chartered Accountants, holding a valid peer review certificate from ICAI to include their name as 'expert' as required under Section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of their examination report, dated August 29, 2023 on our Restated Consolidated Financial Statements; and the statement of special tax benefits dated August 30, 2023 included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Our Company has received written consent dated August 31, 2023 from Babulal A. Ughreja, Independent Chartered Engineer to include their name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in their capacity as Independent Chartered Engineer in respect of the certificate dated August 31, 2023 issued by them in connection with *inter alia* the installed capacity, actual production, capacity utilisation and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Our Company has received written consent dated September 1, 2023 from the practicing Company Secretary, Nandish S. Dave, N S Dave & Associates, to include its name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in its capacity as practicing Company Secretary in respect of the certificate dated September 1, 2023 issued by it in connection with *inter alia* the share capital buildup and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

**Monitoring Agency**

Our Company shall in compliance with Regulation 41 of the SEBI ICDR Regulations, appoint a Monitoring Agency, prior to filing of the Red Herring Prospectus, for monitoring the utilization of the Net Proceeds. For details in relation to the proposed utilisation of the Net Proceeds, see '*Objects of the Issue*' on page 110.

**Credit Rating**

As this is an Issue consisting only of Equity Shares, there is no requirement to obtain credit rating for the Issue.

**Green Shoe Option**

No green shoe option is contemplated under the Issue.

**Grading of the Issue**

No credit agency registered with SEBI has been appointed in respect of obtaining grading for this Issue.

**Debenture Trustee**

As this is an Issue consisting only of Equity Shares, the appointment of trustees is not required.

**Appraising Entity**

None of the objects of the Issue for which Issue Proceeds will be utilized have been appraised by an agency. Accordingly, no appraising entity has been appointed for the Issue.

**Filing**

A copy of this Draft Red Herring Prospectus is being filed electronically through the SEBI Intermediary Portal at https://siportal.sebi.gov.in/intermediary/index.html, as required under Regulation 25(8)of the SEBI ICDR Regulations and in accordance with SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.

It will also be filed with Securities and Exchange Board of India at:
Securities and Exchange Board of India
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4-A,
'G' Block, Bandra Kurla Complex, Bandra (East),
Mumbai 400 051,
Maharashtra, India.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act will be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act will be filed with the RoC.

**Book Building Process**

Book building, in the context of the Issue, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band which will be decided by our Company, in consultation with the BRLMs and, if not disclosed in the Red Herring Prospectus will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] edition of [●], (a widely circulated Gujarati regional daily newspaper, Gujarati being the regional language in Gujarat where our Registered Office is located), at least 2 Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective website. The Issue Price shall be determined by our Company and the BRLMs after the Bid/Issue Closing Date. For details, see '*Issue Procedure*' on page 387.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Issue by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs and Sponsor Bank, as the case may be. UPI Bidders may participate in the Issue through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Issue through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and the Eligible Employees Bidding in the Employee Reservation Portion can revise their Bids during the Bid/Issue Period and withdraw their Bids until the Bid/Issue Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Date. Allocation to the Anchor Investors will be on a discretionary basis, while allocation to QIBs (other than Anchor Investors) will be on a proportionate basis.

For further details on the method and procedure for Bidding and book building procedure, see '*Terms of the Issue*, '*Issue Structure*' and '*Issue Procedure*' on pages 376, 381 and 387, respectively.

**The Book Building Process under the SEBI ICDR Regulations and the Bidding process are subject to change from time to time. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.**

**Bidders should note the Issue is also subject to: (i) obtaining final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) filing of Prospectus with the RoC.**

Each Bidder, by submitting a Bid in the Issue, will be deemed to have acknowledged the above restrictions and the terms of the Issue.

**Underwriting Agreement**

After the determination of the Issue Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. The extent of underwriting obligations and the Bids to be underwritten in the Issue shall be as per the Underwriting Agreement. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

*(This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC.).*

| Name, address, telephone number and e-mail address of the Underwriters | Indicative Number of Equity Shares to be Underwritten | Amount Underwritten (in ₹ million) |
|---|---|---|
| [●] | [●] | [●] |

The abovementioned underwriting commitment is indicative only and will be finalised after determination of Issue Price and finalisation of Basis of Allotment and the allocation of Equity Shares and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of each of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered as merchant bankers with SEBI under Section 12(1) of the SEBI Act or as stock brokers with Stock Exchanges. Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

## CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus is set forth below:

*(in ₹ million, except share data)*

| Sr. No. | Particulars | Aggregate nominal value | Aggregate value at Issue Price* |
|---|---|---|---|
| **A** | **AUTHORIZED SHARE CAPITAL** | | |
| | 275,000,000 Equity Shares of face value of ₹ 2 each | 550.00 | - |
| | 10,000,000 Preference Shares of face value of ₹ 2 each | 20.00 | - |
| **B** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE^** | | |
| | 195,757,090 Equity Shares of face value of ₹ 2 each | 391.51 | - |
| | 1,964,275 Preference Shares of face value of ₹ 2 each | 3.93 | - |
| **C** | **PRESENT ISSUE** | | |
| | Issue of up to [●] Equity Shares of face value of ₹ 2 each aggregating up to ₹ 10,000.00 million(1)(2) | [●] | [●]* |
| | Employee Reservation Portion of up to [●] Equity Shares aggregating up to ₹ [●] million@ | [●] | [●] |
| | Net Issue of up to [●] Equity Shares aggregating up to ₹ [●] million | [●] | [●] |
| **D** | **ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE#** | | |
| | [●] Equity Shares of face value ₹ 2 each* | [●] | - |
| **E** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Issue | 3,043.16 | |
| | After the Issue | [●] | |

**To be included upon finalization of the Issue Price.*
*#Assuming full subscription in the Issue.*
*^ As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

*(1) The Issue has been authorised by our Board pursuant to the resolution passed at its meeting dated May 18, 2023 and has been authorised by our Shareholders pursuant to the shareholders' resolution dated August 19, 2023.*

*(2) Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue.*

*@Our Company may, in consultation with the BRLMs, offer a discount of up to [●]% of the Issue Price (equivalent of ₹ [●] per Equity Share) to the Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required, and which shall be announced at least 2 Working Days prior to the Bid / Issue Opening Date.*

***(The remainder of this page has been intentionally left blank)***

**Notes to the Capital Structure**

1. **Equity Share capital history of our Company**

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

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| January 17, 1991 | 400 | Subscription to Memorandum of Association by issuance of 100 Equity Shares each to (i) Harsukhkhbhai R. Jogia, (ii) Jayeshkumar G. Bhogayta, (iii) Jayesukhlal M. Bakotia, and (iv) Satishbhai B. Santhara | 10 | 10 | Cash | Initial subscription to the Memorandum of Association | 400 |
| January 10, 2002 | 9,960 | Allotment of (i) 2,490 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja, (ii) 490 Equity Shares to Vikramsinh R. Rana, (iii) 2,490 Equity Shares to Rajeshreeben Parakramsinh Jadeja, (iv) 2,490 Equity Shares to Jyotiben Sahdevsinh Jadeja, and (v) 2,000 Equity Shares to Hansaben J. Chauhan | 10 | 10 | Cash | Further issue | 10,360 |
| December 12, 2003 | 1,989,640 | Allotment of (i) 95,950 Equity Shares to Shiluben Vijaysinh Rana, (ii) 41,950 Equity Shares to Raghuvirsinh Ramubha Rana, (iii) 115,460 Equity Shares to Vikramsinh Raghuvirsinh Rana, (iv) 21,620 Equity Shares to Kaushik Dolatbhai Solanki, (v) 76,650 Equity Shares to | 10 | 10 | Cash | Further issue | 2,000,000 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| | | Ushaben Kaushik Solanki, (vi) 126,450 Equity Shares to Sahdevsing Lalubha Jadeja, (vii) 20,000 Equity Shares to Jyotiba Sahdevsinh Jadeja, (viii) 140,000 Equity Shares to Shyamalram Shekharan, (ix) 101,950 Equity Shares to Vijay Pravinsinh Zala, (x) 50,000 Equity Shares to Jangdishsinh Lalubha Jadeja, (xi) 71,800 Equity Shares to Lalubha Hembha Jadeja, (xii) 8,900 Equity Shares to Kirtiba Bharatsinh Jadeja, (xiii) 1,500 Equity Shares to Y.L Jadeja, (xiv) 98,800 Equity Shares to Bharatsinh Nirubha Jadeja, (xv) 38,750 Equity Shares to Bhavesh Lalubha Jadeja, (xvi) 86,900 Equity Shares to Daxaba Vikramsinh Rana, (xvii) 36,900 Equity Shares to Dasharathaba Bharatsinh Jadeja, (xviii) 203,900 Equity Shares to Ghanasyamsinh Nirubha Jadeja, (xix) 465,910 Equity Shares to Parakramsinh G. Jadeja, (xx) 20,000 Equity Shares to Rajeshreeba P. Jadeja, (xxi) 43,250 Equity Shares to Ramnikba G. Jadeja, (xxii) 22,500 Equity Shares to Darshan Jagdishbhai Chauhan, (xxiii) 25,000 Equity Shares to Hetalben | | | | | |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| | | Jagdishbhai Chauhan, (xxiv) 30,000 Equity Shares to Nehalben Jagdishbhai Chauhan, and (xxv) 45,500 Equity Shares to Hansaben Jagdishbhai Chauhan | | | | | |
| December 12, 2003 | 1,000,000 | Allotment of 50,000 Equity Shares each to (i) Anil Bhai Bhikhabhai Virani, and (ii) Kishor Bhai Bhikhabhai Virani | 10 | 30 | Cash | Further issue | 3,000,000 |
| March 10, 2005 | 82,500 | Allotment of (i) 30,000 Equity Shares to Alka India Limited, (ii) 15,000 Equity Shares to Magan Industries Limited, and (iii) 37,500 Equity Shares | 10 | 40 | Cash | Further issue | 3,082,500 |
| March 31, 2006 | 2,917,500 | Allotment of (i) 500,000 Equity Shares to Anil B. Virani, (ii) 35,000 Equity Shares to Bharatsinh N. Jadeja, (iii) 60,000 Equity Shares to Bhaveshbhai L. Jadeja, (iv) 10,000 Equity Shares to Daksha V. Rana, (v) 10,000 Equity Shares to Ghanshyamsinh N. Jadeja, (vi) 11,850 Equity Shares to Jagubha L. Jadeja, (vii) 10,000 Equity Shares to Kirtiba B. Jadeja, (viii) 500,000 Equity Shares to Kishor B. Virani, (ix) 110,000 Equity Shares to Lalubha H. Jadeja, (x) 835,150 Equity Shares to Parakramsinh G. Jadeja, (xi) 265,000 Equity Shares to Rajshreeba P. | 10 | 10 | Cash | Further issue | 6,000,000 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| | | Jadeja, (xii) 10,000 Equity Shares to Ramnikba G. Jadeja, (xiii) 280,600 Equity Shares to Sahadevsinh L. Jadeja, (xiv) 20,000 Equity Shares to Ushaben K. Solanki, and (xv) 241,900 Equity Shares to Vikramsinh R. Rana | | | | | |
| February 08, 2007 | 1,000,000 | Allotment of (i) 450,000 Equity Shares to Anilbhai B. Virani, and (ii) 550,000 Equity Shares to Kishorbhai Virani | 10 | 100 | Cash | Further issue | 7,000,000 |
| March 31, 2007 | 368,000 | Allotment of (i) 400 Equity Shares to Bindya C Solanki, (ii) 3,600 Equity Shares to Chaitanya Solanki, (iii) 1,200 Equity Shares to Jagubhai L Jadeja, (iv) 4,800 Equity Shares to Shiluben V Rana, (v) 38,000 Equity Shares to Sahdevsing L. Jadeja, (vi) 152,000 Equity Shares to Anil B. Virani, and (vii) 168,000 Equity Shares to Kishore B. Virani | 10 | 125 | Cash | Further issue | 7,368,000 |
| August 28, 2007 | 1,080,000 | Allotment of (i) 480,000 Equity Shares to Smit Ramesh Virani, and (ii) 600,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja | 10 | 125 | Cash | Further issue | 8,448,000 |
| March 31, 2008 | 348,700 | Allotment of (i) 189,400 Equity Shares to Prakramsinh G. Jadeja, (ii) 800 Equity Shares to Jagdishsinh L. Jadeja, and (iii) 158,500 | 10 | 125 | Cash | Further issue | 8,796,700 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| | | Equity Shares to Smit Rameshbhai Virani | | | | | |
| April 17, 2008 | 870,500 | Allotment of (i) 478,800 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP), and (ii) 391,700 Equity Shares to Smit Rameshbhai Virani | 10 | 125 | Cash | Further issue | 9,667,200 |
| June 25, 2008 | 8 | Allotment of 1 Equity Share each to (i) Sangeeta Pradeep Rathod, (ii) Babita Pankaj Rathod, (iii) Mahendra Fulchand, (iv) Basant Fulchand, (v) Subhash Fulchand, (vi) Regal Computer Systems Private Limited, (vii) Samir Nandlal Shah, and (viii) Popatlal Fulchand | 10 | 501 | Cash | Further issue | 9,667,208 |
| June 25, 2008 | 369,800 | Allotment of 369,800 Equity Shares to Smit Rameshbhai Virani | 10 | 125 | Cash | Further issue | 10,037,008 |
| September 7, 2008 | 339,600 | Allotment of 339,600 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP) | 10 | 125 | Cash | Further issue | 10,376,608 |
| March 31, 2009 | 770,200 | Allotment of (i) 740,00 Equity Shares to Smit Rameshbhai Virani, (ii) 9,600 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP), (iii) 16,600 Equity Shares to Parakramsinh G. Jadeja and (iv) 4,000 Equity Shares to Chaitanya Solanki | 10 | 125 | Cash | Further issue | 11,146,808 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| March 31, 2012 | 2,607,775 | Allotment of (i) 764,000 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP), (ii) 8,000 Equity Shares to Bindiya C. Solanki, (iii) 7,200 Equity Shares to Chaitanya K. Solanki, (iv) 8,000 Equity Shares to Chaitanya K. Solanki HUF, (v) 556,000 Equity Shares to Parakramsinh G. Jadeja, (vi) 19,200 Equity Shares to Sahdevsing L. Jadeja, (vii) 864,000 Equity Shares to Smit Rameshbhai Virani, (viii) 4,315 Equity Shares to Anil B. Virani and (ix) 377,060 Equity Shares to Kishore B. Virani | 10 | 125 | Cash | Further issue | 13,754,583 |
| September 22, 2012 | 193,000 | Allotment of (i) 80,000 Equity Shares to Parakramsinh Jadeja and (ii) 113,000 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP) | 10 | 125 | Cash | Preferential issue | 13,947,583 |
| September 24, 2012 | 13,947,583 | Allotment of (i) 1,606,315 Equity Shares to Anilbhai Virani, (ii) 98,758 Equity Shares to Bhaveshbhai Jadeja, (iii) 18,000 Equity Shares to Hiren M.Jadeja, (iv) 18,000 Equity Shares to Hitesh C.Patel, (v) 25,000 Equity Shares to Ila K.Solanki, (vi) 63,850 Equity Shares to | 10 | N.A. | N.A. | Bonus issue in the ratio 1 Equity Share for every 1 Equity Share held | 27,895,166 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| | | Jagdishsinh L Jadeja, (vii) 1,705,000 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP), (viii) 18,000 Equity Shares to Kamlesh S.Solanki, (ix) 144,470 Equity Shares to Kaushikbhai Solanki, (x) 2,095,060 Equity Shares to Kishorbhai Virani, (xi) 3,786,490 Equity Shares to Parakramsinh Jadeja, (xii) 50,000 Equity Shares to Prahladsinh D.Jadeja, (xiii) 668,540 Equity Shares to Sahadevsinh Jadeja, (xiv) 169,400 Equity Shares to Shyamal Ram, (xv) 3,004,000 Equity Shares to Smit R. Virani, (xvi) 21,950 Equity Shares to Vijay Zala, and (xvii) 454,750 Equity Shares to Vikramsinh Rana | | | | | |
| December 31, 2012 | 69,750 | Allotment of 69,750 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP) | 10 | 215 | Cash | Preferential issue | 27,964,916 |
| February 16, 2013 | 714,450 | Allotment of 714,450 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP). | 10 | 215 | Cash | Preferential issue | 28,679,366 |
| March 31, 2018 | 800,000 | Allotment of 800,000 Equity Shares to Jyoti International LLP | 10 | 125 | Other than cash* | Conversion of loan into Equity Shares | 29,479,366 |
| March 31, 2023 | 3,450,000 | Allotment of (i) 2,200,000 Equity Shares to | 10 | 145 | Other than cash** | Conversion of loan into Equity Shares | 32,929,366 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| | | Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,250,000 Equity Shares to Jyoti International LLP | | | | | |
| June 27, 2023 | 131,426 | Allotment of (i) 26,531 Equity Shares to Bharat Vadilal Mehta; (ii) 48,979 Equity Shares to Radha Vipulbhai Shah; (iii) 1,224 Equity Shares each to Ashok Chimanlal Deliwala, Devang Ashokbhai Deliwala, Kalpana Ashokbhai Deliwala, and Nikunj Ashokbhai Deliwala; (iv) 25,510 Equity Shares each to Hetal Hardik Mehta and Hardik Bharatbhai Mehta; | 10 | 980 | Cash | Preferential issue | 33,060,792 |
| June 28, 2023 | 25,713 | Allotment of (i) 1,224 Equity Shares to Jigna Nikunj Deliwala; and (ii) 24,489 Equity Shares to Malti Bharat Mehta | 10 | 980 | Cash | Preferential issue | 33,086,505 |
| July 03, 2023 | 28,909 | Allotment of (i) 1 Equity Share each to Hetal Hardik Mehta, Hardik Bharatbhai Mehta, Radha Vipul Shah, Nikunj Ashokbhai Deliwala, Jigna Nikunj Deliwala, Malti Bharat Mehta, Ashok Chimanlal Deliwala, Devang Ashokbhai Deliwala; and Kalpana Ashokbhai Deliwala (ii) 5,000 Equity Shares each to Hem Srenikbhai Mehta and Kosha Shrenikbhai Mehta; and (iii) 18,900 Equity Shares to Kusum Vishnu Gupta | 10 | 980 | Cash | Preferential issue | 33,115,414 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| July 10, 2023 | 37,025 | Allotment of (i) 5,160 Equity Shares each to Haresh Champaklal Shah, Rekha Haresh Shah, Jigar Hareshkumar Shah, Mayur P Patel, and Parth Pravinkumar Patel; and (ii) 11,225 Equity Shares to Viradia Hetal G. | 10 | 980 | Cash | Preferential issue | 33,152,439 |
| July 24, 2023 | 42,652 | Allotment of (i) 40,817 Equity Shares to Nileshkumar Savjibhai Patel; and (ii) 1,835 Equity Shares to Chirag M Acharya | 10 | 980 | Cash | Preferential issue | 33,195,091 |
| July 26, 2023 | 61,225 | Allotment of (i) 25,510 Equity Shares to Aman Nileshkumar Patel; and (ii) 35,715 Equity Shares to Twisha Nilesh Patel | 10 | 980 | Cash | Preferential issue | 33,256,316 |
| August 01, 2023 | 4,082 | Allotment of 4,082 Equity Shares to Pooja P Desai | 10 | 980 | Cash | Preferential issue | 33,260,398 |
| August 18, 2023 | 51,020 | Allotment of (i) 5,103 Equity Shares to Rajdipsinh Kishorsinh Gohil; (ii) 2,552 Equity Shares to Chintan Dilipkumar Shah; (iii) 10,841 Equity Shares each to Devang Ashwinbhai Gujarati, Ashwinkumar Bhagwanbhai Gujarati and Vimla Ashwinkumar Gujarati; and (iv) 10,842 Equity Shares to Shreya Devangbhai Gujarati. | 10 | 980 | Cash | Preferential issue | 33,311,418 |
| August 19, 2023 | 5,840,000 | Allotment of (i) 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and | 10 | 154 | Other than cash*** | Conversion of loan into Equity Shares | 39,151,418 |

| Date of allotment | Number of Equity Shares allotted | Details of allottees | Face value (₹) | Issue price per equity share (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of Equity Shares |
|---|---|---|---|---|---|---|---|
| | | (ii) 1,940,000 Equity Shares to Jyoti International LLP | | | | | |
| Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Consequently, the issued, subscribed, and paid-up Equity Share capital of our Company of 39,151,418 Equity Shares of face value of ₹ 10 each were sub-divided into 195,757,090 Equity Shares of face value of ₹ 2 each. | | | | | | | |

**Allotment of 800,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 10 million advanced by Jyoti International LLP to our Company.*
***Allotment of 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,250,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 319.00 million and ₹ 181.25 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*
****Allotment of 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,940,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 600.60 million and ₹ 298.76 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*

2. **Preference Share capital history of our Company**

The following table sets forth the history of the preference share capital of our Company:

| Date of allotment | Number of CCPS allotted | Details of allottees | Face value (₹) | Issue price per CCPS (₹) | Form of consideration | Reasons / Nature of allotment | Cumulative number of CCPS |
|---|---|---|---|---|---|---|---|
| July 25, 2023 | 359,692 | Allotment of (i) 204,081 CCPS to Kurjibhai Premjibhai Rupareliya; (ii) 2,551 CCPS to Tejas Bharat Shah HUF; (iii) 51,020 CCPS to Angad Singh Atwal; and (iv) 102,040 CCPS to E Trav Tech Limited | 10 | 980 | Cash | Preferential issue | 359,692 |
| July 26, 2023 | 33,163 | Allotment of (i) 15,306 CCPS to Safal Netcards Private Limited; (ii) 7,653 CCPS to Hemang Bharat Shah; and (iii) 10,204 CCPS to Amanvirsingh Atwal | 10 | 980 | Cash | Preferential issue | 392,855 |
| CCPS of face value of ₹ 10 each were sub-divided into CCPS of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Consequently, the issued, subscribed, and paid-up preference capital of our Company of 392,855 CCPS of face value of ₹ 10 each were sub-divided into 1,964,275 CCPS of face value of ₹ 2 each. | | | | | | | |

*Note: As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

3. **Details of shares issued for consideration other than cash or by way of bonus issue or out of revaluation reserves**

Except as set forth below, we have not issued Equity Shares for consideration other than cash or by way of bonus issue or out of revaluation reserves:

| **Date of allotment** | **Number of Equity Shares allotted** | **Name of the allottees** | **Face value (₹)** | **Issue price per equity share (₹)** | **Reasons for allotment** | **Benefits if any that have accrued to the Company** |
|---|---|---|---|---|---|---|
| September 24, 2012 | 13,947,583 | Allotment of (i) 1,606,315 Equity Shares to Anilbhai Virani, (ii) 98,758 Equity Shares to Bhaveshbhai Jadeja, (iii) 18,000 Equity Shares to Hiren M.Jadeja, (iv) 18,000 Equity Shares to Hitesh C.Patel, (v) 25,000 Equity Shares to Ila K.Solanki, (vi) 63,850 Equity Shares to Jagdishsinh L Jadeja, (vii) 1,705,000 Equity Shares to Jyoti International Private Limited (now known as Jyoti International LLP), (viii) 18,000 Equity Shares to Kamlesh S.Solanki, (ix) 144,470 Equity Shares to Kaushikbhai Solanki, (x) 2,095,060 Equity Shares to Kishorbhai Virani, (xi) 3,786,490 Equity Shares to Parakramsinh Jadeja, (xii) 50,000 Equity Shares to Prahladsinh D.Jadeja, (xiii) 668,540 Equity Shares to Sahadevsinh Jadeja, (xiv) 169,400 Equity Shares to Shyamal Ram, (xv) 3,004,000 Equity Shares to Smit R. Virani, (xvi) 21,950 Equity Shares to Vijay Zala, and (xvii) 454,750 Equity Shares to Vikramsinh Rana | 10 | N.A. | Bonus issue in the ratio 1 Equity Share for every 1 Equity Share held | - |
| March 31, 2018 | 800,000 | Allotment of 800,000 Equity Shares to Jyoti International LLP | 10 | 125 | Conversion of loan into Equity Shares* | N.A. |
| March 31, 2023 | 3,450,000 | Allotment of (i) 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,250,000 Equity Shares to Jyoti International LLP | 10 | 145 | Conversion of loan into Equity Shares** | N.A. |
| August 19, 2023 | 5,840,000 | Allotment of (i) 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,940,000 Equity Shares to Jyoti International LLP | 10 | 154 | Conversion of loan into Equity Shares** | N.A. |

**Allotment of 800,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 10 million advanced by Jyoti International LLP to our Company.*

***Allotment of 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,250,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 319 million and ₹ 181.25 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*

****Allotment of 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,940,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 600.60 million and ₹ 298.76 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*

4. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue.

5. Our Company has not revalued its assets since incorporation and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

6. Our Company has not allotted any Equity Shares pursuant to any scheme of arrangement approved under Sections 391-394 of the Companies Act, 1956 or Sections 230-234 of the Companies Act.

7. Our Company does not have any Employee Stock Option Scheme or Employee Stock Purchase Scheme.

8. Our Company has issued Equity Shares at a price that may be lower than the Issue Price during a period of 1 year preceding the date of this Draft Red Herring Prospectus.

9. All transactions in Equity Shares by our Promoters and the members of our Promoter Group between the date of filing of this Draft Red Herring Prospectus and the date of closing of the Issue shall be reported to the Stock Exchanges within 24 hours of such transactions.

10. Except for outstanding CCPS which shall be converted into Equity Shares prior to filing of the Red Herring Prospectus with the RoC, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive our Equity Shares as on the date of this Draft Red Herring Prospectus.

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11. **Shareholding Pattern of our Company**

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

| Category (I) | Category of Shareholder (II) | No. of Shareholders (III) | No. of fully paid-up Equity Shares held (IV) | No. of partly paid-up Equity Shares held (V) | No. of shares underlying depository receipts (VI) | Total No. of shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of Equity Shares (calculate as per SCRR) (VIII) As a % of (A+B+ C2) | No. of Voting Rights held in each class of securities (IX) — No. of Voting Rights — Class (Equity Shares) | Class (others) | Total | Total as a % of (A+B+ C) | No. of Equity Shares underlying outstanding convertible securities (including warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted equity share capital) (XI)= (VII)+(X) As a % of (A+B+C2) | No. of locked-in Equity Shares (XII) No. (a) | As a % of total shares held (b) | No. of Equity Shares pledged or otherwise encumbered (XIII) No. (a) | As a % of total shares held (b) | No. of Equity Shares held in dematerialised form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (A) | Promoter and Promoter Group | 6 | 142,246,495 | - | - | 142,246,495 | 72.66 | 142,246,495 | - | 142,246,495 | 72.66 | - | 71.94 | - | - | 1,237,500 | 0.87 | 142,246,495 |
| (B) | Public | 98* | 53,510,595 | - | - | 53,510,595 | 27.34 | 53,510,595 | - | 53,510,595 | 27.34 | 1,964,275 | 28.06 | - | - | - | - | 55,474,870 |
| (C) | Non Promoter-Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C1) | Shares underlying depository receipts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (C2) | Shares held by employee trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| **Total (A+B+C)** | | **104** | **195,757,090** | **-** | **-** | **195,757,090** | **100.00** | **195,757,090** | **-** | **195,757,090** | **100.00** | **1,964,275** | **100.00** | **-** | **-** | **1,237,500** | **0.87** | **197,721,365** |

**Includes 7 holders of CCPS.*

12. **Other details of Shareholding of our Company**

As on the date of the filing of this Draft Red Herring Prospectus, our Company has 97 holders of Equity Shares and 7 holders of CCPS.

a. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as on the date of filing of this Draft Red Herring Prospectus.

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the pre-Issue Equity Share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) |
|---|---|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 61,188,760 | 31.26 | 61,188,760 | 30.95 |
| 2. | Jyoti International LLP | 36,748,995 | 18.77 | 36,748,995 | 18.59 |
| 3. | Anilkumar Bhikhabhai Virani | 32,856,340 | 16.78 | 32,856,340 | 16.62 |
| 4. | Eknath Infracon LLP | 34,197,410 | 17.47 | 34,197,410 | 17.30 |
| 5. | Sahdevsinh Lalubha Jadeja | 6,685,400 | 3.42 | 6,685,400 | 3.38 |
| 6. | Vikramsinh Raghuvirsinh Rana | 4,547,500 | 2.32 | 4,547,500 | 2.30 |
| 7. | Joint holding of Hemant J Jhaveri and Indira J Jhaveri | 2,500,000 | 1.28 | 2,500,000 | 1.26 |
| **Total** | | **178,724,405** | **91.30** | **178,724,405** | **90.39** |

*^As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

b. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of 10 days prior to the date of filing of this Draft Red Herring Prospectus.

| Sr. No. | Name of the Shareholder | No. of equity shares* | Percentage of the pre-Issue Equity Share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) |
|---|---|---|---|---|---|
| 1. | Eknath Infracon LLP | 13,410,750 | 40.26 | 13,410,750 | 39.79 |
| 2. | Parakramsinh Ghanshyamsinh Jadeja | 8,749,896 | 26.27 | 8,749,896 | 25.96 |
| 3. | Jyoti International LLP | 5,419,700 | 16.27 | 5,419,700 | 16.08 |
| 4. | Sahdevsinh Lalubha Jadeja | 1,337,080 | 4.01 | 1,337,080 | 3.97 |
| 5. | Vikramsinh Raghuvirsinh Rana | 909,500 | 2.73 | 909,500 | 2.70 |
| 6. | Joint holding of Hemant J Jhaveri and Indira J Jhaveri | 500,000 | 1.50 | 500,000 | 1.48 |
| 7. | Shyamalram Sekharan Alakkadanvaliya | 338,800 | 1.02 | 338,800 | 1.01 |
| **Total** | | **30,665,726** | **92.06** | **30,665,726** | **90.98** |

*Note: Based on the beneficiary position statement dated August 18, 2023.*
**Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*

*^CCPS of face value of ₹ 10 each were sub-divided into CCPS of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Consequently, the issued, subscribed, and paid-up preference capital of our Company of 392,855 CCPS of face value of ₹ 10 each were sub-divided into 1,964,275 CCPS of face value of ₹ 2 each. As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

c. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company as of the date 1 year prior to the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Name of the Shareholder | No. of equity shares | Percentage of the pre-Issue Equity Share capital (%) |
|---|---|---|---|
| 1. | Eknath Infracon LLP | 13,410,750 | 45.49 |
| 2. | Parakramsinh Ghanshyamsinh Jadeja | 7,577,196 | 25.70 |
| 3. | Jyoti International LLP | 4,194,200 | 14.23 |
| 4. | Sahdevsinh Lalubha Jadeja | 1,337,080 | 4.54 |
| 5. | Vikramsinh Raghuvirsinh Rana | 909,500 | 3.09 |
| 6. | Shyamalram Sekharan Alakkadanvaliya | 338,800 | 1.15 |
| **Total** | | **27,767,526** | **94.19** |

*Note: Based on the beneficiary position statement and the register of members dated August 27, 2022.*

d. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of the date 2 years prior to the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Name of the Shareholder | No. of equity shares | Percentage of the pre-Issue Equity Share capital (%) |
|---|---|---|---|
| 1. | Eknath Infracon LLP | 13,410,750 | 45.49 |
| 2. | Parakramsinh Ghanshyamsinh Jadeja | 7,577,196 | 25.70 |
| 3. | Jyoti International LLP | 4,194,200 | 14.23 |
| 4. | Sahdevsinh Lalubha Jadeja | 1,337,080 | 4.54 |
| 5. | Vikramsinh Raghuvirsinh Rana | 909,500 | 3.09 |
| 6. | Shyamalram Sekharan Alakkadanvaliya | 338,800 | 1.15 |
| **Total** | | **27,767,526** | **94.19** |

*Note: Based on the beneficiary position statement and the register of members dated August 27, 2021.*

13. Except for the conversion of the CCPS and the Specified Securities to be allotted pursuant to the Issue and the Pre-IPO Placement which our Company may undertake in consultation with the BRLMs, our Company presently does not intend or propose or is under negotiation or consideration to alter its capital structure for a period of 6 months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of the Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for the Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise.

14. **Details of Shareholding of our Promoters and the members of our Promoter Group in our Company**

a. As on the date of this Draft Red Herring Prospectus, our Promoters and member of Promoter Group hold 142,246,495 Equity Shares constituting 72.66% as set forth below:

| Sr. No. | Name of the Shareholder | No. of Equity Shares held | Percentage of total pre-Issue paid up equity share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) | Post-Issue No. of Equity Shares | Percentage of the post-Issue equity share capital |
|---|---|---|---|---|---|---|---|
| **Promoters** | | | | | | | |
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 61,188,760 | 31.26 | 61,188,760 | 30.95 | [●] | [●] |
| 2. | Jyoti International LLP | 36,748,995 | 18.77 | 36,748,995 | 18.59 | [●] | [●] |
| 3. | Sahdevsinh Lalubha Jadeja | 6,685,400 | 3.42 | 6,685,400 | 3.38 | [●] | [●] |
| 4. | Vikramsinh Raghuvirsinh. Rana | 4,547,500 | 2.32 | 4,547,500 | 2.30 | [●] | [●] |
| Sub-Total (**A**) | | **109,170,655** | **55.77** | **109,170,655** | **55.21** | | [●] |
| **Promoter Group** | | | | | | | |
| 5. | Anilkumar Bhikhabhai Virani | 32,856,340 | 16.78 | 32,856,340 | 16.62 | [●] | [●] |
| 6. | Vijaysinh Pravinsinh Zala | 219,500 | 0.11 | 219,500 | 0.11 | [●] | [●] |
| Sub-Total (**B**) | | **33,075,840** | **16.90** | **33,075,840** | **16.73** | [●] | [●] |
| **Total (A+B)** | | **142,246,495** | **72.66** | **142,246,495** | **71.94** | [●] | [●] |

*^As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

***Build-up of our Promoters' shareholding in our Company***

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the table below:

*(i) Parakramsinh Ghanshyamsinh Jadeja*

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of consideration | Percentage of the pre-Issue Equity Share capital (%) | Percentage of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Further issue | January 10, 2002 | 2,490 | 10 | 10 | Cash | Negligible | [●] |
| Transfer of 100 Equity Shares each from Satishbhai B. Santhara, Jayeshkumar G. Bhogayta, Jaysukhlal M. Bakotia, and Harshukhbhai R. Jogia | October 1, 2002 | 400 | 10 | 10 | Cash | Negligible | [●] |
| Further issue | December 12, 2003 | 465,910 | 10 | 10 | Cash | 0.24 | [●] |
| Further issue | March 31, 2006 | 853,150 | 10 | 10 | Cash | 0.44 | [●] |

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of considera tion | Percentage of the pre-Issue Equity Share capital (%) | Percent age of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Transfer of (i) 133,800 Equity Shares from Bharatsinh N. Jadeja, (ii) 18,900 Equity Shares from Kirtiba B. Jadeja, (iii) 36,900 Equity Shares from Darsathba B. Jadeja, (iv) 41,950 Equity Shares from Raghuvirsinh R. Rana, and (v) 100,750 Equity Shares from Shiluba V. Rana | April 1, 2007 | 332,300 | 10 | 10 | Cash | 0.17 | [●] |
| Transfer of (i) 400 Equity Shares from Bindya C. Solanki, and (ii) 3,600 Equity Shares from Chaitanya K. Solanki | April 1, 2007 | 4,000 | 10 | 125 | Cash | Negligible | [●] |
| Transfer of 17,500 Equity Shares from Darshanbhai Chauhan | April 1, 2007 | 17,500 | 10 | 12.85 | Cash | 0.01 | [●] |
| Transfer of (i) 47,500 Equity Shares from Hansaben J. Chauhan, (ii) 25,000 Equity Shares from Hetal J. Chauhan, (iii) 30,000 Equity Shares from Nehal J. Chauhan, and (iv) 1,500 Equity Shares from Yograjsinh L. Jadeja | April 1, 2007 | 104,000 | 10 | 10 | Cash | 0.05 | [●] |
| Transfer of (i) 30,000 Equity Shares from Alka India Limited, (ii) 15,000 Equity Shares from Magan Industries Limited, and (iii) 37,500 Equity Shares from Tripex Overseas Limited | August 04, 2007 | 82,500 | 10 | 10 | Cash | 0.04 | [●] |
| Further issue | August 28, 2007 | 600,000 | 10 | 125 | Cash | 0.31 | [●] |
| Further issue | March 31, 2008 | 189,400 | 10 | 125 | Cash | 0.10 | [●] |
| Further issue | March 31, 2009 | 16,600 | 10 | 125 | Cash | 0.01 | [●] |
| Transfer of (i) 16,000 Equity Shares to Aalekh | October 1, 2011 | (152,400) | 10 | 125 | Cash | (0.08) | [●] |

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of considera tion | Percentage of the pre-Issue Equity Share capital (%) | Percent age of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Corporate Consultants Private Limited, (ii) 79,200 Equity Shares to Kamal Fats & Refoils Private Limited, (iii) 24,000 Equity Shares each to Cyber Infovision Private Limited, (iv) 24,400 Equity Shares to Karnavati Consultants Private Limited, (v) 4,000 Equity Shares to Vaishakhi Advisory Private Limited, and (vi) 4,800 Equity Shares to Vaishakhi Corporate Consultants Private Limited | | | | | | | |
| Further issue | March 31, 2012 | 556,000 | 10 | 125 | Cash | 0.28 | [●] |
| Transfer of (i) 213,900 Equity Shares from Ghanshyamsinh Jadeja, (ii) 53,250 Equity Shares from Ramnikba Jadeja, and (iii) 367,490 Equity Shares from Rajshreeba Jadeja | September 22, 2012 | 634,640 | 10 | 10 | Cash | 0.32 | [●] |
| Preferential issue | September 22, 2012 | 80,000 | 10 | 125 | Cash | 0.04 | [●] |
| Bonus issue in the ratio 1 Equity Share for every 1 Equity Share held | September 24, 2012 | 3,786,490 | 10 | N.A. | N.A. | 1.93 | [●] |
| Transfer of (i) 100,000 Equity Shares from Prahladsinh Jadeja, (ii) 197,516 Equity Shares from Bhavesh L. Jadeja, and (iii) 127,700 Equity Shares Jagdishsinh L. Jadeja | March 13, 2017 | 425,216 | 10 | 10 | Cash | 0.22 | [●] |
| Transfer of (i) 80,000 Equity Shares to Kumar N. Shah, (ii) 93,000 Equity Shares to Kumar N. Shah (HUF), (iii) 38,000 Equity Shares to Praful N. Shah, (iv) 130,000 Equity Shares | November 7, 2017 | (421,000) | 10 | 125 | Cash | (0.22) | [●] |

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of considera tion | Percentage of the pre-Issue Equity Share capital (%) | Percent age of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| to Praful N. Shah (HUF), (v) 40,000 Equity Shares to Vishal Kumar Shah, and (vi) 40,000 Equity Shares to Rajkumar Shah | | | | | | | |
| Conversion of loan into Equity Shares | March 31, 2023 | 2,200,000 | 10 | 145 | Other than cash* | 1.12 | [●] |
| Transfer of (i) 250,000 Equity Shares to the joint holding of Hemant J Jhaveri and Indira J Jhaveri; (ii) 30,000 Equity Shares to Manoj Biharilal Goyal; (iii) 20,000 Equity Shares each to Rajiv Ishwarbhai Mistry, Sonali Manishkumar Shah, and Udaybhai Dhirubhai Desai; and (iv) 10,000 Equity Shares to Chirag Mukesh Shah. | April 1, 2023^^ | (350,000) | 10 | 600 | Cash | (0.18) | [●] |
| Transfer of (i) 40,000 Equity Shares to Ajay Shah; (ii) 50,000 Equity Shares to V N P Electricals Private Limited; (iii) 20,000 Equity Shares each to Yogeendra Hari Bhai Desai and Ajay Jayantilal Patel; and (iv) 15,000 Equity Shares to Kartik Kirtikumar Shah. | April 5, 2023^^ | (145,000) | 10 | 600 | Cash | (0.07) | [●] |
| Transfer of 30,000 Equity Shares each to (i) V N P Electricals Private Limited and (ii) Prashant Developers Private Limited. | April 10, 2023^^ | (60,000) | 10 | 600 | Cash | (0.03) | [●] |
| Transfer of (i) 250,000 Equity Shares to the joint holding of Hemant J Jhaveri and Indira J Jhaveri; and (ii) 10,000 Equity Shares each to Gautam Desai, Samir N | May 23, 2023^^ | (280,000) | 10 | 600 | Cash | (0.14) | [●] |

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of considera tion | Percentage of the pre-Issue Equity Share capital (%) | Percent age of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Shah, and joint holding of Poonam Chetan Mistry and Chetan Vinod Mistry. | | | | | | | |
| Transfer of (i) 34,500 Equity Shares to Hi - Shine Inks Private Limited; (ii) 14,000 Equity Shares each to Dipesh Natvarlal Parekh, Paresh Natvarlal Parekh, Shailesh Natvarlal Parekh; (iii) 20,000 Equity Shares to Rathod Investments and Holdings Private Limited; and (iv) 75,000 Equity Shares to the joint holding of Basant Fulchand Sundesha and Susheela Basant Sundesha | May 27, 2023^^ | (171,500) | 10 | 720 | Cash | (0.09) | [●] |
| Transfer of (i) 5,000 Equity Shares to joint holding of Umita D. Desai and Jayesh N. Sheth; (ii) 5,000 Equity Shares to Paresh Prabhulal Sanghvi; (iii) 5,800 Equity Shares to Chetan Vinod Mistry | July 28, 2023^^ | (15,800) | 10 | 780 | Cash | (0.01) | [●] |
| Transfer of 5,000 Equity Shares to joint holding of Hanish Prabhulal Sanghvi and Vaishali Hanish Sanghvi | August 7, 2023^^ | (5,000) | 10 | 780 | Cash | Negligible | [●] |
| Conversion of loan into Equity Shares | August 19, 2023 | 3,900,000 | 10 | 154 | Other than cash** | 1.99 | [●] |
| Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Consequently, 12,649,896 Equity Shares of face value of ₹ 10 each held by Parakramsinh Ghanshyamsinh Jadeja were sub-divided into 63,249,480 Equity Shares of face value of ₹ 2 each. | | | | | | | |
| Transfer of (i) 30,612 Equity Shares to joint holding of Sureshbhai D | August 22, 2023^^ | (54,081) | 10# | 980 | Cash | (0.03) | [●] |

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of consideration | Percentage of the pre-Issue Equity Share capital (%) | Percentage of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Nandwana and Himanshubhai D Nandwana; (ii) 5,102 Equity Shares each to Ritaben Ketanbhai Hingrajiya and KetanKumar Jerajbhai Hingrajiya; (iii) 2,551 Equity Shares each to Charmyben Hitesh Changela, Hitesh Kumar Mahendrabhai Changela and Suman Sultania; and (vi) 5,612 Equity Shares to Vipul Kishorbhai Vachhani. | | | | | | | |
| Transfer of (i) 3,225 Equity Shares to Anisha Jain; and (ii) 16,129 Equity Shares to Meghna Jai Garg. | August 25, 2023^^ | (19,354) | 10# | 620 | Cash | Negligible | [●] |
| Transfer of 314,516 Equity Shares to Harshadkumar Maganlal Patel. | August 25, 2023^^ | (314,516) | 10# | 620 | Cash | (0.17) | [●] |
| Transfer of 24,193 Equity Shares to Harshadkumar M Patel. | August 25, 2023^^ | (24,193) | 10# | 620 | Cash | (0.17) | [●] |
| **Total** | | **61,188,760#** | | | | **31.26** | [●] |

**Allotment of 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja against conversion of unsecured loan of ₹ 319.00 million advanced by Parakramsinh Ghanshyamsinh Jadeja to our Company.*

***Allotment of 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja against conversion of unsecured loan of ₹ 600.60 million advanced by Parakramsinh Ghanshyamsinh Jadeja to our Company.*

*#While the Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023, the corporate action for sub-division in the records of the depositories was not effected on the date of the transfers. Consequently, the face value of Equity Shares for these transfers of Equity Shares was ₹ 10 instead of ₹ 2. While calculating the total shareholding of Parakramsinh Ghanshyamsinh Jadeja, the effect of sub-division of Equity Shares for these transfers has been considered.*

*^^Dates have been added from the delivery instruction slips.*

*(ii) Sahdevsinh Lalubha Jadeja*

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of consideration | Percentage of the pre-Issue Equity Share capital (%) | Percentage of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Further issue | December 12, 2003 | 126,450 | 10 | 10 | Cash | 0.06 | [●] |
| Further issue | March 31, 2006 | 280,600 | 10 | 10 | Cash | 0.14 | [●] |
| Further issue | March 31, 2007 | 38,000 | 10 | 125 | Cash | 0.02 | [●] |
| Further issue | March 31, 2012 | 19,200 | 10 | 125 | Cash | 0.01 | [●] |
| Transfer from (i) 22,490 Equity Shares from Jyotiba Jadeja, and (ii) 181,800 Equity Shares from Lalubha Jadeja | September 22, 2012 | 204,290 | 10 | 10 | Cash | 0.10 | [●] |
| Bonus issue in the ratio 1 Equity Share for every 1 Equity Share held | September 24, 2012 | 668,540 | 10 | N.A. | N.A. | 0.34 | [●] |
| Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Consequently, 1,337,080 Equity Shares of face value of ₹ 10 each held by Sahdevsinh Lalubha Jadeja were sub-divided into 6,685,400 Equity Shares of face value of ₹ 2 each. | | | | | | | |
| **Total** | | **6,685,400** | | | | **3.42** | [●] |

*(iii) Vikramsinh Raghuvirsinh Rana*

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of consideration | Percentage of the pre-Issue Equity Share capital (%) | Percentage of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Further issue | January 10, 2002 | 490 | 10 | 10 | Cash | Negligible | [●] |
| Further issue | December 12, 2003 | 115,460 | 10 | 10 | Cash | 0.06 | [●] |
| Further issue | March 31, 2006 | 241,900 | 10 | 10 | Cash | 0.12 | [●] |
| Transfer of 96,900 Equity Shares from Daxaba V. Rana | September 22, 2012 | 96,900 | 10 | 10 | Cash | 0.05 | [●] |
| Bonus issue in the ratio 1 Equity Share for every 1 Equity Share held | September 24, 2012 | 454,750 | 10 | N.A. | N.A. | 0.23 | [●] |
| Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Consequently, 909,500 Equity Shares of face value of ₹ 10 each held by Vikramsinh R. Rana were sub-divided into 4,547,500 Equity Shares of face value of ₹ 2 each. | | | | | | | |
| **Total** | | **4,547,500** | | | | **2.32** | [●] |

*(iv) Jyoti International LLP*

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of consideration | Percentage of the pre-Issue Equity Share capital (%) | Percentage of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Further issue | April 17, 2008 | 478,800 | 10 | 125 | Cash | 0.24 | [●] |
| Further issue | September 7, 2008 | 339,600 | 10 | 125 | Cash | 0.17 | [●] |
| Further issue | March 31, 2009 | 9,600 | 10 | 125 | Cash | Negligible | [●] |
| Further issue | March 31, 2012 | 764,000 | 10 | 125 | Cash | 0.39 | [●] |
| Preferential issue | September 22, 2012 | 113,000 | 10 | 125 | Cash | 0.06 | [●] |
| Bonus issue in the ratio 1 Equity Share for every 1 Equity Share held | September 24, 2012 | 1,705,000 | 10 | N.A. | N.A. | 0.87 | [●] |
| Preferential issue | December 31, 2012 | 69,750 | 10 | 215 | Cash | 0.04 | [●] |
| Preferential issue | February 16, 2013 | 714,450 | 10 | 215 | Cash | 0.36 | [●] |
| Conversion of loan into Equity Shares | March 31, 2018 | 800,000 | 10 | 125 | Other than cash* | 0.41 | [●] |
| Transfer of (i) 200,000 Equity Shares to Nitin Anantrai Vora jointly with Chetana Nitinkumar Vora, (ii) 120,000 Equity Shares to Chetana Nitinkumar Vora jointly with Nitin Anantrai Vora, and (iii) 80,000 Equity Shares to Kanchanben Anantrai Vora jointly with Chetana Nitinkumar Vora | May 7, 2018 | (400,000) | 10 | 125 | Cash | (0.20) | [●] |
| Transfer of (i) 200,000 Equity Shares to Heman Hiralal Shah, and (ii) 200,000 Equity Shares to Sujal Hiralal Shah | May 26, 2018 | (400,000) | 10 | 125 | Cash | (0.20) | [●] |
| Conversion of loan into Equity Shares | March 31, 2023 | 1,250,000 | 10 | 145 | Other than cash** | 0.64 | [●] |
| Transfer of (i) 12,500 Equity Shares to Samir Nandlal Shah; and (ii) 12,000 to Parul Samir Shah | June 20, 2023 | (24,500) | 10 | 600 | Cash | (0.01) | [●] |

| Nature of transaction | Date of allotment / acquisition/ transfer and made fully paid up | No. of Equity Shares | Face value per Equity Share (₹) | Issue / acquisition/ transfer price per Equity Share (₹) | Form of consideration | Percentage of the pre-Issue Equity Share capital (%) | Percentage of the post-Issue Equity capital (%) |
|---|---|---|---|---|---|---|---|
| Conversion of loan into Equity Shares | August 19, 2023 | 1,940,000 | 10 | 154 | Other than cash*** | 0.99 | [●] |
| Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Consequently, 7,359,700 Equity Shares of face value of ₹ 10 each held by Jyoti International LLP were sub-divided into 36,798,500 Equity Shares of face value of ₹ 2 each. | | | | | | | |
| Transfer of (i) 1,790 Equity Shares each to Rupal Kartik Trivedi and Kusumben Shashikantbhai Trivedi; (ii) 3,580 Equity Shares to Trivedi Krutarth Karthikbhai; and (iii) 2,419 Equity Shares to Kartik Shashikant Trivedi | August 22, 2023^^ | (9,579) | 10# | 620.10 | Cash | Negligible | [●] |
| Transfer of 322 Equity Shares to Kishore Narmadashankar Trivedi | August 25, 2023^^ | (322) | 10# | 621.12 | Cash | Negligible | [●] |
| **Total** | | **36,748,995** | | | | **18.77** | [●] |

**Allotment of 800,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 10 million advanced by Jyoti International LLP to our Company.*

***Allotment of 1,250,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 181.25 million advanced by Jyoti International LLP to our Company.*

****Allotment of 1,940,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 298.76 million advanced by Jyoti International LLP to our Company.*

*#While the Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023, the corporate action for sub-division in the records of the depositories was not effected on the date of the transfers. Consequently, the face value of Equity Shares for these transfers of Equity Shares was ₹ 10 instead of ₹ 2. While calculating the total shareholding of Jyoti International LLP, the effect of sub-division of Equity Shares for these transfers has been considered.*

*^^Dates have been added from the delivery instruction slips.*

b. All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares.

c. All Equity Shares held by our Promoters are in dematerialized form as on the date of this Draft Red Herring Prospectus.

d. Except for 1,237,500 Equity Shares constituting 0.63% of our paid-up Equity Share capital, which are currently pledged by Parakramsinh Ghanshyamsinh Jadeja, one of our Promoters, none of the Equity Shares held by our Promoters are pledged or otherwise encumbered as on the date of this Draft Red Herring Prospectus.

e. Except as set forth below, no member of our Promoter Group holds Equity Shares in our Company:

| Sr. No. | Name of the member of our Promoter Group | No. of Equity Shares | Percentage of the pre-Issue Equity Share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) |
|---|---|---|---|---|---|
| 1. | Anilkumar Bhikhabhai Virani | 32,856,340 | 16.78 | 32,856,340 | 16.62 |
| 2. | Vijay Pravinsinh Zala | 219,500 | 0.11 | 219,500 | 0.11 |
| **Total** | | **33,075,840** | **16.90** | **33,075,840** | **16.73** |

*^As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

f. Except as disclosed above in the '*Capital Structure - Details of Shareholding of our Promoters*' on page 96 and '*Capital Structure - Details of acquisition of Equity Shares by our Promoters and the members of our Promoter Group in the last 3 years*' on page 106, none of our Promoters or partners of our Promoter entity or the members of our Promoter Group or their relatives have purchased or sold any specified securities of our Company during the period of 6 months immediately preceding the date of this Draft Red Herring Prospectus. Further, none of our Directors other than our Promoters or their relatives have purchased or sold any specified securities of our Company during the period of 6 months immediately preceding the date of this Draft Red Herring Prospectus.

g. There have been no financing arrangements whereby our Promoters, partners of our Promoter entity, the members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of 6 months immediately preceding the date of this Draft Red Herring Prospectus.

15. **Details of acquisition of Equity Shares by our Promoters and the members of our Promoter Group in the last 3 years**

Save and except for below, our Promoters and the members of our Promoter Group, have not acquired any specified securities in the last 3 years preceding the date of this Draft Red Herring Prospectus:

| Sr. No. | Name of the acquirer | Nature of securities | Face value (₹)# | Date of acquisition of securities | Number of specified securities acquired | Acquisition price per security (₹) |
|---|---|---|---|---|---|---|
| **Promoter** | | | | | | |
| 1. | Parakramsinh Ghanshyamsinh Jadeja | Equity Shares | 10 | March 31, 2023 | 2,200,000 | 145* |
| 2. | Parakramsinh Ghanshyamsinh Jadeja | Equity Shares | 10 | August 19, 2023 | 3,900,000 | 154** |
| 3. | Jyoti International LLP | Equity Shares | 10 | March 31, 2023 | 1,250,000 | 145*** |
| 4. | Jyoti International LLP | Equity Shares | 10 | August 19, 2023 | 1,940,000 | 154**** |
| 5. | Anilkumar Bhikhabhai Virani | Equity Shares | 10 | August 28, 2023 | 6,571,268 | 156 |

*# Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*

**Allotment of 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja against conversion of unsecured loan of ₹ 319.00 million advanced by Parakramsinh Ghanshyamsinh Jadeja to our Company.*
***Allotment of 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja against conversion of unsecured loan of ₹ 600.60 million advanced by Parakramsinh Ghanshyamsinh Jadeja to our Company.*
****Allotment of 1,250,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 181.25 million advanced by Jyoti International LLP to our Company.*
***** Allotment of 1,940,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 298.76 million advanced by Jyoti International LLP to our Company*

*Note: As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 31, 2023.*

16. **Details of shareholding of our Directors, Key Managerial Personnel and Senior Management**

Other than as disclosed under '*Our Management – Shareholding of Directors in our Company*', '*Our Management – Shareholding of Key Managerial Personnel and Senior Managerial Personnel in our Company*' on pages 225 and 242 respectively, none of our Directors, Key Managerial Personnel and Senior Management hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

17. **Details of Promoters' contribution and lock-in**

a. Pursuant to Regulation 14 and Regulation 16(1) SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Issue Equity Share capital of our Company held by our Promoters shall be locked-in for a period of 18 months as minimum promoter's contribution from the date of Allotment (**Minimum Promoters' Contribution**) in the Issue and our Promoters' shareholding in excess of 20% of the fully diluted post-Issue Equity Share capital shall be locked-in for a period of 6 months from the date of Allotment in the Issue.

b. The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of 18 months as Minimum Promoters' Contribution from the date of Allotment are set forth in the following table:

| Name of Promoter | Number of Equity Shares held | No. of Equity Shares locked-in* | Date of allotment / acquisition and when made fully paid up** | Nature of transaction | Face value (₹) | Issue / acquisition price per Equity Share (₹) | Percentage of pre-Issue paid-up capital (%) | Percentage of post-Issue paid-up capital* (%) | Date up to which Equity Shares are subject to lock-in* |
|---|---|---|---|---|---|---|---|---|---|
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **Total** | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |

**To be updated at Prospectus stage.*
** *All Equity Shares were fully paid up on the respective dates of allotment / acquisition, as the case maybe, of such Equity Shares.*

c. Our Promoters have given their consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Issue Equity Share capital of our Company as Minimum Promoter's Contribution, and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Minimum Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted in accordance with the SEBI ICDR Regulations.

d. Our Company undertakes that the Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Minimum Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. In this regard, we confirm that:

i. the Equity Shares offered as part of the Minimum Promoters' Contribution do not include Equity Shares acquired during the immediately 3 preceding years:

- for consideration other than cash and revaluation of assets or capitalisation of intangible assets; or
- resulting from a bonus issue out of revaluation reserves or unrealised profits of our Company, or from a bonus issue against Equity Shares that are otherwise ineligible for computation of Minimum Promoters' Contribution;

ii. The Minimum Promoters' Contribution does not include Equity Shares acquired during the immediately preceding 1 year at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;

iii. Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm, and, consequently, the Minimum Promoters' Contribution does not include Equity Shares issued pursuant to conversion of partnership firm or a limited liability partnership firm; and

iv. The Equity Shares held by our Promoters and offered as part of the Minimum Promoters' Contribution are not subject to any pledge.

18. **Details of Equity Shares held by other Shareholders which will be locked-in for 6 months**

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Issue Equity Share capital held by persons (including those Equity Shares held by our Promoters in excess of the Minimum Promoters' Contribution), except any other categories of shareholders exempted under Regulation 17 of the SEBI ICDR Regulations, will be locked-in for a period of 6 months from the date of Allotment.

19. **Lock-in Requirements**

Pursuant to the SEBI ICDR Regulations, (i) the entire pre-Issue capital of our Company shall be locked-in for a period of 6 months from the date of Allotment, (ii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least 6 months from the date of purchase by such shareholders; and (iii) as otherwise permitted under the SEBI ICDR Regulations.

20. **Lock-in of Equity Shares Allotted to Anchor Investors**

50% percent of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment and the remaining portion shall be locked-in for a period of 90 days from the date of Allotment.

21. **Recording on non-transferability of Equity Shares locked-in**

In accordance with Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

22. **Other requirements in respect of lock-in**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in, as mentioned above, may be pledged as collateral security for a loan with a scheduled commercial bank, a public financial institution, Systemically Important Non-Banking Financial Company or a deposit accepting housing finance company, subject to the following:

a. With respect to the Equity Shares locked-in for 6 months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan.

b. With respect to the Equity Shares locked-in as Minimum Promoter's Contribution for 18 months from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Issue, which is not applicable in the context of this Issue.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In accordance with Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in applicable with the transferee for the remaining period and compliance with provisions of the SEBI Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoters prior to the Issue and locked-in for a period of 6 months, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in with the transferee and compliance with the provisions of the SEBI Takeover Regulations.

23. Our Company, our Directors and the BRLMs have not made or entered into any buyback arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through the Issue.

24. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus All Equity Shares transferred pursuant to the Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

25. As on the date of this Draft Red Herring Prospectus, the BRLMs and its associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The BRLMs and its affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company and/or our Subsidiaries, for which they may in the future receive customary compensation.

26. None of our Promoters and the members of our Promoter Group will submit Bids or otherwise participate in the Issue.

27. Neither the (i) BRLMs or any associate of the BRLMs (other than mutual funds sponsored entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs sponsored by the entities which are associates of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs); nor (ii) any person related to our Promoter or the members of our Promoter Group can apply under the Anchor Investor Portion.

28. Except for the allotment of Specified Securities pursuant to the Pre-IPO Placement which our Company may undertake in consultation with the BRLMs, and, or, allotment of Equity Shares pursuant to conversion of CCPS, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded on account of non-listing, under-subscription etc, as the case may be.

29. Our Company will ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

30. No person connected with the Issue, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, our Promoters, our Directors, the members of our Promoter Group, our Group Companies or our Subsidiaries shall offer any incentive, whether direct or indirect, in any manner whatsoever, whether in cash or kind or service or otherwise, to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Issue.

## SECTION IV: PARTICULARS OF THE ISSUE

## OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue by our Company.

**The Objects of the Fresh Issue**

Our Company proposes to utilise the Net Proceeds from the Fresh Issue towards the following objects:

1. Repayment and/ or pre-payment, in full or part, of certain borrowings availed by our Company;

2. Funding long-term working capital requirements of our Company; and

3. General corporate purposes.

(collectively, referred to herein as '**Objects**')

In addition, our Company expects to receive the benefits of listing of Equity Shares on the Stock Exchanges including enhancing our Company's visibility and brand image among our existing and potential customers and creating a public market for our Company's Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects, as set out in our Company's Memorandum of Association, enable our Company to undertake our existing business activities and the activities proposed to be funded from the Net Proceeds.

**Net Proceeds**

The details of the proceeds from the Issue are set forth in the table below:

| Particulars | Estimated amount (*in ₹ million*) |
|---|---|
| Gross proceeds from the Issue[(1)] | Upto 10,000.00 |
| (Less) Issue related expenses in relation to the Issue[(2)] | [●] |
| **Net Proceeds** | **[●]** |

*(1) Includes the proceeds, if any, received pursuant to a Pre-IPO Placement which may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹ 2,000.00 million. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue. Our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

*(2) To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC.*

**Requirement of funds and utilisation of Net Proceeds**

The Net Proceeds are proposed to be used in accordance with the details provided in the following table:

*(in ₹ million)*

| Sr. No. | Particulars | Estimated utilisation from Net Proceeds |
|---|---|---|
| 1. | Repayment and/or pre-payment, in full or part, of certain borrowings availed by our Company [(1)] | 4,500.00 |
| 2. | Funding long-term working capital requirements of our Company [(1)] | 3,000.00 |
| 3. | General corporate purposes [(2)] | [●] |
| | **Net Proceeds** | **[●]** |

*(1) To be finalised upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. Our Company, in consultation*

*with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue. Our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

(2) *The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

**Proposed schedule of implementation and deployment of Net Proceeds**

The following table sets forth the details of the schedule of the expected deployment of the Net Proceeds:

*(in ₹ million)*

| Sr. No. | Particulars | Amount to be funded from the Net Proceeds | Estimated deployment | |
|---|---|---|---|---|
| | | | Fiscal 2024 | Fiscal 2025 |
| 1. | Repayment and/or pre-payment, in full or part, of certain borrowings availed by our Company | 4,500.00 | 4,500.00 | Nil |
| 2. | Funding long-term working capital requirements of our Company | 3,000.00 | 2,000.00 | 1,000.00 |
| 3. | General corporate purposes(1) | [●] | [●] | [●] |
| **Total**(1) (2) | | [●] | [●] | [●] |

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

(2) *Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue. Our Company shall utilise the proceeds from such Pre-IPO Placement towards one or more of the Objects.*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our Company's current business plan, management estimates, prevailing market conditions and other commercial and technical factors. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. See '*Risk Factor – The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution and are based on management estimates'* on page 54. Our Company may have to revise its funding requirements and deployment on account of a variety of factors such as financial and market conditions, macro-economic factors, change in government policy, changes in business and strategy, competition, and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our Company's management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our Company's management, subject to compliance with applicable laws.

In the event that the estimated utilisation of the Net Proceeds in a scheduled fiscal year is not completely met, such unutilised amounts shall be utilised (in part or full) in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. We may, however, utilize the proceeds prior to the specific periods mentioned in the schedule of deployment, in accordance with the requirements of our Company. Subject to applicable laws, in the event of any increase in the actual utilization of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of funding means available to us, including from internal accruals and any additional equity and/or debt arrangements. Further, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used towards general corporate purposes, provided that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations.

**Means of finance**

Our Company proposes to fund the requirements of the entire Objects of the Issue from the Net Proceeds. Accordingly, there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable internal accruals, as required under Regulation 7(1)(e) of the SEBI ICDR Regulations.

**Details of objects of the Issue**

Our Board at its meeting held on August 29, 2023 approved the proposed Objects and the respective amounts proposed to be utilized from the Net Proceeds for each Object.

**1. Repayment and/or pre-payment of certain borrowings, in full or part, availed by our Company**

Our Company has entered into various financing arrangements with banks and other lenders, which include term loans and working capital facilities, including fund based and non-fund based borrowings. For details of our Company's outstanding financial indebtedness, see '*Financial Indebtedness*' on page 302.

As on July 31, 2023, our Company had sanctioned facilities aggregating ₹ 10,445.08 million and outstanding facilities aggregating ₹ 8,181.55 million. Our Company proposes to utilise an estimated amount of ₹ 4,500.00 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Our Company may avail further loans after the date of this Draft Red Herring Prospectus. Given the nature of these borrowings and the terms of repayment or pre-payment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of their existing borrowings or avail of additional credit facilities. If at the time of Red Herring Prospectus, any of the below-mentioned loans are repaid in part or full or refinanced or if any additional credit facilities are availed or drawn down or if the limits under the working capital borrowings are increased, then our Company may utilise the Net Proceeds for part or full pre- payment / repayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company and details of such borrowings will be included in the Red Herring Prospectus. However, the aggregate amount to be utilised from the Net Proceeds towards repayment or pre-payment of certain of our borrowings (including refinanced or additional facilities availed, if any), in part or full, would not exceed ₹ 4,500.00 million. We believe that such repayment/ pre-payment will help reduce our Company's outstanding indebtedness and debt servicing costs and enable utilisation of our Company's internal accruals for further investment in our Company's business growth and expansion. Additionally, our Company believes that the leverage capacity of our Company will improve its ability to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business.

The selection of borrowings proposed to be repaid/ prepaid out of the borrowings provided below, shall be based on various factors including (i) cost of the borrowings to our Company, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our Company's ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, prior to completion of the Issue; (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

The following table provides details of certain of the borrowings availed by our Company, which are currently proposed to be fully or partially repaid (earlier or scheduled) or pre-paid from the Net Proceeds*:

| Sr. No. | Name of the lender | Nature of loan | Purpose | As at July 31, 2023 *(in ₹ million)* | | Rate of Interest/ Commission | Tenor and repayment schedule | Prepayment terms / penalty |
|---|---|---|---|---|---|---|---|---|
| | | | | Amount Sanctioned *(in ₹ million)* | Amount Outstanding *(in ₹ million)* | | | |
| 1. | Union Bank of India | Working Capital (Cash Credit and FDBN / FDBP / FDBD / PSCFC/ RACB and PCL/PCFC) | Working Capital | 1,036.80 | 1,035.70 | 1 year MCLR + 1.65 %** + 2.60% | 1 year | No |
| 2. | State Bank of India | Working Capital (Cash Credit) | Working Capital | 830.00 | 830.00 | MCLR 6 Month +2.00% | Repayable on demand | 2% of the pre-paid amount |
| 3. | IDBI Bank Limited | Working Capital (Working Capital Demand Loan, Bank Guarantee with further sub-limits) | Working Capital | 385.00 | 383.30 | MCLR 1 year +4.45% | 1 year | No |
| 4. | Bank of India | Working Capital (Cash Credit) | Working Capital | 496.00 | 495.90 | 1 Year MCLR 7.25% + BSS 0.30% + CRP 6.00% less concession of 3.00% | 1 year (Repayable on Demand) | No |
| 5. | Bank of Baroda | Working Capital (Cash Credit) | Working Capital | 320.00 | 318.40 | 3.50% over 1 year MCLR + SP (0.25%) | 1 year | No |
| 6. | Punjab National Bank | Working Capital (Cash Credit (Stocks and Book Debt)) | Working Capital | 200.00 | 200.00 | 1 year MCLR + 4.50% | 1 year | 2% of the prepaid outstanding amount in case of takeover of loan (i.e., loan is prepaid for shifting to other bank / financial institution) |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 7. | Saurashtra Gramin Bank | Working Capital | Working Capital Demand Loan | 400.00 | 400.00 | 10.25% | 1 year (Repayable on demand) | No |
| 8. | Union Bank of India | Term Loan under Covid Guarantee Emergency Credit Line (GECL 2.0) | For business purposes like payment of statutory dues, procurement of raw materials, payment of creditors, etc. | 192.50 | 147.00 | 1 year MCLR + 0.60% or 9.25% whichever is lower | 5 years from date of first disbursement / first utilization and with 1 year moratorium from first disbursement | No |
| 9. | Union Bank of India | Term Loan under the extension scheme of Covid Guarantee Emergency Credit Line 2.0 Term Loan (GECL 2.0 Extension) | For business purpose like statutory dues, procurement of raw materials etc | 96.20 | 96.20 | 1 year MCLR + 0.60% or 9.25% whichever is lower | 6 years from date of first disbursement / first utilization and with 2 year moratorium from first disbursement | No |
| 10. | IDBI Bank Limited | Term Loan under Covid Guarantee Emergency Credit Line (GECL 2.0) | To meet the working capital needs due to temporary liquidity mismatch arising out of COVID | 67.00 | 43.20 | 1 year MCLR + 1.00% p.a. subject to maximum of 9.25 % p.a. | 5 years from the date of disbursement including moratorium of 1 year for repayment of principal amount | No |
| 11. | IDBI Bank Limited | Term Loan under Covid Guarantee Emergency Credit Line 2.0 (GECL 2.0 Extension) (Scheme) | To meet the working capital needs due to temporary liquidity mismatch arising out of COVID | 47.60 | 47.60 | 1 year MCLR + 0.60% or 9.25% whichever is lower | 6 years from date of first disbursement including moratorium of 2 years for repayment of principal amount | No |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 12. | Bank of India | Term Loan under Star Guaranteed Emergency Credit Line (STAR GECL 2.0) | To meet the temporary liquidity mismatch arising out of COVID | 240.90 | 172.60 | 1% over 1 year MCLR | 4 years after initial moratorium of 1 year | No |
| 13. | Bank of India | Term Loan under Star Guaranteed Emergency Credit Line (STAR GECL Extension) | To meet the temporary liquidity mismatch arising out of COVID | 49.60 | 49.60 | 1% over 1 year MCLR | 4 years after initial moratorium of 2 years | No |
| 14. | Bank of Baroda | Term Loan under BOB Guaranteed Emergency Credit Line Scheme 2-0 (BGECL 2.0) | For additional working capital term loan / non fund based limits to meet liquidity mismatch due to COVID | 57.20 | 41.20 | 1% over 1 Year MCLR (without SP) | 5 years from the date of disbursement including moratorium of 1 year from first disbursement | No |
| 15. | Bank of Baroda | Term Loan under the BOB Guaranteed Emergency Credit Line Scheme 2.0 (BGECL 2.0) | To meet the liquidity mismatch arising out of COVID | 32.00 | 32.00 | 1% over 1 Year MCLR subject to maximum of 9.25 % p.a. | 6 years including moratorium of 2 years from first disbursement | No |
| 16. | Punjab National Bank | Term Loan under GECL 2.0 | To meet operational liabilities | 77.00 | 63.20 | 1 year MCLR subject to maximum of 9.25% | 5 years including moratorium of 12 months. | No |
| 17. | Punjab National Bank | Term Loan under GECL 2.0 (Extension) | To meet operational liabilities | 42.70 | 42.70 | MCLR (1 year) + 1%, whichever is lower, subject to maximum of 9.25% | 6 years including moratorium of 24 months. | No |
| 18. | Saurashtra Gramin Bank | Term Loan | To meet operational liabilities | 100.00 | 100.00 | 9.25% per annum | 6 years including moratorium of 24 months | No |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 19. | Punjab National Bank | Term Loan | For purchase of plant and machinery | 126.00 | 107.90 | 1 year MCLR + 4.50% | 8 years including moratorium of 12 months | 2% p.a. |
| 20. | Export-Import Bank of India | Term Loan | For onward lending to Jyoti SAS and further on lending to Huron Graffenstaden SAS towards long term working capital requirements | 987.00*** | 542.85*** | SOFR (3M) +445 bps p.a. | 8 years including a moratorium of 3 years from the date of first disbursement | No |
| **Total** | | | | **5,783.50** | **5,149.35** | | | |

*Note: In accordance with paragraph 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, our Statutory Auditors by way of their certificate dated August 30, 2023, have confirmed that our Company has utilised the loans for the purposes for which they were availed.*

***For an ad-hoc limit of ₹50 million the rate of interest is MCLR + 1.65 % + 2.60%.*

****The sanctioned amount of USD 12 million and the outstanding amount of USD 6.60 million has been converted into INR at the conversion rate of 1 USD = ₹ 82.25 as of July 31, 2023 (Source: www.fbil.org.in).*

For the purposes of the Issue, our Company has obtained the necessary consent from our lenders as is required under the relevant facility documents for undertaking activities in relation to the Issue, including any consequent actions.

Given the nature of these borrowings and the terms of prepayment, the aggregate outstanding amounts may vary from time to time. In the event that there are any prepayment penalties required to be paid under the terms of the relevant financing arrangements, the amount of such prepayment penalties shall be paid by us out of our internal accruals. We will take such provisions also into consideration while deciding repayment and/ or pre-payment of loans from the Net Proceeds. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are prepaid, repaid, redeemed (earlier or scheduled), refinanced or further drawn down prior to the completion of the Issue, we may utilise Net Proceeds towards prepayment, repayment or redemption (earlier or scheduled) of such additional indebtedness availed by us.

## 2. Funding long term working capital requirements of our Company

Our Company funds a majority of its working capital requirements in the ordinary course of business from banks and internal accruals. As on July 31, 2023, our Company had sanctioned facilities aggregating ₹ 10,445.08 million comprising ₹ 5,835.80 million of fund-based limits, ₹ 1,687.90 million of non-fund based limits, and ₹ 2,921.38 million of unsecured borrowings. For further details, see '*Financial Indebtedness'* on page 302.

We propose to utilise ₹ 2,000.00 million and ₹ 1,000.00 million from the Net Proceeds to fund the long-term working capital requirements of our Company in Fiscal 2024 and Fiscal 2025, respectively. The details of our Company's working capital as at March 31, 2021, March 31, 2022 and March 31, 2023, derived from the standalone financials of our Company, and source of funding of the same are provided in the table below:

*(₹ in million)*

| Particulars | As at March 31, 2021 | As at March 31, 2022 | As at March 31, 2023 |
|---|---|---|---|
| ***Current assets*** | | | |
| (a) Trade receivables | 1,902.20 | 2,406.69 | 1,692.32 |
| (b) Inventories | 5,520.80 | 5,383.70 | 7,154.40 |
| (c) Other financial and current assets | 895.10 | 1,027.60 | 2,090.49 |
| **Total current assets (A)** | **8,318.10** | **8,817.98** | **10,937.21** |
| | | | |
| ***Current liabilities*** | | | |
| (a) Trade payables | 2,565.50 | 2,181.21 | 3,649.07 |
| (b) Other financial and current liabilities | 647.20 | 608.08 | 772.80 |
| **Total current liabilities (B)** | **3,212.70** | **2,789.28** | **4,422.87** |
| | | | |
| **Net working capital requirements (C=A-B)** | **5,105.40** | **6,028.70** | **6,515.34** |
| | | | |
| Existing funding pattern | | | |
| Borrowings from banks (including bill discounting) | 4,125.60 | 4,617.82 | 5,108.80 |
| Internal Accruals[(1)]/ Equity | 979.80 | 1,410.88 | 1,406.54 |
| **Total** | **5,105.40** | **6,028.70** | **6,515.34** |

[(1)] *Internal Accruals = Total working capital requirement less short term borrowings*

### Estimated Working Capital Requirements

On the basis of our Company's existing working capital requirements and the projected working capital requirements, our Company's Board of Directors, pursuant to their resolution dated August 29, 2023, has approved the projected working capital requirements of our Company for Fiscal 2024 and Fiscal 2025 as stated below:

*(₹ in million)*

| Particulars | Fiscal 2024 (Estimated) | Fiscal 2025 (Estimated) |
|---|---|---|
| ***Current assets*** | | |
| (a) Trade receivables | 3,068.49 | 4,821.92 |
| (b) Inventories | 7,671.23 | 10,547.95 |
| (c) Other financial and current assets | 2,301.37 | 3,013.70 |
| **Total current assets (A)** | **13,041.10** | **18,383.56** |
| | | |
| ***Current liabilities*** | | |
| (a) Trade payables | 3,835.62 | 6,027.40 |
| (b) Other financial and current liabilities | 1,150.68 | 1,808.22 |
| **Total current liabilities (B)** | **4,986.30** | **7,835.62** |
| | | |

| Particulars | Fiscal 2024 (Estimated) | Fiscal 2025 (Estimated) |
|---|---|---|
| **Net working capital requirements I (C=A-B)** | **8,054.79** | **10,547.95** |
| | | |
| **Means of finance** | | |
| Proceeds from the Issue | 2,000.00 | 1,000.00 |
| Borrowings from banks, financial institutions and non-banking financial companies (including bill discounting) or internal accruals | 6,054.79 | 9,547.95 |
| **Total** | **8,054.79** | **10,547.95** |

*Note: As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*

The table below contains the details of the holding levels (in number of days as applicable) considered and is derived from the standalone financial statement of our Company for Fiscal 2021, Fiscal 2022 and Fiscal 2023, and the projected holding period for Fiscal 2024 and Fiscal 2025, and the assumptions based on which the working capital requirements have been approved by our Company's Board of Directors through resolution dated August 29, 2023:

| Particulars | No. of Days for | | | | |
|---|---|---|---|---|---|
| | Fiscal 2021 (Actual) | Fiscal 2022 (Actual) | Fiscal 2023 (Actual) | Fiscal 2024 (Estimated) | Fiscal 2025 (Estimated) |
| ***Current assets*** | | | | | |
| (a) Trade receivables | 159 | 130 | 75 | 80 | 80 |
| (b) Inventories | 462 | 290 | 315 | 200 | 175 |
| (c) Other financial and current assets | 75 | 55 | 92 | 60 | 50 |
| | | | | | |
| ***Current liabilities*** | | | | | |
| (a) Trade payables | 214 | 117 | 161 | 100 | 100 |
| (b) Other financial and current liabilities | 54 | 33 | 34 | 30 | 30 |

*Note: As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*

Key assumptions for working capital projections made by our Company:

| Sr. No. | Particulars | Assumptions |
|---|---|---|
| **Current Assets** | | |
| 1. | Inventories | Inventory levels tend to be dependent upon delivery schedules, range of machine our Company is expected to supply over the next six months and over the last three Fiscals have ranged between 290-462 days. The inventory was higher as COVID required our Company to retain higher inventory of input materials. The inventory was also higher as a result of supply chain related issues due to shortage of semi-conductor chips which delayed certain deliveries and required our Company to retain higher inventory of input materials and electronic components/ systems, which our Company sources from third parties.<br><br>Based on our Company's order book, our Company expects a larger part of its revenues for Fisal 2024 and Fiscal 2025 to come from a smaller range of machines which will help us manage our inventory levels better. This coupled with improved supply chain predictability at our customers and vendors, we expect the inventories levels to normalize in Fiscal 2024 and Fiscal 2025. In light of the same, our Company has assumed inventories of 200 days for Fiscal 2024 and 175 days for Fiscal 2025. |
| 2. | Trade receivables | The holding levels of our Company's trade receivables have ranged from 75-159 days during the last 3 Fiscals. Our levels of trade receivables in Fiscal 2021 were elevated owing to delayed recovery from COVID which partially normalized in Fiscal 2022 to 130 days before reducing to 75 days in Fiscal 2023. |

| Sr. No. | Particulars | Assumptions |
|---|---|---|
| | | With revenues from outside India expected to contribute higher share of our Company's revenues from operations for Fiscal 2024 and Fiscal 2025, our Company has assumed slightly higher levels of receivables of 80 days each for Fiscal 2024 and Fiscal 2025 |
| 3. | Other financial and current assets | The holding levels of other financial and current assets of our Company have ranged from 55-92 days during the last 3 Fiscals. Our Company's other financial and current assets largely comprise interest & commission receivable from subsidiaries, unbilled revenue receivable, cash collaterals, prepaid expense, balance with statutory authorities and advances to suppliers amongst others.<br><br>Our Company expects most of these expenses to not grow in direct correlation with our revenues from operations and thus expect the holding levels to moderate to 60 days in Fiscal 2024 and 50 days in Fiscal 2025. |
| **Current Liabilities** | | |
| 4. | Trade payables | Over the past three years, our Company's trade payables have varied between 117 days and 214 days. Our Company believes that delayed recovery had led to elevated levels of trade payables in Fiscal 2021 which came off in Fiscal 2022 before increasing to 161 days in Fiscal 2023. Our Company has assumed trade payables of 100 days each for Fiscal 2024 and Fiscal 2025. |
| 5. | Other current liabilities & Provisions | Holding levels under this head has ranged from 33-54 days in the last three Fiscals. Our Company has projected this at around 30 days each for Fiscal 2024 and Fiscal 2025 |

Note: *As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*

Our Company proposes to utilize ₹ 2,000.00 million and ₹ 1,000.00 million out of the Net Proceeds in Fiscal 2024 and Fiscal 2025, respectively, towards our long term working capital requirements. The balance portion of our Company's long term working capital requirement will be arranged from existing equity, internal accruals and borrowings from banks.

### 3. General corporate purposes

We propose to utilise up to ₹ [●] million of the Net Proceeds towards general corporate purposes and the business requirements of our Company as approved by the Board, from time to time, subject to such utilisation for general corporate purposes 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 the Net Proceeds include, without limitation, meeting ongoing general corporate contingencies, meeting our business requirements, funding growth opportunities, including funding strategic initiatives, capital expenditure, payment of commission and/or fees to consultants, and any other purpose, as may be approved by our Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act. In the event our Company is unable to utilise the Net Proceeds towards any of the Objects of the Issue for any of the reasons as aforementioned, our Company may utilise such Net Proceeds towards general corporate purposes, provided that the aggregate amount deployed towards general corporate purposes shall not exceed 25% of the Gross Proceeds.

The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount(s) in the subsequent Fiscals.

**Issue related expenses**

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The expenses of this Issue include, among others, listing fees, underwriting fees, selling commission, fees payable to the BRLMs, fees payable to legal counsels, Registrar to the Issue, Bankers to the Issue, processing fee to the SCSBs for processing Bid cum Application Forms, brokerage and selling commission payable to members of the Syndicate, Registered Brokers, Collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The break-up of the estimated Issue expenses is set forth below:

*(in ₹ million)*

| Activity | Estimated expenses* | As a % of the total estimated Issue expenses | As a % of the total Issue size |
|---|---|---|---|
| Fees payable to the BRLMs and commissions (including underwriting commission, brokerage and selling commission, as applicable) | [●] | [●] | [●] |
| Commission/processing fee for SCSBs, Sponsor Banks and Bankers to the Issue and fee payable to the Sponsor Bank for Bids made by RIBs. Brokerage, underwriting commission and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs (1)(2)(3)(4)(5) | [●] | [●] | [●] |
| Fees payable to Registrar to the Issue | [●] | [●] | [●] |
| Advertising and marketing expenses | [●] | [●] | [●] |
| Fee payable to auditors, consultants and market research firms | [●] | [●] | [●] |
| Others<br>(i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses;<br>(ii) Printing and distribution of stationery;<br>(iii) Fees payable to legal counsel; and<br>(iv) Miscellaneous. | [●] | [●] | [●] |
| **Total estimated Issue expenses** | [●] | [●] | [●] |

* *Issue expenses include GST, where applicable. Issue expenses will be incorporated at the time of filing of the Prospectus. Issue expenses are estimates and are subject to change.*

(1) *Selling commission payable to SCSBs, on the portion for Retail Individual Investors and Non-Institutional Investors which are directly procured by the SCSBs, would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Investors** | *[●]% of the Amount Allotted (plus applicable taxes)* |
| *Portion for Non-Institutional Investors** | *[●]% of the Amount Allotted (plus applicable taxes)* |

** Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price. Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid book of BSE or NSE. No additional uploading/ processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them.*

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

| | |
|---|---|
| *Portion for Retail Individual Investors* | *₹[●] per valid application (plus applicable taxes)* |
| *Portion for Non-Institutional Investors* | *₹[●] per valid application (plus applicable taxes)* |

(3) *Uploading charges/processing fees for applications made by UPI Bidders would be as follows:*

| | |
|---|---|
| *Members of the Syndicate / RTAs / CDPs / Registered Brokers* | *₹[●] per valid application (plus applicable taxes)* |
| *Sponsor Bank(s)* | *₹[●] per valid Bid cum Application Form (plus applicable taxes)*<br><br>*The Sponsor Bank shall be responsible for making payments to the third parties* |

| | |
|---|---|
| | *such as remitter bank, NCPI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable law* |

*All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Cash Escrow and Sponsor Bank Agreement*

(4) *Selling commission on the portion for Retail Individual Investors and Non-Institutional Investors which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, RTAs and CDPs would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Investors** | *[●]% of the Amount Allotted (plus applicable taxes)* |
| *Portion for Non-Institutional Investors** | *[●]% of the Amount Allotted (plus applicable taxes)* |

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

Processing fees payable to the SCSBs for Bid cum Application Forms which are procured by the Registered Brokers / RTAs / CDPs and submitted to the SCSB for blocking shall be ₹ [●] per valid Bid cum Application Form (plus applicable taxes). The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable).

**Interim use of the Net Proceeds**

Our Company, in accordance with the applicable law, policies established by our Board from time to time and in order to attain the Objects set out above, will have flexibility to deploy the Net Proceeds. Pending utilisation of the Net Proceeds for the purposes described in this section, our Company may temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as may be approved by our Board. In accordance with Section 27 of the Companies Act, our Company confirms that, other than as specified in this section for the purposes of the Objects, it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity securities or any equity linked securities.

**Appraising entity**

None of the Objects for which the Net Proceeds will be utilised have been appraised by any agency.

**Bridge financing facilities**

Our Company has not raised any bridge loans from any bank or financial institution as of the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds.

**Monitoring of utilisation of funds**

Our Company will appoint a monitoring agency to monitor utilisation of proceeds from the Fresh Issue prior to filing of the Red Herring Prospectus with the RoC, in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Company undertakes to place the Net Proceeds in a separate bank account which shall be monitored by the Monitoring Agency for utilisation of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilisation of the Net Proceeds, including interim use, under a separate head in its balance sheet for such fiscal periods as required under the SEBI ICDR Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, specifying the purposes for which the Net Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilised, if any, of such currently unutilised Net Proceeds.

Pursuant to Regulations 18(2) and 32(3) of the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds, which shall discuss, monitor and approve the use of the Net Proceeds along with our Board. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus 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 prepared on an annual basis for utilisation of the Net Proceeds shall be certified by the Auditors.

Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the Objects; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the Objects. This information will also be published on our website.

**Variation in Objects**

In accordance with Sections 13(8) and 27 of the Companies Act, and Regulation 59 and Schedule XX of the SEBI ICDR Regulations, any material deviation in the Objects of the Issue will require our Company to obtain the approval of the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (**Postal Ballot Notice**) shall specify the prescribed details and be published in accordance with the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Gujarati, the vernacular language of the jurisdiction where our Registered Office is situated. Pursuant to the Companies Act, our Promoters will be required to provide an exit opportunity to the Shareholders who do not agree to such material deviation of the Objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act and provisions of Schedule XX of the SEBI ICDR Regulations.

**Other confirmations**

No part of the Net Proceeds will be utilized by our Company as consideration to our Promoters, members of our Promoter Group, our Directors, or Key Managerial Personnel, Senior Management or Group Companies. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with our Directors, our Promoters, the members of our Promoter Group, the Key Managerial Personnel or Senior Management in relation to the utilization of the Net Proceeds of the Issue. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects of the Fresh Issue as set out above.

## BASIS FOR THE ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares issued in the Issue through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 2 each and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Cap Price shall be minimum 105% of the Floor Price and shall not exceed 120% of the Floor Price.

Investors should also see '*Risk Factors', 'Our Business', 'Management's Discussion and Analysis of Financial Condition and Results of Operations',* '*Restated Consolidated Financial Statements'* and '*Summary of Financial Information*' on pages 33, 176, 312, 251 and 66, respectively to have an informed view before making an investment decision.

**Qualitative Factors**

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

1. One of the leading CNC machine manufacturing companies globally as well as in India with presence across the CNC metal cutting machinery value chain.

2. Well diversified global customer base spread across end-user industries.

3. Focus on technology and ability to deliver innovative solutions bolstered by dedicated R&D facilities.

4. Vertically integrated operations which enables customisation and production efficiencies.

5. Experienced Promoters supported by a strong management and execution team.

For further details, see '*Our Business - Strengths'* on pages 179.

**Quantitative Factors**

Some of the information presented below relating to our Company is based on the Restated Consolidated Financial Statements prepared in accordance with the SEBI ICDR Regulations. For details, see *'Restated Consolidated Financial Statements'* on page 251.

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

**1. Basic and Diluted Earnings Per Share ('EPS')**

**As per our Restated Consolidated Financial Statements:**

| Period | Basic EPS (in ₹) | Diluted EPS (in ₹) | Weight |
|---|---|---|---|
| Financial year ended 31 March, 2021 | (0.48) | (0.48) | 1 |
| Financial year ended 31 March, 2022 | (0.33) | (0.33) | 2 |
| Financial year ended 31 March, 2023 | 0.10 | 0.10 | 3 |
| Weighted Average* | (0.14) | (0.14) | - |

*EPS has been calculated in accordance with the Indian Accounting Standard 33 – 'Earning per share' notified under the Companies (Indian Accounting Standards) Rules, 2015. The above statement should be read with significant accounting policies and notes on Restated Consolidated Financial Statements.*

*The face value of equity shares of the Company is ₹ 2. Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*
*Basic Earnings per share is calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year including sub-division.*
*Diluted Earnings per share is calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year including sub-division.*
**Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. (EPS x Weight) for each year/Total of weights*

**2. Price Earning Ratio (P/E) in relation to Issue Price of ₹ [●] per Equity Share:**

| Particulars | P/E at lower end of the Price Band | P/E at higher end of the Price Band | P/E at Issue Price (no. of times) |
|---|---|---|---|
| Basic EPS as per the Restated Consolidated Financial Statements for the year ended 31 March 2023 | [●] | [●] | [●] |
| Diluted EPS as per the Restated Consolidated Financial Statements for the year ended 31 March 2023 | [●] | [●] | [●] |

**3. Industry P/E ratio**

| Particulars | P/E Ratio |
|---|---|
| Highest | 64.92 |
| Lowest | 37.15 |
| Average | 45.88 |

*Note: Peer Group comprises entities set out at paragraph 6 below.*

*(1) P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 28, 2023 divided by the Diluted EPS provided.*
*(2) All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2023.*

**4. Average Return on Net Worth (RoNW):**

**As per our Restated Consolidated Financial Statements:**

| Period | RoNW* (%) | Weight |
|---|---|---|
| Financial year ended 31 March 2021 | (62.20) | 1 |
| Financial year ended 31 March 2022 | (117.37) | 2 |
| Financial year ended 31 March 2023 | 18.35 | 3 |
| Weighted Average** | (40.35) | - |

*Net worth means the aggregate value of the paid-up share capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the restated balance sheet, but does not include reserves created out of revaluation of assets including revaluation reserve, capital redemption reserve, write back of depreciation and amalgamation.*
** RoNW is calculated as Restated Profit for the year divided by Total Equity at the end of the year.*
***The weighted average is a product of RoNW and the respective assigned weight dividing the resultant by total aggregate weight.*

5. **Net Asset Value (NAV) per Equity Share of face value of ₹ 2 each**

   a. As on March 31, 2023 as per the Restated Consolidated Financial Statements: ₹ 5.57 per Equity Share

   b. After the completion of the Issue:

      i. At the Floor Price: ₹ [●]

      ii. At the Cap Price: ₹ [●]

      iii. At the Issue Price: ₹ [●]

6. **Comparison of accounting ratios with listed industry peers**

| Name of Company | Consolidated/ Standalone | Face Value (₹ per share) | Revenue from Operations (in ₹ million) | EPS (₹ per share) | | NAV (₹ per share) | P/E | RONW (%) |
|---|---|---|---|---|---|---|---|---|
| | | | | Basic | Diluted | | | |
| Jyoti CNC Automation Limited* | Consolidated | 2 | 9,292.59 | 0.10 | 0.10 | 5.57 | - | 18.35% |
| Elgi Equipments Limited# | Consolidated | 1 | 30,406.98 | 11.72 | 11.71 | 43.27 | 39.59 | 27.04% |
| Lakshmi Machine Works Limited# | Consolidated | 10 | 47,191.49 | 359.47 | 359.47 | 2,189.04 | 37.15 | 16.42% |
| Triveni Turbine Limited# | Consolidated | 1 | 12,475.50 | 5.97 | 5.97 | 23.92 | 64.92 | 25.32% |
| TD Power Systems Limited# | Consolidated | 2 | 8,722.97 | 6.23 | 6.22 | 38.74 | 41.86 | 16.01% |

**Financial information for our Company is derived from the Restated Consolidated Financial Statements as at and for the financial year ended March 31, 2023.*
*#All the financial information for listed industry peer mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company for the year ended March 31, 2023.*

***Notes for Listed Peers**:*

1. *Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.*
2. *P/E Ratio has been computed based on the closing market price of equity shares on BSE on August 28, 2023 divided by the Diluted EPS provided.*
3. *Return on net worth (RoNW) is computed as profit for the year attributable to common shareholders of the parent divided by net worth (excluding non-controlling interest), as at March 31, 2023.*
4. *NAV per equity share has been computed as the net worth attributable to common shareholders (excluding non-controlling interest) divided by the total number of shares outstanding, as at March 31, 2023.*

7. **Key Performance Indicators**

   The table below sets forth the details of our Key Performance Indicators that our Company considers have a bearing for arriving at the basis for Issue Price. The Key Performance Indicators set forth below have been approved by our Audit Committee pursuant to the resolution at its meeting dated August 29, 2023. Further, our Company's Audit Committee has on August 29, 2023 taken on record that other than the Key Performance

Indicators set out below, our Company has not disclosed any other Key Performance Indicators during the 3 years preceding the date of this Draft Red Herring Prospectus to its investors.

Additionally, the Key Performance Indicators have been certified by the Statutory Auditors of our Company, G.K. Choksi & Co., Chartered Accountants, pursuant to a certificate dated August 30, 2023, who hold a valid certificate issued by the Peer Review Board of the ICAI. The Statutory Auditors certificate dated August 30, 2023 has been included in the section '*Material Contracts and Documents for Inspection*' of this Draft Red Herring Prospectus.

The KPIs disclosed below have been used historically by our Company to understand and analyze the operational and the financial performance, which in result, helps it in analyzing the growth of various verticals in comparison to its listed peers, and other relevant and material KPIs of the business of our Company that have a bearing on arriving at the Basis for Issue Price have been disclosed below.

The Bidders can refer to the below-mentioned Key Performance Indicators, being a combination of financial and operational Key Performance Indicators, to make an assessment of our Company's performances and make an informed decision.

A list of our Key Performance Indicators for Fiscal 2023, Fiscal 2022 and Fiscal 2021 is set out below:

| **Particulars** | **As at and for the financial year ended March 31,** | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **Consolidated** | **Consolidated** | **Consolidated** |
| Revenue from Operations (₹ million) | 9,292.59 | 7,464.87 | 5,800.59 |
| Gross Profit (₹ million)[(1)] | 3,966.46 | 3,268.02 | 2,611.04 |
| Gross Margin (%)[(2)] | 42.68% | 43.78% | 45.01% |
| EBITDA (₹ million)[(3)] | 973.79 | 726.62 | 316.89 |
| EBITDA Margin (%)[(4)] | 10.48% | 9.73% | 5.46% |
| Profit for the Year (₹ million) | 150.60 | (483.00) | (700.29) |
| PAT Margin (%)[(5)] | 1.58% | (6.44%) | (11.87%) |
| Return on Equity (%)[(6)] | 18.35% | (117.37%) | (62.20%) |
| Return on Capital Employed (%)[(7)] | 9.50% | 4.85% | 0.47% |
| Gross Fixed Assets Turnover Ratio (in times)[(8)] | 1.27 | 1.08 | 0.77 |

***Notes:***

1. *Gross profit is calculated as revenue from operations minus cost of raw materials consumed minus (increase)/decrease in inventories of finished goods and work-in-progress.*
2. *Gross Margin is calculated as gross profit divided by revenue from operations.*
3. *EBITDA is calculated as profit/ (loss) for the year less exceptional items and other income plus finance costs, depreciation and amortisation, and total income tax expenses.*
4. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
5. *PAT Margin is calculated as profit/ (loss) for the year divided by total income.*
6. *Return on Equity is calculated as profit/ (loss) for the year divided by total equity.*
7. *Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as EBITDA plus other income less depreciation and amortization.*
8. *Gross Fixed Assets Turnover Ratio is calculated as revenue from operations divided by cost of property, plant and equipment; capital work in progress; right of use assets; intangible assets and intangible assets under development.*

For reconciliation in relation to the Gross Profit, Gross Margin, EBITDA, EBITDA Margin, Return on Equity, Return on Capital Employed, PAT Margin and Gross Fixed Asset Turnover Ratio, see '*Other Financial Information*' on page 300.

**Explanation for KPI metrics**

| Sr. No. | KPI | Explanation |
|---|---|---|
| 1. | Revenue from operations (₹ million) | Revenue from Operations is used by the management to track the revenue profile of the business and in turn helps assess the overall financial performance of the Company. |
| 2. | Gross Profit (₹ million) | Gross Profit provides information regarding the value addition by the Company (including its profits) over material cost. |
| 3. | Gross Margin (%) | Gross Margin (%) is an indicator of the value addition by the Company (including its profits) over material cost. |
| 4. | EBITDA (₹ million) | EBITDA provides information regarding the operational efficiency of the business. |
| 5. | EBITDA Margin (%) | EBITDA Margin is an indicator of the operational profitability and financial performance of the business. |
| 6. | Profit/ (loss) for the Year (₹ million) | Profit/ (loss) for the year provides information regarding the overall profitability of the business. |
| 7. | Profit after tax Margin (%) | PAT Margin is an indicator of the overall profitability and financial performance of the business. |
| 8. | Return on Equity (**RoE**) (%) | RoE provides how efficiently the Company generates profits from shareholders' funds. |
| 9. | Return on Capital Employed (**RoCE**) (%) | RoCE provides how efficiently the Company generates earnings from the capital employed in the business. |
| 10. | Gross fixed assets turnover ratio (in times) | Gross fixed assets turnover ratio measures the efficiency of our fixed assets in generating revenue. |

For details of our other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, see '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on pages 176 and 312, respectively.

**Description on the historic use of the KPIs by our Company to analyze, track or monitor the operational and/or financial performance of our Company**

In evaluating our business, we consider and use certain KPIs as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Consolidated Financial Statements. We use these KPIs to evaluate our financial and operating performance. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind AS measures of performance or as an indicator of our operating performance, liquidity or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind AS.

Investors are encouraged to review the Ind AS financial measures and to not rely on any single financial or operational metric to evaluate our business.

**Comparison with listed industry peers**

While our listed peers (mentioned below), like us, operate in the forging industry and may have similar offerings or end use applications, our business may be different in terms of differing business models, different product verticals serviced or focus areas or different geographical presence.

a. Comparison with listed industry peers (Fiscal 2023)

| Particulars | For the Fiscal Year 2023 | | | | |
|---|---|---|---|---|---|
| | Jyoti CNC Automation Limited* | Elgi Equipments Limited# | Lakshmi Machine Works Limited# | Triveni Turbine Limited# | TD Power Systems Limited# |
| | Consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| Revenue from Operations (₹ million) | 9,292.59 | 30,406.98 | 47,191.49 | 12,475.50 | 8,722.97 |
| Gross Profit (₹ million) | 3,966.46 | 15,073.12 | 17,123.30 | 6,004.12 | 2,819.30 |
| Gross Margin (%) | 42.68% | 49.57% | 36.28% | 48.13% | 32.32% |
| EBITDA (₹ million) | 973.79 | 4,327.79 | 4,491.30 | 2,337.73 | 1,302.16 |
| EBITDA Margin (%) | 10.48% | 14.23% | 9.52% | 18.74% | 14.93% |
| Profit for the Year (₹ million) | 150.60 | 3,708.09 | 3,840.19 | 1,928.80 | 968.12 |
| PAT Margin (%) | 1.58% | 11.93% | 7.89% | 14.95% | 10.85% |
| Return on Equity (%) | 18.35% | 27.04% | 16.42% | 25.32% | 16.01% |
| Return on Capital Employed (%) | 9.50% | 22.46% | 22.20% | 33.73% | 21.38% |
| Gross Fixed Assets Turnover Ratio (in times) | 1.27 | 2.94 | 3.64 | 3.01 | 2.08 |

b. Comparison with listed industry peers (Fiscal 2022)

| Particulars | For the Fiscal Year 2022 | | | | |
|---|---|---|---|---|---|
| | Jyoti CNC Automation Limited* | Elgi Equipments Limited# | Lakshmi Machine Works Limited# | Triveni Turbine Limited# | TD Power Systems Limited# |
| | Consolidated | Consolidated | Consolidated | Consolidated | Consolidated |
| Revenue from Operations (₹ million) | 7,464.87 | 25,247.06 | 31,709.54 | 8,522.35 | 7,974.25 |
| Gross Profit (₹ million) | 3,268.02 | 11,676.77 | 11,636.74 | 3,819.82 | 2,275.42 |
| Gross Margin (%) | 43.78% | 46.25% | 36.70% | 44.82% | 28.53% |
| EBITDA (₹ million) | 726.62 | 2,923.43 | 2,469.63 | 1,626.60 | 918.80 |
| EBITDA Margin (%) | 9.73% | 11.58% | 6.71% | 19.09% | 11.52% |
| Profit for the Year (₹ million) | (483.00) | 1,784.28 | 1,810.50 | 2,701.96 | 704.96 |
| PAT Margin (%) | (6.44)% | 6.92% | 5.59% | 30.64% | 8.66% |
| Return on Equity (%) | (117.37)% | 17.28% | 9.10% | 31.54% | 13.37% |
| Return on Capital Employed (%) | 4.85% | 19.43% | 12.84% | 20.06% | 14.47% |
| Gross Fixed Assets Turnover Ratio (in times) | 1.08 | 2.73 | 3.08 | 2.28 | 1.96 |

c. Comparison with listed industry peers (Fiscal 2021)

| Particulars | For the Fiscal Year 2021 | | | | |
|---|---|---|---|---|---|
| | **Jyoti CNC Automation Limited*** | **Elgi Equipments Limited#** | **Lakshmi Machine Works Limited#** | **Triveni Turbine Limited#** | **TD Power Systems Limited#** |
| | **Consolidated** | **Consolidated** | **Consolidated** | **Consolidated** | **Consolidated** |
| Revenue from Operations (₹ million) | 5,800.59 | 19,240.50 | 17,273.77 | 7,025.84 | 5,935.84 |
| Gross Profit (₹ million) | 2,611.04 | 8,964.80 | 6,761.78 | 3,463.61 | 1,976.93 |
| Gross Margin (%) | 45.01% | 46.59% | 39.14% | 49.30% | 33.30% |
| EBITDA (₹ million) | 316.89 | 2,156.57 | 704.32 | 1,476.05 | 659.49 |
| EBITDA Margin (%) | 5.46% | 11.21% | 4.08% | 21.01% | 11.11% |
| Profit for the Year (₹ million) | (700.29) | 1,024.85 | 445.98 | 1,024.64 | 452.04 |
| PAT Margin (%) | (11.87)% | 5.26% | 2.47% | 14.20% | 7.50% |
| Return on Equity (%) | (62.20)% | 11.78% | 2.51% | 16.07% | 9.60% |
| Return on Capital Employed (%) | 0.47% | 13.00% | 5.25% | 22.94% | 10.29% |
| Gross Fixed Assets Turnover Ratio (in times) | 0.77 | 2.21 | 1.79 | 1.97 | 1.50 |

**Financial information for our Company is derived from the Restated Consolidated Financial Statements.*
*#All the financial information for listed industry peers mentioned above is on a consolidated basis and is sourced from the annual audited financial results of the company.*

***Notes:***

1. *Revenue from Operations means the revenue from operations for the year.*
2. *Gross profit is calculated as revenue from operations minus cost of raw materials consumed minus (increase)/decrease in inventories of finished goods and work-in-progress.*
3. *Gross Margin is calculated as gross profit divided by revenue from operations.*
4. *EBITDA is calculated as profit/ (loss) for the year minus other income, exceptional items and share of net profit of joint venture plus finance costs, depreciation and amortisation, total income tax expenses.*
5. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
6. *PAT Margin is calculated as profit/ (loss) for the year divided by total income.*
7. *Return on Equity is calculated as profit/ (loss) for the year attributable to owners of the parent company divided by total equity excluding non-controlling interest.*
8. *Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total equity excluding non-controlling interest plus total borrowings while EBIT is calculated as EBITDA plus other income less depreciation and amortisation.*
9. *Gross Fixed Assets Turnover Ratio is calculated as revenue from operations divided by cost of property, plant and equipment; capital work in progress; right of use assets; intangible assets and intangible assets under development.*

8. **Weighted average cost of acquisition (WACA), Floor Price and Cap**

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

The details of Equity Shares or convertible securities allotted by our Company equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Issue capital before such transaction(s)), in the last 18 months preceding the date of this Draft Red Herring Prospectus, in a single transaction or multiple transactions combined together over a span of rolling 30 days (**Primary Transactions**) are set out below:

| Date of allotment | Number of securities allotted | Details of allottees | Face value (₹)^ | Issue price per security (₹) | Form of consideration | Reasons / Nature of allotment | Total consideration (in ₹ million) |
|---|---|---|---|---|---|---|---|
| March 31, 2023 | 3,450,000 | Allotment of (i) 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,250,000 Equity Shares to Jyoti International LLP | 10 | 145 | Other than cash* | Conversion of loan into Equity Shares | 500.00 |
| July 24, 2023 | 42,652 | Allotment of (i) 40,817 Equity Shares to Nileshkumar Savjibhai Patel; and (ii) 1,835 Equity Shares to Chirag M Acharya | 10 | 980 | Cash | Preferential Issue | 41.80 |
| July 25, 2023 | 359,692 | Allotment of (i) 204,081 CCPS to Kurjibhai Premjibhai Rupareliya; (ii) 2,551 CCPS to Tejas Bharat Shah HUF; (iii) 51,020 CCPS to Angad Singh Atwal; and (iv) 102,040 CCPS to E Trav Tech Limited | 10 | 980 | Cash | Preferential Issue | 352.50 |
| August 19, 2023 | 58,40,000 | Allotment of (i) 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,940,000 Equity Shares to Jyoti International LLP | 10 | 154 | Other than cash** | Conversion of loan into Equity Shares | 899.36 |
| July 26, 2023 | 33,163 | Allotment of (i) 15,306 CCPS to Safal Netcards Private Limited; (ii) 7,653 CCPS to Hemang Bharat Shah; and (iii) 10,204 CCPS to Amanvirsingh Atwal | 10 | 980 | Cash | Preferential Issue | 32.50 |
| July 26, 2023 | 61,225 | Allotment of (i) 25,510 Equity Shares to Aman Nileshkumar Patel; and (ii) 35,715 Equity Shares to Twisha Nilesh Patel | 10 | 980 | Cash | Preferential Issue | 60.00 |
| August 1, 2023 | 4,082 | Allotment of 4,082 Equity Shares to Pooja P Desai | 10 | 980 | Cash | Preferential Issue | 4.00 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| August 18, 2023 | 51,020 | Allotment of (i) 5,103 Equity Shares to Rajdipsinh Kishorsinh Gohil; (ii) 2,552 Equity Shares to Chintan Dilipkumar Shah; (iii) 10,841 Equity Shares each to Devang Ashwinbhai Gujarati, Ashwinkumar Bhagwanbhai Gujarati and Vimla Ashwinkumar Gujarati; and (iv) 10,842 Equity Shares to Shreya Devangbhai Gujarati | 10 | 980 | Cash | Preferential Issue | 50.00 |
| August 19, 2023 | 58,40,000 | Allotment of (i) 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja; and (ii) 1,940,000 Equity Shares to Jyoti International LLP | 10 | 154 | Other than cash** | Conversion of loan into Equity Shares | 899.36 |
| Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. CCPS of face value of ₹ 10 each were sub-divided into CCPS of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. | | | | | | | |
| **Total** | **49,209,170** | - | - | - | - | - | |
| **Weighted average cost of acquisition (WACA) for Primary Transactions (in ₹)** | | | | | | | **39.43*** ** |

^ *Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*

* *Allotment of 2,200,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,250,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 319.00 million and ₹ 181.25 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*

** *Allotment of 3,900,000 Equity Shares to Parakramsinh Ghanshyamsinh Jadeja and 1,940,000 Equity Shares to Jyoti International LLP against conversion of unsecured loan of ₹ 600.60 million and ₹ 298.76 million advanced by Parakramsinh Ghanshyamsinh Jadeja and Jyoti International LLP to our Company, respectively.*

*** *Calculated after taking into consideration the sub-division of Equity Shares of face value of ₹ 10 each into face value of ₹ 2 each and CCPS of face value of ₹ 10 each into face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*

b. *The price per share of our Company based on secondary sale/ acquisitions of shares (equity/ convertible securities)*

Except as set out below, there have been no secondary sale/ acquisitions of Equity Shares or any convertible securities, where our Promoters or the members of our Promoter Group are a party to a transaction, during the 18 months preceding the date of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Issue capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

| Date of Transfer | Name of the Transferor | Name of Transferee | No. of Securities | Face value (₹)^ | Nature of Consideration | Issue price per equity share (₹) | Total consideration (in ₹ million) |
|---|---|---|---|---|---|---|---|
| August 28, 2023 | Eknath Infraconn LLP | Anilkumar Bhikhabhai Virani | 6,571,268 | 10 | Cash | 156 | 1,025.11 |
| **Total** | **32,856,340*** | - | - | - | - | - | |
| **Weighted average cost of acquisition (WACA) for Secondary Transactions (in ₹)** | | | | | | | **31.20*** |

^ *Equity Shares of face value of ₹ 10 each were sub-divided into Equity Shares of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.*
**Calculated after giving effect of the sub-division of Equity Shares of face value of ₹ 10 each into face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023. Pursuant to the said sub-division, 6,571,268 Equity Shares held by Anilkumar Bhikhabhai Virani were sub-divided into 32,856,340 Equity Shares.*

For further details in relation to the share capital history of our Company, see '*Capital Structure*' on page 81.

Based on the above transactions, below are the details of the weighted average cost of acquisition, as compared to the Floor Price and the Cap Price:

| Past Transactions | Weighted average cost of acquisition (in ₹) | Floor Price (i.e., ₹ [●])* | Cap Price (i.e., ₹ [●])* |
|---|---|---|---|
| WACA of Primary Transactions | 39.43 | [●] times | [●] times |
| WACA of Secondary Transactions | 31.20 | [●] times | [●] times |

**To be updated at Prospectus stage.*

**9. Justification for Basis for the Issue Price**

Detailed explanation for Issue Price/Cap Price being [●] times of WACA of past 5 primary issuances /secondary transactions of Equity Shares (as disclosed above) along with our Company's Key Performance Indicators and financial ratios for the Fiscals 2023, 2022 and 2021 and in view of the external factors which may have influenced the pricing of the issue, if any.

[●]*

**To be included upon finalisation of Price Band*

**10. The Issue Price will be [●] times of the face value of the Equity Shares**

The Issue Price of ₹ [●] has been determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above information along with '*Risk Factors*', '*Our Business*', '*Restated Consolidated Financial Statements*' and '*Management's Discussion and Analysis of Financial Conditions and Results of Operations*' on pages 33, 176, 251, and 312. The trading price of the Equity Shares could decline due to the factors mentioned in '*Risk Factors*' or any other factors that may arise in the future and you may lose all or part of your investments.

**11. Disclosure of KPIs**

Our Company shall continue to disclose the KPIs disclosed above on a periodic basis, at least once in a year (or a lesser duration, as our Company may determine) for a duration that is at least the later of (i) 1 year after the listing date or the period specified by SEBI; (ii) till the utilisation of the Net Proceeds. Any changes in these KPIs in the aforementioned period, will be explained by our Company. The ongoing KPI will continue to be certified by a member of an expert body as specified under the SEBI ICDR Regulations.

## STATEMENT OF SPECIAL TAX BENEFITS

Date: August 30, 2023

To,

The Board of Directors,
**Jyoti CNC Automation Limited**
G – 506, Lodhika GIDC,
Village Metoda, Rajkot – 360 021,
Gujarat, India

**Equirus Capital Private Limited**
12th Floor, C Wing, Marathon Futurex
N M Joshi Marg, Lower Parel
Mumbai – 400 013, Maharashtra, India

**SBI Capital Markets Limited**
1501, 15th Floor, A & B Wing, Parinee Crescenzo
G Block, Bandra Kurla Complex, Bandra (E)
Mumbai 400 051, Maharashtra, India

**ICICI Securities Limited**
ICICI Venture House
Appasaheb Marathe Marg,
Prabhadevi Mumbai 400 025
Maharashtra, India

(Equirus Capital Private Limited, ICICI Securities Limited and SBI Capital Markets Limited are hereinafter individually referred to as the **Book Running Lead Manager** and collectively as the **Book Running Lead Managers**)

**Re: Proposed initial public offering of equity shares of ₹ 2 each (Equity Shares) by Jyoti CNC Automation Limited (Company) through a fresh issue of Equity Shares (Issue)**

Dear Sirs,

We, M/s **G. K. Choksi & Co.**, the statutory auditor of the Company, hereby report that the enclosed statement is in connection with the possible special tax benefits available to (i) the Company, (ii) the shareholders of the Company, under applicable tax laws presently in force in India including the Income Act, 1961, as amended by the Finance Act, 2023, read with rules, circular and notification issued thereunder (**Act**) i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, presently in force in India and under indirect taxation laws presently in force in India, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017,the applicable states' Goods and Services Tax Act, the Customs Act, 1962 (**Customs Act**) and the Customs Tariff Act, 1975 (**Tariff Act**), as amended by the Finance Act 2023 including the relevant rules, notifications and circulars issued thereunder and the material subsidiaries of the Company i.e. Jyoti S.A.S. and Huron Graffenstaden S.A.S. ,under the taxation laws of their respective jurisdiction.

Several of these benefits are dependent on the Company and its shareholders and the material subsidiaries of the Company i.e., Jyoti S.A.S. and Huron Graffenstaden S.A.S., as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company and its shareholders and the material subsidiaries of the Company to derive the special tax benefits is dependent upon their fulfilling such conditions prescribed under the relevant statutory provisions, which based on business imperatives the Company and its shareholders, and the material subsidiaries of the Company face in the future, the Company and its shareholders, and the material subsidiaries of the Company may or may not choose to fulfil.

The benefits discussed in the enclosed Annexure cover only special tax benefits available to the Company and its shareholders and the material subsidiaries of the Company and do not cover any general tax benefits available to the Company. Further, the benefits discussed in the enclosed statement are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and 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 Issue.

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

1. The Company and /or its shareholders and/ or the material subsidiaries of the Company will continue to obtain these benefits in the future; or

2. The conditions prescribed for availing of the benefits have been/would be met with.

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

We hereby consent to the extracts of this certificate being used in the Draft Red Herring Prospectus (**DRHP**), to be filed with the Securities and Exchange Board of India (**SEBI**), the BSE Limited (**BSE**) and the National Stock Exchange of India Limited (**NSE** and together with the BSE, the **Stock Exchanges**) and the Red Herring Prospectus (**RHP**) and the Prospectus (**Prospectus** and together with DRHP and RHP, the **Issue Documents**), to be filed with the Registrar of Companies, Ahmedabad at Gujarat (**ROC**) and submitted to the SEBI, and the Stock Exchanges with respect to the Issue, and any other regulatory or governmental authorities, and in any other material used in connection with the Issue and on the websites of the Company and the Book Running Lead Managers in connection with the Issue.

We undertake to update you of any change in the above-mentioned disclosures until the Equity Shares commence trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be considered as an updated information until the Equity Shares commence trading on the Stock Exchanges, pursuant to the Issue.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India (**ICAI**) which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.

This certificate is for information and for inclusion, in part or in full, in the Issue Documents or any other Issue-related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors to the Issue. We hereby consent to the submission and disclosure of this certificate as may be necessary to the SEBI, the ROC, the Stock Exchanges and any other regulatory or governmental authorities and, or, for any other litigation purposes and, or, for the records to be maintained by the Book Running Lead Managers, in accordance with applicable law and for disclosure on the websites of the Company and the Book Running Lead Managers.

All capitalized terms not defined herein bear the meaning ascribed to them in the Issue Documents.

Yours sincerely,

**For M/s G. K. Choksi & Co.**

**Chartered Accountants**

Firm Registration No: **125442W**

**Himanshu C. Vora**

Partner

Membership No.: 103203

Place: Mumbai

UDIN: 23103203BGYCLT9986

Cc:

**Bharucha & Partners**
13th Floor, Free Press House,
Free Press Journal Marg,
Nariman Point,
Mumbai – 400 021
Maharashtra, India.

## STATEMENT OF TAX BENEFITS

**STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND TO ITS SHAREHOLDERS AND TO THE MATERIAL SUBSIDIARIES OF THE COMPANY UNDER INCOME TAX ACT, 1961 (ACT), THE CENTRAL GOODS AND SERVICES TAX ACT, 2017, THE INTEGRATED GOODS AND SERVICES TAX ACT, 2017 AND THE APPLICABLE STATES' GOODS AND SERVICES TAX ACTS.**

***I. Special tax benefits available to the Company***

A. Direct Tax

- Lower corporate tax rates on income of domestic companies – Section 115BAA of the Act

The Taxation Laws (Amendment) Act, 2019 introduced section 115BAA wherein domestic companies are entitled to avail a concessional tax rate of 22% (plus applicable surcharge and cess) on fulfilment of certain conditions. The option to apply this tax rate is available from FY 2019-20 relevant to AY 2020-21 and the option once exercised shall apply to subsequent assessment years. The concessional rate of 22% is subject to the company not availing any of the following specified tax exemptions/incentives under the Act:

i. Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone

ii. Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)

iii. Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)

iv. Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or subsection (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)

v. Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)

vi. Deduction under section 35CCD (Expenditure on skill development)

vii. Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA or Section 80M

viii. No set-off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above.

ix. No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred from clause i) to vii) above Further, it was clarified by CBDT vide Circular No. 29/ 2019 dated 2 October 2019 that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

Note: The company has opted the lower rate benefit for the financial year 2021-22 relevant to the assessment year 2022-23 as mentioned in the Section 115BAA for which declaration for the same has already been filed with the tax authority

B. Deductions from Gross Total Income

- Section 80JJAA: Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction under the provisions of Section 80JJAA of the Act, 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 deduction u/s 80JJAA of the Act shall be applicable even if the Company avails the benefits of the special rate u/s 115BAA of the Act.

C. Indirect Tax

1. Benefits under The Foreign Trade (Development and Regulation) Act, 1992 (read with Foreign Trade Policy 2015-20)

   *Remission of Duties and Taxes on Exported Products (RoDTEP)*

   The Remission of Duties and Taxes on Exported Products (RoDTEP) scheme was announced by Government of India (GOI) on September 14, 2019 to boost exports by allowing reimbursement of taxes and duties, which are not exempted or refunded under any other scheme in accordance with World Trade Organization (WTO) norms.

   RoDTEP is a combination of the current Merchandise Export from India Scheme (MEIS) and Rebate of State and Central Taxes and Levies (RoSCTL) and will replace all these schemes once come in operations.

   At present, embedded duties and taxes, which are not refunded under any other scheme, range from 1-3%. Under the scheme, rebate of these taxes will be given in the form of duty credit/electronic scrip.

   *Export Promotion Capital Goods (EPCG)*

   The objective of the EPCG Scheme is to facilitate import of capital goods for producing quality goods and services and enhancing India's manufacturing competitiveness. EPCG Scheme facilitates import of capital goods for producing quality goods and services at zero customs duty.

   Import under EPCG Scheme shall be subject to a specific export obligation equivalent to 6 times of duties, taxes and cess saved on capital goods, to be fulfilled in 6 years reckoned from date of issue of authorization.

   EPCG license holder is exempted from payment of whole of Basic Customs Duty, Additional Customs Duty and Special Additional Duty In lieu of Value Added Tax/local taxes (non-GST goods), Integrated Goods and Services Tax and Compensation Cess, wherever applicable, subject to certain conditions.

2. Benefits of Duty Drawback scheme under Sections 74 and 75 of the Customs Act, 1962

   Section 74 of the Act grants duty drawback up to 98% of the import duty paid on goods, if the goods are reexported by the importer. The importer is entitled to drawback subject to the fulfilment of the certain conditions. Presently the rate of Duty Drawback ranges from 0% to 95%.

   As per section 75, Central Government is empowered to allow duty drawback on export of goods, where the imported materials are used in the manufacture of such goods. Unlike drawback of a portion of the customs duty paid on imported goods, here the main principle is that the Government fixes a rate per unit of final article to be exported out of the country as the amount of drawback payable on such goods.

- Duty Concession on Import against Advance License

- Duty Concession in respect of import of certain product

**II. Special tax benefits available to the Shareholders**

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

**III. Special tax benefits available to the Material Subsidiaries of the Company**

There are no special tax benefits available to the Material Subsidiaries of the Company under the taxation laws of their respective jurisdiction.

## SECTION V: ABOUT THE COMPANY

## INDUSTRY OVERVIEW

*Unless otherwise indicated, the industry and market data used in this section has been obtained or extracted from the report titled 'Assessment of the CNC Machining Centers Market' dated August 23, 2023 prepared and issued by F&S, appointed by us pursuant to engagement letter dated May 6, 2022, and exclusively commissioned and paid for by us in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year, refers to such information for the relevant calendar year. F&S was appointed by our Company and is not connected to our Company, our Directors, our Promoters, our Key Managerial Personnel, Senior Management or BRLMs. A copy of the F&S Report is available on the website of our Company at www.jyoti.co.in. The data used in industry sources and publications may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. The data used in the industry sources and publication involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the 'Risk Factors' on page 33. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. 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 investors should not construe any of the contents set out in this section 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.*

### Global Real GDP and Growth Outlook

The Global Economy (real GDP), which is now on the path of steady recovery, has undergone significant stress in the last few years due to extended trade conflicts, the slowdown in investments across the world and then a novel virus.

Emerging markets and developing economies will register 3.3% growth in 2023 compared with a meagre 0.2% growth for advanced economies. Stronger growth for Asia, the Middle East, and Africa will help avert a global recession, although there will be marked global growth slowdown from 3.3% in 2022 to 2.0% in 2023. The United States and Europe will slip into recessions, with a relatively deeper, protracted recession expected in the United Kingdom.

### Macroeconomic trends and analysis of global economy

### Realignment of Global Trade Flows:

The Russia-Ukraine conflict is expected to set-off a reconfiguration of global trade flows as energy and food security considerations assume further importance. The European economy, with significant dependence on Russian energy, will increasingly diversify its imports with greater sourcing from the Middle East and North Africa over the medium-term.

### High Inflationary Pressures:

While sizeable fiscal stimulus measures and lower interest rates fueled an uptick in consumer demand in 2021, supply-side disruptions in the form of higher freight costs and semiconductor shortages constrained output over the same period, resulting in surging price pressures. The Russo-Ukrainian war in 2022 resulted in a sharp increase in global commodity prices and a hike in freight costs, further exacerbating inflationary pressures. China's zero lockdown policy amid a surge in the viral caseload will also result in a higher build-up of inflationary pressures in the short-term as input supplies are delayed.

**Rapid Tightening of Global Financial Conditions:**

Inflation has showed some signs of easing in the United States and Europe in recent months, with global inflation expected to fall from 8.8% in 2022 to 6.1% in 2023. The US Federal Reserve and European Central Bank started to dial back the pace of rate hikes in December 2022. While smaller rate hikes and potentially even some rate cuts are expected in 2023, global interest rates will nonetheless remain elevated.

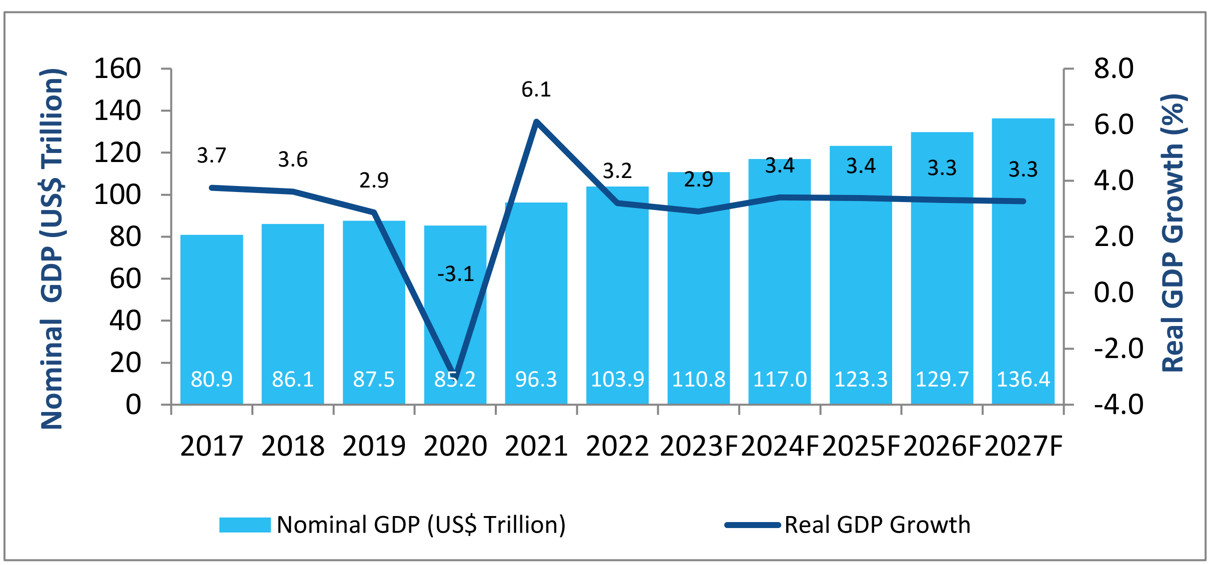
**Major Economies are looking for alternative manufacturing hubs**

With the gradual expansion of the capacity of its local sourcing and distribution networks accompanied by the provision of key incentives and regulatory relaxations to foreign investors India is on its way to reshaping the global supply chain and becoming an alternative to China. India has identified a dozen of sectors where global supply chains can shift away from China. These sectors include energy, automobiles, steel, pharma, textiles and garments, marine products, financial services, IT services and tourism, etc. To avoid manufacturing and supply chain disruptions, global companies are looking to diversify their strategy and India stands to gain from this move which will also break the concentrated supply chain in China. With the 'Make in India' programme, India has started to produce electronics, electrical goods, solar panels, chemicals, bulk drugs, metals, furniture, household/gifts items, toys, footwear, hardware, automobile components, tires, bicycle parts, bearings and machinery, etc. Some India-based businesses have also set up domestic sourcing and distribution networks to de-risk from China, and to drive manufacturing costs down.

**Global GDP Growth**

The global economy expanded at an average rate of 3.7% in 2017 and 2018 due to strong economic performance in emerging markets across Asia and Europe that resulted in an uptick in investment, manufacturing, and trade. However, growth moderated to 2.9% in 2019 as enduring trade disputes including the US-China trade dampened manufacturing activity and exports in addition to slowing investment growth owing to trade policy uncertainty. In 2020, the global economy contracted 3.1% due to pandemic containment measures that lowered merchandise and service exports and subdued consumer and business sentiment. China, Taiwan, Vietnam, and Bangladesh were some of the few emerging markets that saw an expansion of their GDP in 2020 with successful early containment of the virus.

**Figure 1: Nominal GDP and Real GDP Growth, Global, 2017-2027**




*1) Data pertains to each calendar year; Estimates and forecasts start from 2023; Population Estimates between 2017 and 2027 for calculating Nomial GDP per Capita are sourced from the World Bank*

*Source: International Monetary Fund (IMF) World Economic Outlook, Oct 2022; Data updated as on 27th February 2023*

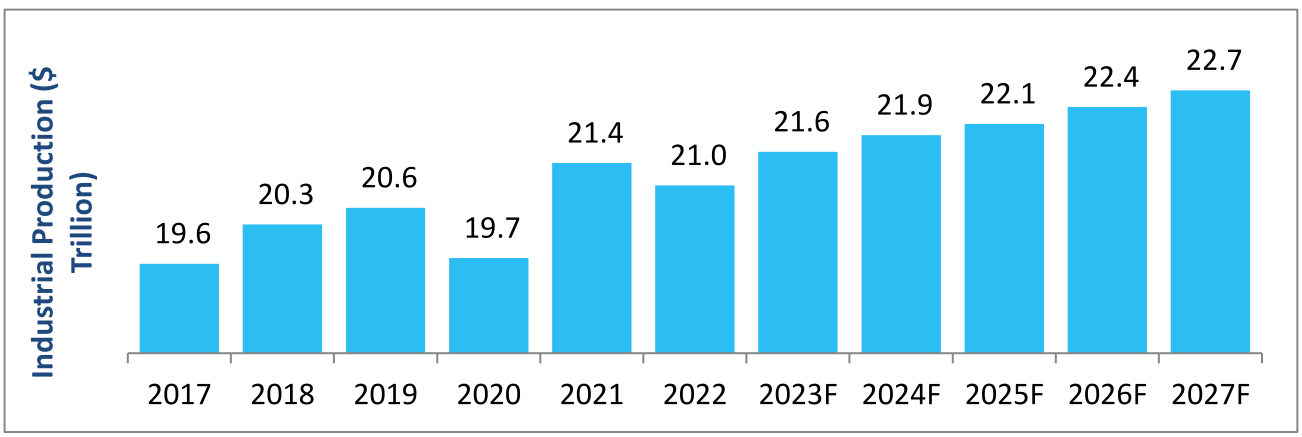
On the basis of a global comparison, China remained the fastest growing economy for the previous three decades, followed by India. In contrast to China, where the average GDP growth fell from above 10.0% to 7.7% between 2010 and 2019, India's GDP growth remained resilient during the same decade. While the pandemic-induced recession in India was more severe than in other major economies including Canada, Japan, the US, Germany, France, Russia, Brazil, and South Africa, it was less severe than in the UK and Italy. In part because of this, India's 2021-22 growth rebound was the strongest when compared against key countries Due to China's persistent zero-COVID policy, which lasted until 2022, significant negative influence was seen on its medium-term growth. The manufacturing giant avoided an annual contraction in 2020. However, the nation is exhibiting signs of economic derailment, with factors such as lingering trade tensions with the US and a global shift towards manufacturing diversification beyond China restraining the growth momentum. In effect, India is expected to grow at the fastest rate (6.8%) during 2021-2027 among major economies.

Recovery from the effects of the COVID-19 pandemic drove growth in major economies, but Russia's invasion of Ukraine in February 2022 dampened the pace of growth, exacerbated food and fuel inflation globally, and weighed heavily on global growth prospects. Emerging markets and developing economies, which grew by 3.9%, faced record-high inflation levels and tighter credit conditions. In addition, the US Federal Reserve's rate hike cycle in 2022 resulted in heavy depreciation of emerging market currencies, worsening domestic price pressures.

**Global Industrial Production**

Global Industrial production was $20.6 trillion in 2019. The pace of growth was slowed down to 1.5% in 2019, compared to 3.6% in 2018; the slowdown in growth can partially be attributed to global trade wars which caused supply-chain disruptions and affected export performance. Industrial production contracted sharply in 2020, following onset of the pandemic, registering 4.4% contraction. This contraction came amidst lockdowns and factory closures, trade disruptions, as well as demand-side weakness.

**Figure 2: Industrial Production, Global, 2017-2027**




*Data is updated as on* 27th February 2023*; data is real data based on 2010 US$; estimates and forecasts start from 2023*

*Sources: World Bank- Macroeconomic Data (GEM); Frost & Sullivan*

**Manufacturing as a Share of the GDP**

**China**

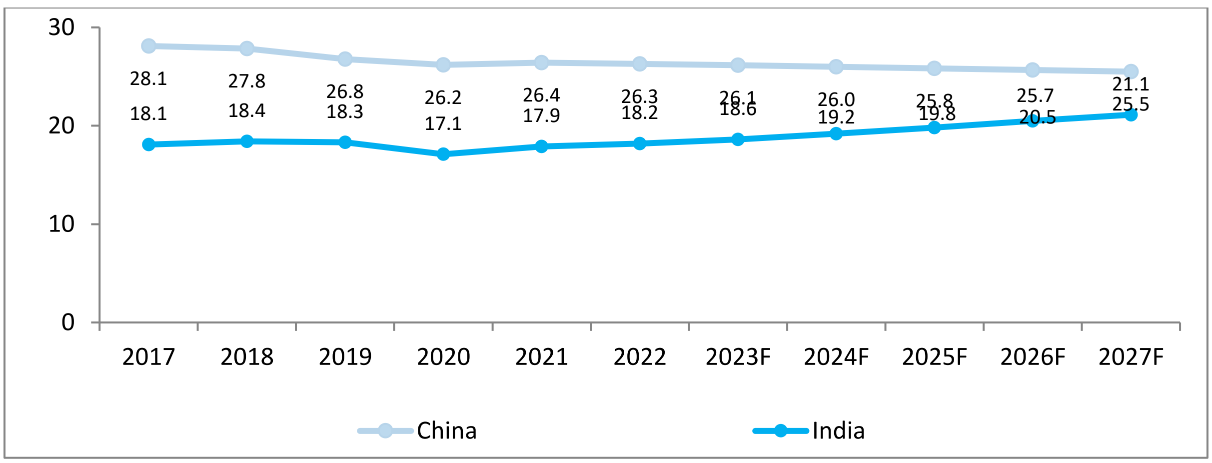
While the share of manufacturing as a percentage of Chinese GDP has been on a constant decline since 2011, it remains a key sector contributing to the country's economic growth. The decline in recent years has been driven by China's focus on economic restructuring that prompted a gradual shift from labor-intensive manufacturing to innovation-driven high-end advanced forms of manufacturing.

Citing China as a promoter of unfair trading practices and intellectual property theft, the United States started imposing trade tariffs on Chinese products from mid-2018, with China retaliating by imposing tariffs on US products. On-going trade wars have had serious implications on the Chinese manufacturing sector, as evidenced by declining exports and relocation considerations by companies in China, more mirrored by tech giants. Notably, in 2019, the share of manufacturing in GDP contracted by over 1 percentage point from 2018.

In 2020, the pandemic-induced national lockdown and the resultant reduction of production brought about a further contraction in the share of manufacturing. Although Chinese manufacturing gained some steam in 2021, industrial activity is likely to remain subdued in the near term amid the Omicron wave, job losses, and curb due to the Winter Olympics that partially moderated factory output in Q1 2022.

Supported by the "Made in China 2025" (MIC 2025) blueprint that aims to position China as a global leader in high-tech manufacturing by reducing technology imports and by investing heavily in developing indigenous innovation, Chinese manufacturing contribution to GDP is likely to stay around 25.0% over the medium-term. China's zero-Covid policy has made supply chain decentralization a priority for manufacturers who have endured months of disruption. Companies are even looking to move from China altogether to more 'pro-business' countries in Southeast Asia, despite the extra costs.

**Figure 3: Manufacturing as a share of GDP (%), China, India , 2017-2027**




*Source: World Bank; Brazilian Institute of Geography and Statistics, Federal State Statistics Service Russia; Ministry of Statistics and Programme Implementation India*

1) *Estimates and forecast start from 2022, except for China. China's 2021 data is an estimate. FY 2017 denotes the period from April 2016 to March 2017. Contribution of India's manufacturing sector has been measured against total Gross Value Added (GVA) at 2011-12 constant prices.*

**India**

India's manufacturing sector has accounted for 17%-18% of the total Gross Valued Added (GVA) over the past decade. In FY 2021, the share of the manufacturing sector improved slightly as contact-intensive services experienced a sharp decline. In FY 2022, increased manufacturing and export of refined petroleum products, gems and jewellery, chemicals, engineering and agricultural goods helped pull up the share of manufacturing as a percentage of the GVA to 18.2%. Over the medium-term, the share of manufacturing is poised to grow driven by production linked incentive schemes across 14+ sectors including pharmaceuticals, textiles, medical devices, auto components, and white goods (electronic items such as refrigerators and television) among others.

Companies contemplating diversifying their dependence on China is a strategy known as "China-Plus-One". Zero-COVID policy, supply chain disruption issues, high freight rates and lead times from China – the confluence of all these factors have resulted in a China+1 strategy for many global companies. The 'China Plus One' supply chain diversification strategy triggered by the global Covid-19 pandemic is creating opportunities for Indian players. Many MNCs are adding new operations in other developing Asian countries like India, Vietnam, Thailand, Bangladesh and Malaysia, and are welcoming new manufacturing opportunities. India stands out as an attractive option because of its strategic location, a large domestic market, skilled labor, low labor costs, etc.

In Europe, many businesses are likely to face the double impact of rising energy costs and a potential decline of consumer spending due to households' increased energy-related expenses. Rising power prices are already impacting operations of electricity-intensive industries. So, the dislocation of industries from Europe to India because of energy prices will help Indian manufacturing.

**Production Diversification Beyond China and Emerging Go-To Manufacturing Locations**

**Rise of China+1 Strategies:**

- China has been losing its competitiveness as a manufacturing powerhouse over recent years, restrained by higher labour costs, prolonged US-China trade wars, and more recently the pandemic.

- China+1 strategies have therefore been gaining momentum, whereby companies maintain or scale down presence in China while simultaneously expanding across other locations.

**India's Competitiveness as a Go-To Manufacturing Location over China**

- Indian government plan to extend the benefit of the concessional corporate tax rate of 15% till March 2024 for newly incorporated manufacturing companies is set to give India the much-needed competitive edge. The 17% tax rate (including surcharge) for new investment is one of the most competitive globally and India will see a huge benefit from this in the coming years.

- Other measures like production-linked incentives (PLI) scheme, state incentives by way of tax refunds, Capital subsidy(based on investment and employment generation), single window compliances and approval mechanism may push the manufacturing sector growth in India. India's ease of doing business ranking has improved significantly from 142 (out of 190 economies) in 2014 to 63 in 2020.

**India Macro-Economic Overview**

**Growth Environment and Key Policy Objectives:**

India to witness GDP growth of 6.0% in 2023-24, depending on the trajectory of economic and political developments globally. Economic survey 2022-2023 projects a baseline GDP growth of 6.5% in real terms in FY24.

Policy priorities over the current decade are increasingly focusing on economic vulnerabilities exposed by the pandemic. In particular, recent policy pivots have focused on tackling enduring economic challenges of jobless growth, lower manufacturing competitiveness and high energy import dependence.

To re-invigorate economic growth, government policy has prioritized the development of logistics and infrastructure projects, rolled out production incentives to encourage local manufacturing, and revamped foreign trade policy to stimulate job creation and raise local competitiveness.

**Inflation:**

In 2022, the inflation rate in India was around 6. 7 percent compared to the previous year. Inflation in India is expected to come down from 6.8 percent in the fiscal year ending Mar 2023, and drop to 5.0 percent in the 2023-24 and then drop further to 4.0 percent in 2024-25. As global financial conditions tighten because of surging inflationary pressures, India can witness higher capital outflows, similar to other emerging markets.

**Socio-demographic Trends:**

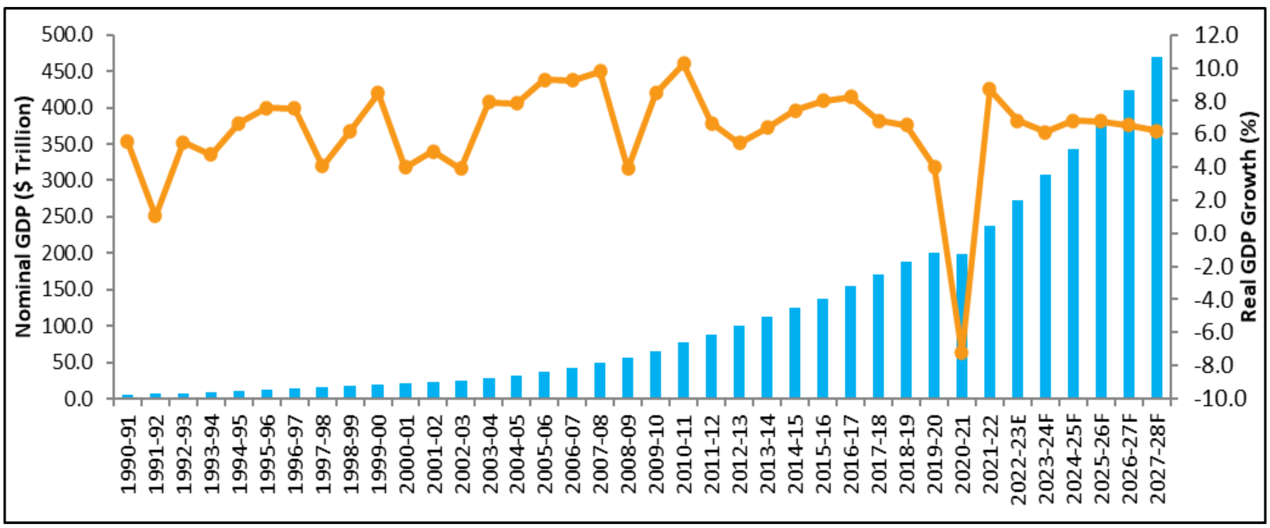
On the socio-demographic front, the Indian economy will witness a burgeoning middle class with over a billion strong working-age population by 2030, more than half of which will constitute the workforce. Rapid urbanization through a push for affordable housing and improved connectivity as well as increasing smartphone penetration and internet access will continue reducing barriers to economic development as financial inclusion improves and access inequity reduces further.

**GDP and GDP Growth**

The past two decades have been a high-growth period for the Indian economy, supported by factors such as the new industrial policy and the liberalization of external trade. The decade of 2010 has been noteworthy, with GDP growth accelerating 7.0%. However, for the first time since 2002, India's GDP growth slowed down to 4.0% in 2019–20, constrained by a lackluster domestic demand and a liquidity crisis.

With the onset of the COVID-19 pandemic and subsequent nationwide lockdowns, India experienced a deep recession evident from the GDP growth contraction of 7.3% in 2020-21. India's GDP increased by 8.7% in 2021–2022, despite a partial growth pullback caused by the second COVID–19 wave. Growth was mainly driven by a strong release of pent-up demand following a partial relaxation of the restriction measures.

**Figure 4: Nominal GDP and Real GDP Growth, India, 1990-91 to 2027-28**




*Note: Data stands updated as on 27th February 2023. Data is presented for Indian fiscal years. Data until 2010-11 is based on 2004-05 constant prices, with 2011-12 constant prices thereafter. E indicates estimate and F indicates forecast. Nominal GDP data is based on current prices.*

*Source: Ministry of Statistics and Programme Implementation (MOSPI); International Monetary Fund (IMF) World Economic Outlook Database (WEO) October 2022 and January 2023; Frost & Sullivan*

Growth rates for 2022-23 and 2023-24 are estimated to hover around 6.5% on account of slowing global growth, high inflation, and interest rate hikes. In comparison to other emerging countries, the Indian economy is relatively insulated from global spill overs from the Russo-Ukrainian war, attributable to India's sizable domestic market and its relatively smaller exposure to global trade flows.

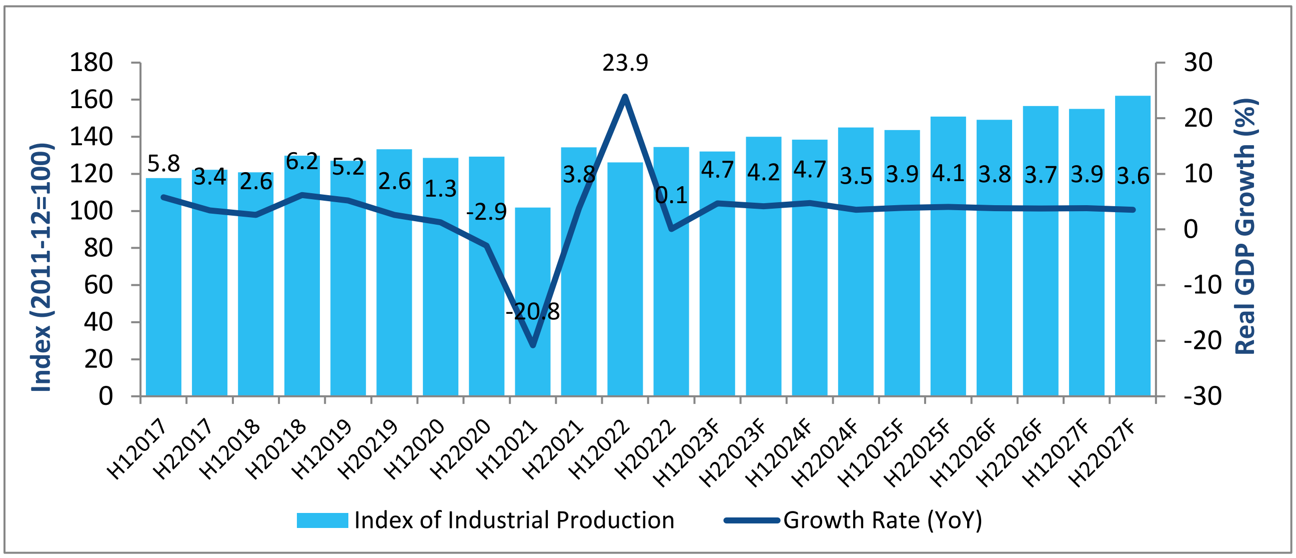
GDP growth is expected to thereafter normalize to 6.6% by 2027-28. Government's sustainability-driven growth agenda, greater manufacturing sector boost, ongoing structural reforms and large middle-income and young population size are characterised as the notable medium-term growth drivers.

Looking at the nominal GDP trend (Exhibit 1), India is expected to grow from an INR 273.3 trillion economy in 2022-23 to an INR 469.7 trillion economy by 2027-28, with a Compound Annual Growth Rate (CAGR) of 11.4%. Notably, India is expected to be the third largest economy globally and also to surpass $ 5 Trillion by 2027 based on nominal GDP values in dollar terms[1]

**Index of Industrial Production (IIP)**

The IIP is a composite index measuring monthly changes in production volumes for a portfolio of key industrial goods including mining, manufacturing, and electricity production during a period of time in comparison to production in the base year of FY 2011-12. Between FY 2017 and FY 2019, the manufacturing index, which assumes a 77% weightage, grew at an average rate of 4.3% driven by increased production of pharmaceuticals, electronics and optical products, furniture, transport equipment, wearing apparel, and machinery and equipment. Electricity production increased at an average rate of 5.5% over the same period.

**Figure 5: Index of Industrial Production (IIP), India, 2017-2027**




*H1 refers to the first semester of the financial year from April to September; H2 refers to the second semester from October to March; For instance, H12017 is the six-month period from April 2016 to September 2016 and H22017 is the six month period from October 2016 to March 2017. The base year for the IIP is FY 2011-12. Estimates and forecasts start from FY 2023*

*Source: Reserve Bank of India, Ministry of Statistics and Programme Implementation*

As economic growth slowed in FY 2020 and the economy experienced a sizeable contraction in FY 2021 due to the pandemic, the IIP shrank 0.8% and 8.4% respectively, with the manufacturing index falling 1.6% and 9.6% over the same period. For the 12 month period from April 2022 to March 2023 industrial output registered a growth of 5.5%.

**Factors Impacting Industrial Production**

- **Current Macroeconomic Environment:**

In FY 2023, higher input prices due to supply disruptions and increased fuel costs on account of the Russo-Ukrainian war can moderate growth in the IIP, especially as consumer sentiment will also be restrained because of high inflationary pressures and likely rate hikes by the RBI.

[1] IMF; Frost & Sullivan

- **Socio-demographic Factors and Consumption Growth:**

Consumer spending across India amounted to over 22.2 trillion rupees by the end of fourth quarter of 2022. This was a decrease from the consumer spending noted at the beginning of the year. Since having declined in 2020 due to the COVID-19 pandemic and the lockdown period, consumer spending across the country made a sizable recovery rapidly in spite of forecasts predicting this revival to occur during the second half of 2021.

India's merchandise exports recovered strongly from the pandemic-induced collapse and registered positive growth in the current financial year. Merchandise exports have registered highest ever annual exports of USD 447.46 billion with 6.03% growth during FY 2022-23 surpassing the previous year (FY 2021-22) record exports of USD 422.00 billion. Sharp recovery in key markets; increased consumer spending; pent up savings and disposable income due to announcement of fiscal stimulus by major economies; global commodity price rise and an aggressive export push by the government have bolstered exports in 2022-23.

**Tailwinds for Growth in Manufacturing in India**

**Union Budget 2022-23: Custom Duty and Tariff Reform**

To complement the Make in India strategy and several production linked incentive schemes aimed at enhancing domestic manufacturing, the Union Budget 2022-23 proposes custom reform and duty rate changes. In particular, concessional rates in importing capital goods and project imports for various sectors such as power, fertilizers, textiles, leather, footwear, and food processing will be phased out gradually over the next 2-3 years with the imposition of a moderate tariff of 5% - 7.5%. This is in line with the objectives of the National Capital Goods Policy, 2016 which aims to double the local production of capital goods by 2025. While exemptions of advanced machineries not locally manufactured will continue being in place, new exemptions for inputs such as specialized castings, ball screws, and linear motion guides will be introduced to aid domestic producers.

Tariff exemptions on more than 350 items across agricultural produce, chemicals, fabrics, medical devices, and drugs and medicine will be phased out with a gradual hike in tariff levy until 2025-26. Tariffs and customs rates will be simplified for chemicals, textiles, and metals to minimize disputes and several concessional rates will be incorporated in the Customs Tariff Schedule instead of disparate notifications. For electronics manufacturing in particular, a graded rate structure has been proposed to encourage domestic manufacturing of wearable devices, hearable devices, and smart meters. Duty concessions will be continued for transformer parts of mobile phone chargers, camera lens, and other items.

Custom duty on critical chemicals including methanol, acetic acid, and heavy feed stocks for petroleum refining will be reduced while the basic custom duty (BCD) for sodium cyanide will be increased from 7.5% to 10%. Capital goods required for renovation, modernization, or maintenance of a fertilizer plant will be dropped from tariff exemption and attract 5% BCD from 1st April 2023. Specific agricultural implements will also be dropped from tariff exemption and attract a BCD of 2.5% from 1st April 2023. To incentivize exports, exemptions on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings and packaging boxes used by bonafide handicraft, textile, leather garments and footwear exporters will be retained.

**Other Manufacturing Drivers**

**Production Diversification Beyond China and Emerging Go-To Manufacturing Locations:**

China has been losing its competitiveness as a manufacturing powerhouse over recent years, restrained by higher labour costs and prolonged US-China trade wars. The onset of the pandemic prompted further reorientation of production and supply-chain approaches. China+1 strategies, for example, have been gaining momentum, whereby companies maintain or scale down presence in China while simultaneously expanding across other locations. South

Asia and Southeast Asia particularly saw gains during the trade war period, with companies indicating shifts to locations such as India, Philippines, Vietnam, Thailand, Bangladesh and Malaysia.

**Production Linked Incentive Schemes:**

Over the course of the last two years, the government has introduced manufacturing incentives for more than 13 categories including electronics, auto components, semiconductors, pharmaceuticals, textiles, and drone manufacturing among others. Respective schemes offer 4%-6% incentives on incremental turnover over a 5 year period for selected companies.

**Automobiles and Auto Components PLI Scheme:**

The PLI scheme for Automobiles and Auto Components was notified in September 2021 and closed for applications on 9th January 2022. The scheme will be implemented over a period of five years from FY 2022-23 with benefits valid for 5 consecutive years. Fiscal year 2019-20 is to be deemed as the Base Year for calculation of eligible sales under the scheme. The scheme approved investment of Rs. 74,850 crore, with Rs. 45,016 crore received from applicants under the Champion OEM Incentive Scheme and Rs. 29,834 crore under the Component Champion Incentive Scheme.

**A detailed definition of the two sub-schemes is as under:**

**1. Champion OEM Incentive Scheme [2]:**

A sales value linked scheme applicable on Battery Electric Vehicles and Hydrogen Fuel Cell Vehicles of all segments and any other Advanced Automotive Technology vehicles prescribed by MHI3 depending upon technical developments.

**2. Component Champion Incentive Scheme:**

A 'sales value linked' scheme, applicable on pre-approved Advanced Automotive Technology components of all vehicles, CKD/SKD kits, Vehicle aggregates of 2-Wheelers, 3-Wheelers, passenger vehicles, commercial vehicles and tractors including automobile meant for military use and any other Advanced Automotive Technology components prescribed by MHI depending upon technical developments.

**Revamped Foreign Trade Policy:**

India is accelerating trade talks with a number of advanced economies including the UK, Canada, and the European Union to tap into China+1 strategies amid growing importance of supply chain diversification. In April 2022, India signed a free trade agreement with the UAE, its first major trade deal since 2011.

The trade deal with UAE aims to boost bilateral trade in goods to $100 billion over the next five years from $60 billion in 2022. Labour-intensive sectors including gems and jewellery, textiles and garments, leather and farm products, medical devices, engineering products, and automobiles will benefit from enhanced access to the UAE market.

India and Australia also signed an interim free trade deal in April 2022 which is likely to double bilateral trade from $27 billion in 2022 to $50 billion over the next five years and benefit Indian manufacturing through the availability of cheaper raw materials such as steel, aluminum, and textiles besides enhancing market access.

**New Export Opportunities Due to Geo-political Tensions:**

Over the medium-term, policy pivots and diversification efforts in Europe can benefit Indian manufacturers through closer economic ties with the European Union and UK. Against the backdrop of a revamped trade policy and

[2] Ministry of Heavy Industries (https://pib.gov.in/PressReleasePage.aspx?PRID=1757651)

disruptions due to the war, bilateral trade talks between the European Union and India have regained traction with the launch of the Trade and Technology Council in April 2022. The alliance is set to enhance cooperation on 5G, artificial intelligence, climate modelling, and health technology and facilitate greater trade.

**Infrastructure & Logistics Push:**

To complement the domestic manufacturing drive, the government has undertaken the construction of several multimodal logistics parks and connectivity projects throughout the country. The government aims to trim logistics costs from 14% of the GDP in 2021 to about 9% of the GDP over the next three years to boost domestic export competitiveness.

**Lower Labour Costs:**

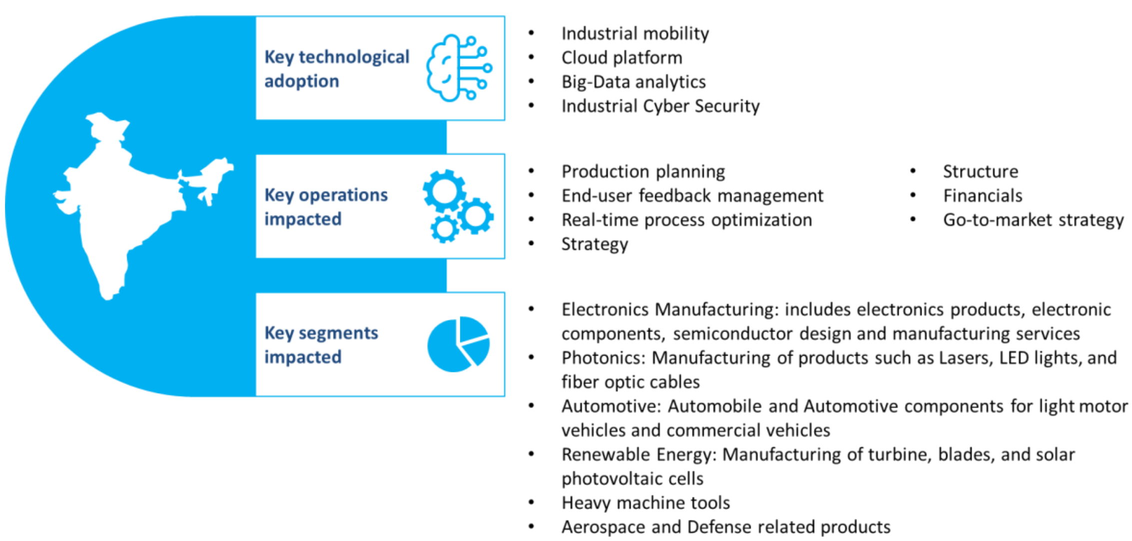
In comparison to several other emerging markets including China, India continues to have lower labour costs owing to a moderate cost of living, readily available semi-skilled labour supply, and one of the lowest minimum wages in the world.

**Advanced Technology and Machinery Use:**

Between 2015 and 2022, India moved up from the 81st position to the 40th position on the Global Innovation Index buoyed by its ability to translate costly innovation investments into high-quality output. India continues to hold the record for over-performing on innovation relative to its development level for the 11th year in a row. While India ranks among the top 30 economies under the market sophistication and knowledge and technology output pillars of the Index, its performance on institutions, creative outputs, and infrastructure remains underwhelming. Government initiatives including the logistics and infrastructure push, universal internet access plan for all villages, and institutional reforms to strengthen the domestic business environment over the medium-term will further augment India's innovation capabilities. India can thus be expected to break into the top 35 economies led by improvement in performance along the infrastructure, creative outputs, human capital and research, and institution pillars of the GII index by 2026.

**Industry 4.0 in Manufacturing**

**Figure 6: Factories of Future – An Important Transition in the Manufacturing Sector**



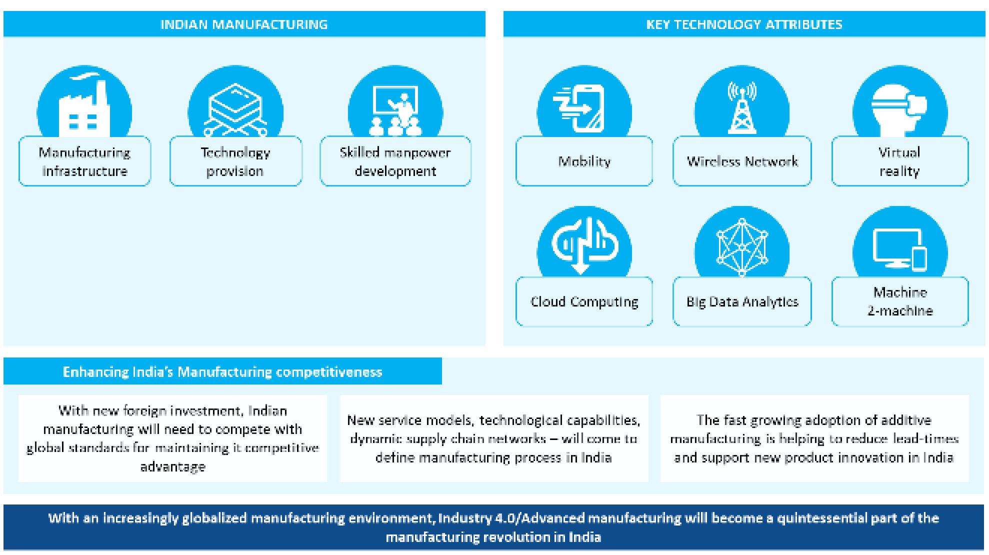

*Source: Frost & Sullivan*

Industrial processes are often dangerous and difficult to monitor, particularly if it requires traveling long distances or entering hazardous environments. Due to this, companies are increasingly turning to automated solutions to improve safety, efficiency, and productivity.

Industrial automation is increasingly popular—and often necessary—for modern industrial facilities. Some of the advantages of increasing industrial automation include:

- Analytics Collection - Computerized and smart devices can collect more data from the facility and the details of production. This allows facility managers to learn about error rates, production rates, energy usage, and other factors that will help devise efficiency plans.
- Improved Product Quality - When the fabrication process is automated, each unit of production becomes more standardized. Automated processes better adhere to design specifications within tight tolerances and offer superior repeatability from part to part.
- Increased Safety - In automated processes, humans shift to the role of a supervisor rather than an operator. This reduces the risk of injury on the production floor because employees have less exposure to potentially toxic materials or dangerous processes.
- More Flexibility and Capacity - Automated production facilities can run 24/7 or adopt more dynamic schedules to meet demand.
- More Productivity with Manufacturing Automation - Automated processes are typically faster than human capabilities or more simply mechanized processes. Automated machinery operates faster with a reduced rate of error.
- Reduced Operational Costs- Smart devices and automated machinery run self-diagnostics and alert human operators about potential malfunctions, streamlining maintenance and repair.

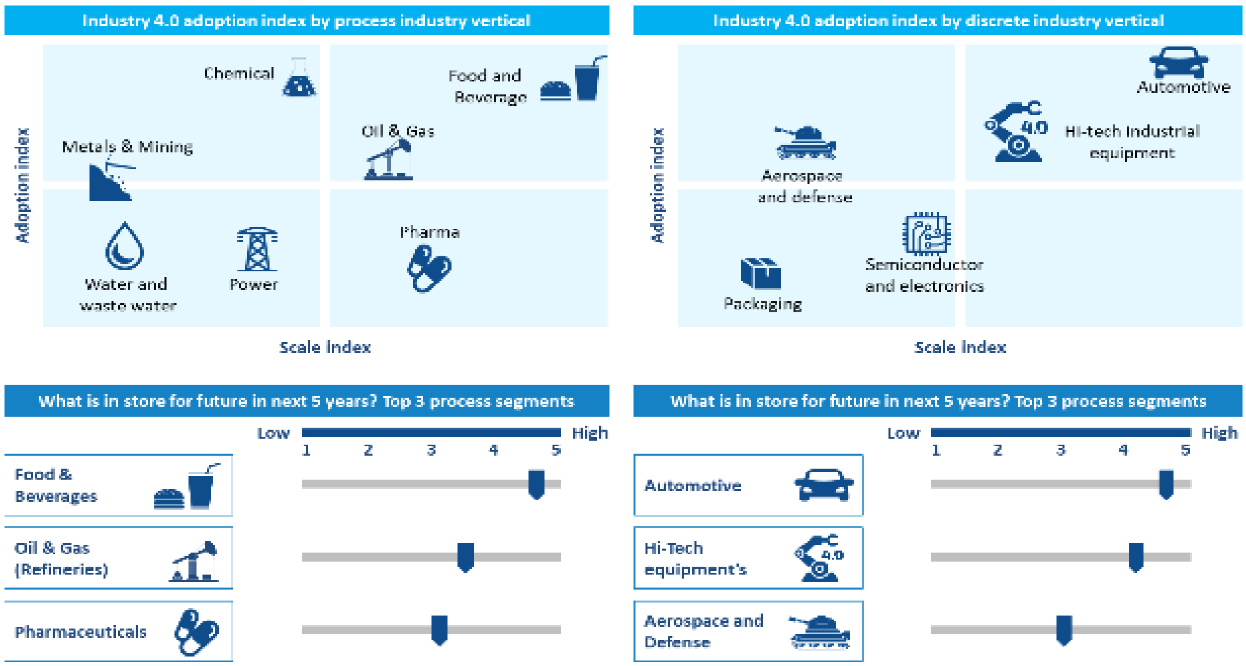
**Figure 7: Interweaving the concept of Industry 4.0 - Key elements which can enable advanced manufacturing in India**




*Source: Frost & Sullivan*

Participants in the IoT sphere are expected to move investments from IoT to IIoT in the next 2 to 3 years, with newer start-ups eyeing innovative manufacturing use cases. With the advent of 5G and edge solutions, IoT will evolve to solve the problems of key verticals such as engineering, automotive, transportation, food production, power, oil and gas, and other types of manufacturing. Enterprises are demanding cloud-based IIoT platforms to optimize workflows, assist in asset performance management, and conduct industrial control such as predictive maintenance. IIoT is set to offer innovative solutions for industrial digital transformation while creating newer revenue models for IoT vendors. IoT in the Indian manufacturing sector is bound to grow due to initiatives like 'Make in India', which will eventually strengthen the country's manufacturing prowess. Convergence of operational technology and information technology is one of the major trends identified to gather useful data. The merging of IT (information technology) and OT (operational technology) will open up new platforms for large data management, offer analytical solutions promptly, and open up new applications. Energy, automotive, power, and FMCG (fast moving consumer goods) will be leading adopters of industrial automation and connected (IoT) technologies within the Indian manufacturing sector in the short to medium term.

**Figure 8: Industry 4.0 Adoption Index by Industry, 2021-2027**




*Source: Frost & Sullivan*

Food processing, agro chemicals, electronics, industrial machinery, iron and steel, auto parts, and leather and footwear, are among the12 industry sectors identified earlier with potential for import substitution and boosting exports.

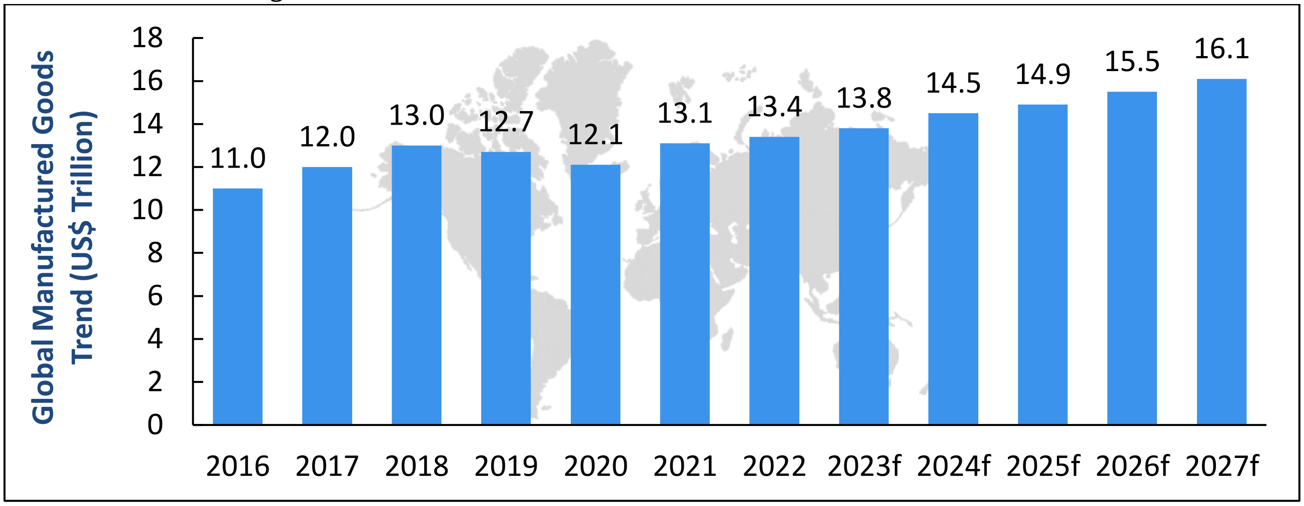
IoT is considered the best fit in realizing the full capability of digital twins. IoT provides end-to-end visibility throughout a product life cycle and invaluable operational intelligence to decision-makers for predictive maintenance. Vendors are exploring ways to use IoT and AI to create digital twins to support enterprises in using IoT data for product innovation and product management, from product conceptualization to realization. A digital twin can strengthen IIoT software and platforms and will most likely become a vital pillar in connected manufacturing in the near future.

**Global Engineered Goods Sector**

**Global Manufactured Goods Trend**

The Global Manufacturing Goods Output is expected to grow from US$ 13.1 Trillion in 2021 to US$ 16.1 Trillion in 2027 at a CAGR of 3.5%. The output was severely by the pandemic and the current geopolitical situation with rising commodity prices along with supply chain bottlenecks.

**Figure 9: Market Size of Manufactured Goods, Global, 2016-2027F**




*Source: WTO, Frost & Sullivan Analysis*

**Table 1. Summary - Global Engineered Goods Sector - Key End-user Segment Market Size and Growth rate**

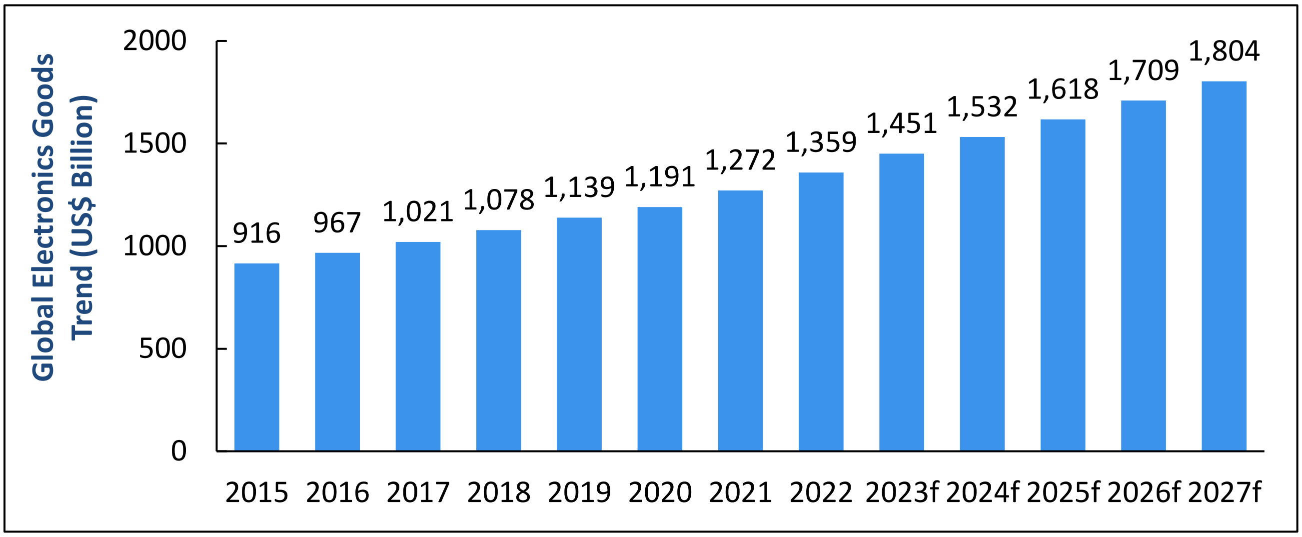
| End-user Segment | Market Size -2020 ( $Trillion) | CAGR (2015-2020) | CAGR (2021-2027) – Est. |
|---|---|---|---|
| **Machinery and Transport Equipment Manufacturing** | 6.1 | 1.4% | 2.5% |
| **Automotive Equipment Manufacturing** | 1.32 | 0.4% | 1.6% |
| **Telecommunication Equipment Manufacturing** | 0.64 | -2.0% | 1.5% |
| **Electronic Goods Manufacturing** | 1.2 | 5.4% | 6.0% |
| **Others** | 2.85 | 1.7% | 2.0% |
| **Total** | **12.1** | **2.4%** | **3.5%** |

*Source: Frost & Sullivan Analysis*

**Emerging Market Dynamics – Electronics Parts Machining**

The electronic products market is expected to grow from $1,532 billion in 2024 to $1,804 in 2027 at a CAGR of 5.6%. Growth in the historic period resulted from rise in disposable income, increased popularity of audio and video broadcasting, increased internet penetration, low interest rate environment, high investments and increasing usage of televisions.

**Figure 10: Global Electronics Goods Manufacturing, 2015-2027(F)**




*Source: Frost & Sullivan Analysis*

The market for CNC Machining Centers is expected to grow as there are several trends in the industry favoring this market. Many Industries are moving towards industry 4.0 and automation of their production line. And market players are looking for more precision oriented machine. These trends are increasing the demand for CNC Machines in the market.

**Capex Investment Impact**

The increasing Capex investments across the key sectors (Electronic Goods, Telecommunication, Automotive Manufacturing, Machinery and Transport equipment Manufacturing) will increase the equipment demand. This will have a multiplier effect and increase the machining Centers requirement to manufacture the various precision equipment. It is estimated global manufactured goods sector will grow at a CAGR of 3.5% from 2021-2027. The machining Centers market growth is expected to be around 3X (3.5*3X = ~10%) – from the global manufactured goods sectoral growth rate.

With the increase in Capex investments of around $ 200 billion YOY across key sectors (cumulative investment), is expected to support the global machining Centers market and propel the 10% CAGR growth between 2021-2027.

**India Engineered Goods Sector**

The Engineering Goods sector in India is the largest and most diversified industrial manufacturing sectors. It is a strategically important sector to the economy as the output drives a broad base of industries acting as a critical input.

The sector accounts to 3% of the total GDP of India and the sector contribute nearly 27% of India's total exports and is the largest foreign exchange earner for India. The sector has seen a lot of push from the government through various policy initiatives in a vision to realize Make in India project.

**Table 2: India Engineered Goods Sector - End-user Segment Market Size and Growth rate**

| End-user Segment | Market Size -FY2022 ($ Billion) | Forecast CAGR (FY 2023-2027) |
|---|---|---|
| General Engineering | 87.7 | 3.9% |
| Automobile | 36.1 | 4.4% |
| Industrial Machinery & Electrical Machinery | 50.6 | 4.5% |

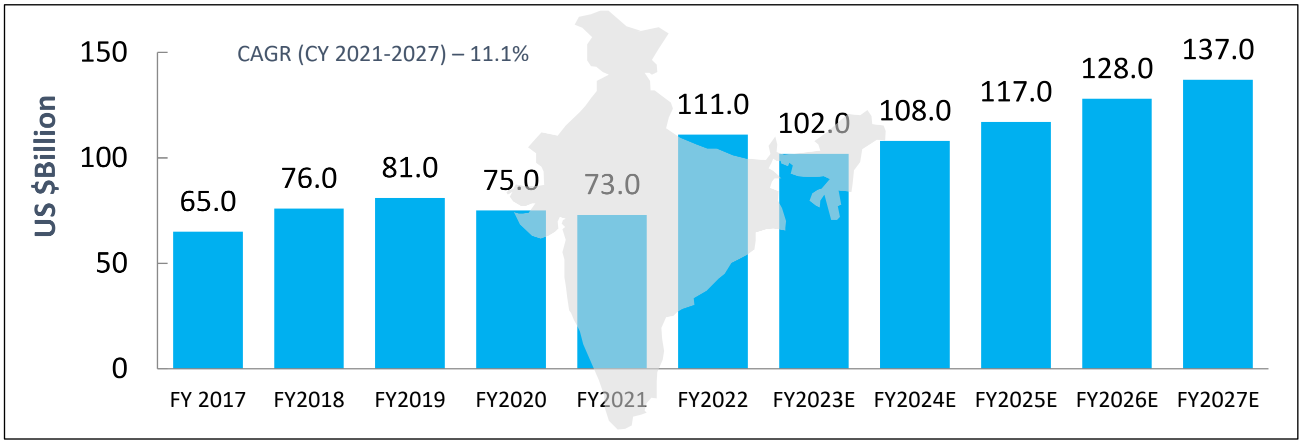
| | | |
|---|---|---|
| Ships | 6.4 | 4.7% |
| Aerospace | 2.0 | 6.8% |
| Medical | 3.0 | 6.5% |
| Railways | 0.7 | 4.2% |
| Other Engineering Sectors | 20.8 | 3.5% |
| Total | 207.3 | 4.2% |

Note: The above values are estimated based on considering local manufacturing consumption and Imports

*Source: Frost & Sullivan Analysis*

**Growth in Engineered Goods Exports from India**

**Figure 11: India's Engineering Goods Export, 2017-2027**




*Source: Engineering Export Promotion Council of India (EEPC), Frost & Sullivan Analysis*

**Capex Investment Impact**

The increasing Capex investments across the key sectors (Automotive, Aerospace, Medical, Industrial Machinery) will increase the equipment demand. This will have a multiplier effect and increase the machining Centers requirement to manufacture the various precision equipment. It is estimated India manufactured goods sector will grow at a CAGR of 4.6% from FY 2023 -2027. The machining Centers market growth is expected to be around 3X (4.2*3X = ~12%) of India manufactured goods sectoral growth rate.

With the increase in new Capex investments of around $ 10 billion YOY across key sectors (cumulative investment), is expected to support the India machining Centers market and this will drive ~12% CAGR between FY2023-2027.

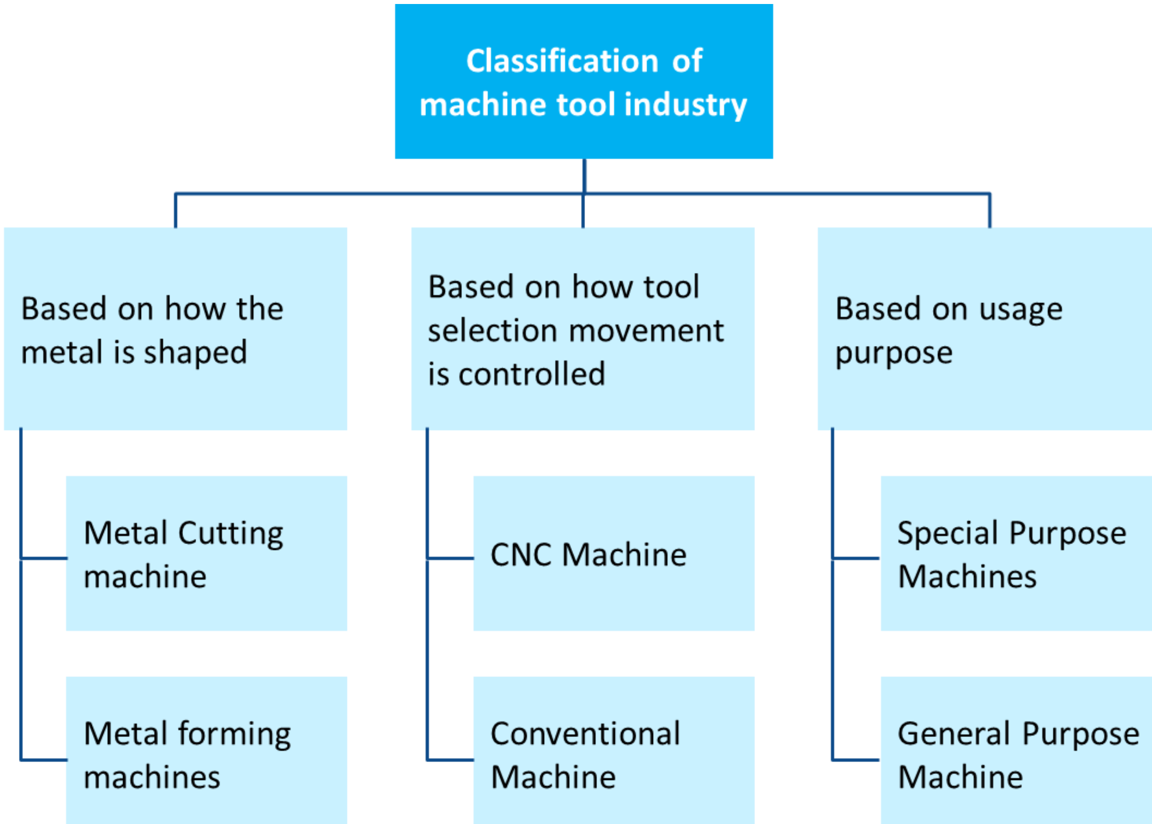
**Global Market for Machining Centers for Engineered Goods**

**Machine Tool Industry Overview**

Machine tools are used to cut and shape metals and other materials based on the specifications of a product. They provide an effective and efficient method of manufacturing critical components with ease and accuracy.

Machine tools can be broadly classified by three ways on basis of how the workpiece is being shaped, how the tool is operated and based on the usage as follows.

**Figure 12: Global Market- Classification of Machine Tool Market**




**Market Dynamics: Key Market Drivers:**

The growing manufacturing industry is expected to propel the growth of the machine tools market going forward. The technological advancements in machine tools, such as multi axis and robotic arm, are some of the major factors driving the growth of the machine tool industry globally.

Primary industry users like automotive, aerospace and defense, railways, capital goods, and consumer durable sectors have a high demand for machine tools. The automotive industry is adopting the integration of technologies such as AI, IOT, robotics, etc., which will serve the demands of the end users. Major efforts are made to upgrade engine technologies to meet the fuel efficiency mandates and NCAP rating globally. This will further add to the re-tooling of the existing machining solutions.

1. **Industrial Automation**

The rise in demand in the industrial automation acts as one of the major factor driving the growth of machine tool market. The increase in demand for high productivity, high quality and reduced cycle time has a positive impact on the market.

2. **Integration of CAM**

The surge in integration of Computer-Aided Manufacturing (CAM) in machine tools for declining the time required for manufacturing workpieces further influence the market. The Computer-Aided Manufacturing (CAM) ensure hassle-free production of micro components escalate the growth of the market.

**CNC Machines Classification**

**CNC Machines can be segmented based on their operations into:**

**CNC Mills:**

These machining centers use computer controls to cut varied materials. They are able to translate programs consisting of specific number and letters to move the spindle to various locations and depths. Used to make 3D prototypes, moulds, cutting dies, printing plates and sights.

**CNC Lathes:**

They cut metal that is often turning at fast speeds. CNC lathes are able to make fast, precision cuts using indexable tools and drills with complicated programs. Normally, they cannot be cut on manual lathes. They often include 12 tool holders and coolant pumps to cut down on tool wear.

**Turning Centers:**

Turning Centers are capable of executing many different types of lathe cutting operations simultaneously on a rotating part.

**CNC Grinder:**

Grinding metal process uses a coated wheel that removes metal to create a part. Through the years, grinding was done on a manual machine, but with the advent of CNC technology, the grinding process has advanced.

**CNC Drilling:**

Drilling is commonly used for mass production. The drilling machine (drilling press) is used to create or enlarge holes. Drilling machine for different jobs.

**Bench drill:** For drilling holes through raw materials such as wood, plastic and metal

**Pillar drill:** A larger version that stands upright on the floor. As the bench drill, it can be used to drill larger pieces of materials and produce bigger holes.

**CNC Boring:**

Process of enlarging an existing hole or internal cylindrical surface. This can be accomplished on a lathe or a machine tool specifically designed for the process, such as a horizontal boring machine.

**CNC Machining Centers - Overview**

The CNC machine center is an advanced manufacturing machine tool that can perform a variety of machining operations with high precision, high quality, and high surface finish. A CNC machine center can perform drilling, milling, and lathe operations.

CNC machine tool center was developed which allowed Milling, lathing, and drilling operations on a single machine tool which allows one machine to perform a greater variety of machining needs. These machine tool centers are operated by a computer through a sequential program of machine control instructions using G-code and M-code. The program can be written by a person or, far more often, generated by graphical computer-aided design (CAD) or computer-aided manufacturing (CAM) software.

The CNC machining centers can be broadly categorized into

a) Vertical machining center (VMC)

b) Horizontal machining center (HMC)

c) Universal machining center (UMC)

**a) Vertical machining centers (VMC)**

Vertical Machining Center (VMC) is a machining center in which the spindle axis and the rectangular worktable are set vertically, which is suitable for processing workpieces with high accuracy and precision, even with multiple procedures and complex shapes. The spindle cartridge is mounted in a housing that moves vertically which is known as the z-axis and the workpieces of VMC are usually mounted on top of its table and perform standard 2.5 or 3 axis machining operations, using a 3D Cartesian coordinate system for its motion. It is utilized primarily as a metal cutting machine that is useful in cutting or shaping steel, aluminium, and other hard materials in a precision formed or machined surface. Aside from these, it can also be used for milling, boring, drilling, carving, engraving, tapping, thread cutting, and more operations. It is used in various end-user industries such as aerospace, automobile, defence, electronics etc.

**b) Horizontal Machining Centers (HMC)**

A horizontal machining center (HMC) is a machining center with its spindle in a horizontal orientation. This machining center design favors uninterrupted production work. One reason for this is that the horizontal orientation encourages chips to fall away, so they do not have to be cleared from the table. More significantly, the horizontal design allows a two-pallet work changer to be incorporated into a space-efficient machine. To save time, work can be loaded on one pallet of a horizontal machining center while machining occurs on the other pallet. It is used in various end-user industries such as aerospace, automotive and metal fabrication.

**c) Universal Machining Center (UMC)**

The universal machine center is similar to a horizontal machining center, but the spindle shaft can be continuously tilted from a horizontal position to a vertical position under computer control. The universal machine center consists of five or more axes that allow the top surface of the workpiece to be mounted on a horizontal machining center so that different sides of the workpiece can be machined in one unit. It is used in various end-user industries such as die and mold, aerospace, and automotive.

**Conventional Machine Vs CNC Machine**

The precision manufacturing industry relies heavily on computer-numerical control (CNC) machining, including operations that once used engineer-operated equipment like routers, shaping machines, vertical millers and center lathes. Manufacturers of many types of industries choose CNC machining because it provides efficient, expedient, and precise production capacity ideal for creating large quantities of items normally produced with a grinder, router, center lathe, or shaping machine.

In manual lathing, there must be a skilled technician for every machine, while with CNC machining, one skilled person can operate several machines. CNC machining can produce a broad range of metal components used across many industries use due to their accurate, consistent and complex cuts. Some examples of these industries are aerospace, automotive, electronics, firearms, hospitality, manufacturing, metal work, military, production and transportation. CNC machining grew popular due to its ability to produce detailed and precise results in enormous quantities by using computers.

**CNC Machining Centers - Global Technology Trends**

**1. Increasing trend of manufacturing as a service**

Manufacturing as a service (MaaS) has made inroads into the CNC sector in recent years, and this trend will continue in 2022. It is accomplished using networked resources. The expense of maintaining and operating the CNC equipment is shared among the service's subscribers. MaaS allows businesses to be more flexible, productive, and cost-effective. Companies will seek out additional supply chain networks via MaaS as a result of COVID-19's impact.

**2. Longer machine life with IOT**

Across global market, IoT adoption has risen this year as a result of increased need caused by social alienation and mask-wearing. During the pandemic, the ability to monitor remotely and use sensors to determine where a machine is in its lifespan became even more important. The application of sensors has expanded as more sensors have been installed on equipment around the machine shop floor. Sensors can now be used in drill presses, milling and turning machines, lathes, and other machinery.

**3. Digital twinning technology**

In 2023, digital twins have become more widespread. Many companies have launched Manufacturing Intelligence Software which creates a virtual twin of the real-world machine, allowing it to prevent errors and reduce setup times. This new feature allows machinists to discover and avoid the 5-axis singularity point, allowing NC programming to be optimized.

**4. Increasing penetration of Multiaxis machines**

Factory use of 5-axis machines has become increasingly cost-effective. It is well-known for its ability to rotate smoothly around the X and Y axes. However, in 2019, the 6-axis machine was introduced, which improved efficiency and speed by adding an additional spin around the Z-axis. As a result of the increase, cut times are faster and more items are produced in a shorter amount of time. Cutting time can be reduced by up to 75% with a 6-axis CNC milling machine.

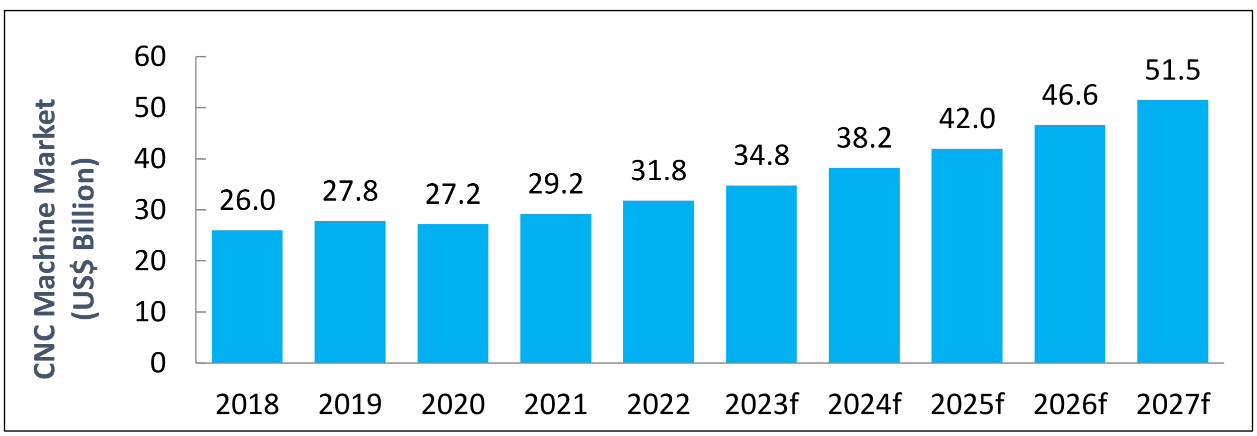
**5. Simulation and optimization software**

Through simulation, verification, and optimization software, advancements in CNC machinery technology save firms time and money by minimizing scrap and lowering damage to machining Centers.

**Global CNC Machining Centers Market**

The global CNC machining Centers market was ~$29.2 billion in 2021. The global CNC machining centers market is estimated to be ~51.5 billion by 2027. This market is majorly driven by global automotive and heavy industries manufacturers, who are embracing automation and advanced software solutions to meet their customers' needs. In addition, shortage of skilled labor, working hour limits, and labor costs are on the rise. Thus, there is a rapid growth in the demand for automated precision machines.

**Figure 13: Machining Centers Market, Global, 2017-2027F**




Global CNC Machining Centers Market is expected to grow at CAGR of 9.9% from 2023-2027. The increasing demand for automotive/ auto ancillaries, industrial manufacturing, medical devices, replacement of low precision/ manual machines, components in the aerospace and defense industry is expected to drive the market growth over the forecast period. Also, the growing demand for five-axis mill machines and ultra-precision machines required to address the needs for EV productions are anticipated to drive the growth.

**CNC Vertical Machining Centers drives the future market growth**

The CNC vertical machining centers market is driven by the rising demand for fabricated products. In addition, the growing focus toward additive manufacturing is anticipated to boost the growth of the CNC vertical machining centers market during the forecast period. Over the past decade, there has been significant growth in the demand for buildings, cars, and heavy machinery across the world. This resulted in an increase in the demand for fabricated products such as stamped metal parts, building products, fasteners, and heavy equipment. To meet the growing demand for fabricated products from end-users, fabricated products manufacturers are integrating CNC vertical machining centers as they facilitate easy tool changing and produce superior quality products. Therefore, the rising demand for fabricated products is expected to fuel the growth of the global CNC vertical machining centers market during the forecast period.

**CNC Horizontal Machining Centers**

The Global CNC Horizontal Machining Center market growth is attributed to the growing demand for CNC horizontal machining centers from various end-use industries such as automotive and aerospace. In addition, the increasing demand for high-precision machining is also contributing to the market growth.

**Application areas:**

Automotive: The use of CNC horizontal machining center in automotive is mainly for engine blocks and cylinder heads. It is also used in other auto parts such as transmissions and driveshafts. The benefits of using this machine in automotive are that it helps to reduce the cycle time and lead time. In addition, it also offers superior quality and dimensional accuracy.

Aerospace: The aerospace industry is one of the major users of CNC horizontal machining centers. The complex shapes and sizes of aircraft parts require high-precision machining that can be achieved with these machines. In addition, the need for lightweight and durable aircraft parts has led to an increase in the use of advanced materials such as composites, which can also be machined using CNC horizontal machining centers.

**Key Growth Drivers**

**Rising Focus on the Development of Multifaceted Machining Centers to Propel Market**

The latest 5-axis technology is also resulting in an ever-increasing demand for hassle-free procedures during the production of complex parts. Multifaceted machining centers are multifunctional. They include high precision, custom finishing, and improved efficiency. The designers, at present, are focusing on developing the multifaceted machining centers. All these factors are likely to increase the Machining Centers Market revenue across the globe during the forecast period.

**New developments within Automotive Segment (Electric Vehicles) drives the machining Centers market growth**

Automotive industry is one of the major end-use markets for machine tools for manufacture of a wide range of individual vehicle parts. Automobile sales and consequent production trends thus determine demand for a range of automotive parts and components, which in turn spurs opportunities in the machining centers market. The increasing demand for commercial vehicles from the developing economies, such as India is expected to result in the growth of automotive segment in the near future.

**Rising Demand for High Precision Machinery to Boost Growth of Market**

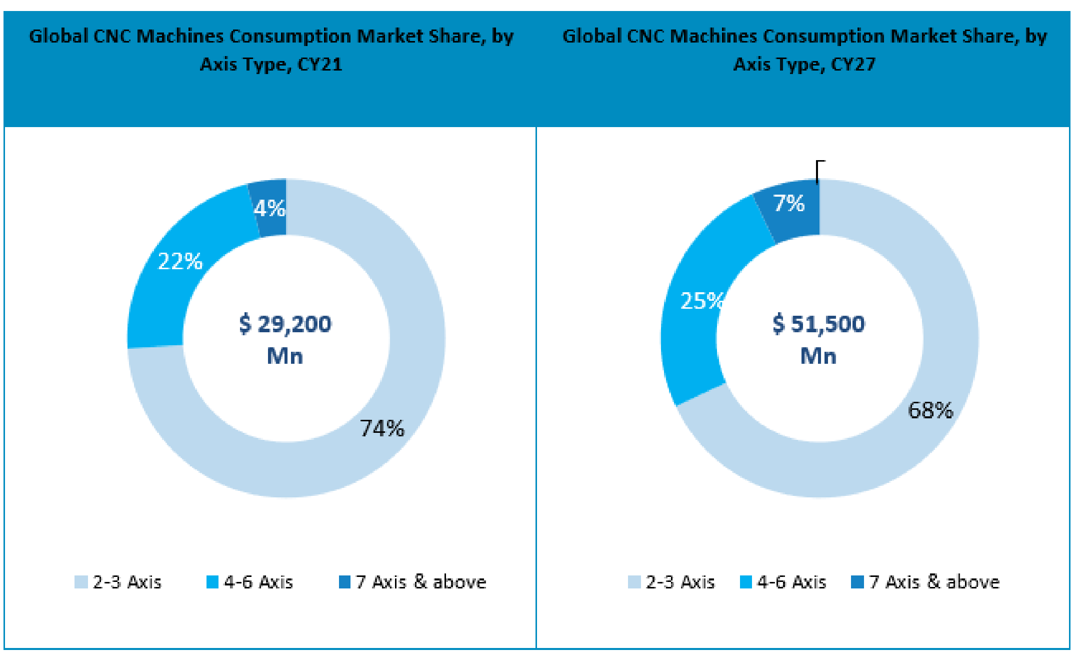
The surge in demand for high precision machinery from various industries including aerospace, defense and medical sector is expected to result in the increased demand for the machining Centers market. Furthermore, the rising demand for critical components from the robotic sector is resulting in the high demand for the machining center market. The increasing industrial automation is expected to result in the growth of industrial robot's revenue which in turn is expected to drive the machining center market growth. The ever-increasing demand for complex parts from the aerospace industry is further resulting in the growth of machining Centers. The increasing demand for general machinery from various other industries, such as Food & Beverages, Construction and Pharmaceutical is expected to increase the machining centers market size in the near future.

**2-3 Axis Machining Centers**

2-3 axis CNC machines commanded the highest market share (74%) in 2021, owing to their cost advantage over 4 & 4+ Axis machines. Further, this segment is expected to continue its domination during the forecast period. This segment is expected to grow at a CAGR of 8.4% between 2021-2027.

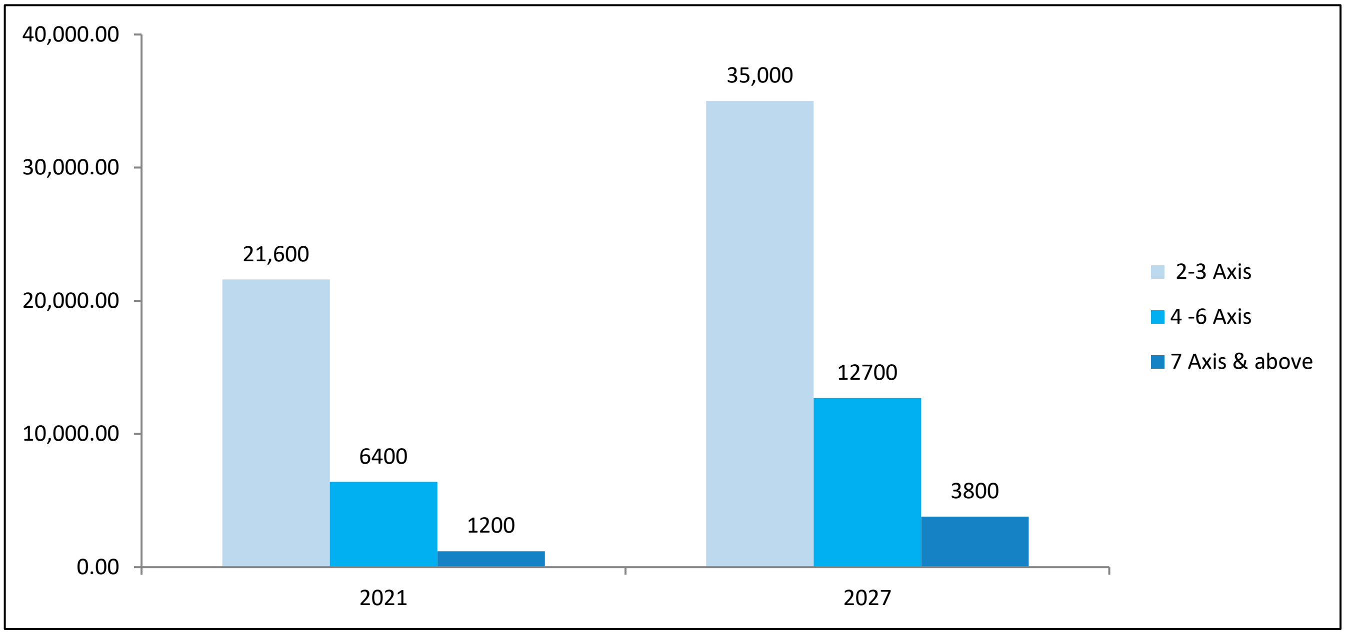
A 2 axis CNC machine is a computer numerical control machine that has two axes of movement which are typically the x-axis and the y-axis. It can be used to create a variety of parts and objects with precise accuracy. The 2-axis machine can cut and drill machine parts. 2-axis CNC machining is widely used in many industries, such as the automotive industry (producing parts for engines, transmissions, and other components), the aerospace industry ( aircraft engines, landing gear, etc.), the medical field (producing parts for medical devices, such as pacemakers, hearing aids, and artificial joints), and consumer electronics production (parts for televisions, stereos, DVD players, and digital cameras). 3-axis machines are ideal for simple tasks that do not require intricate detailing or depth. As such, it is one of the most preferred techniques for creating mechanical parts for automation. Additionally, it is used for cutting sharp edges, boring, milling slots, tapping, and drilling holes. 3-axis machining is still one of the most widely used techniques to create mechanical parts, and can be used for automatic/interactive operation, milling slots, drilling holes, and cutting sharp edges. But the share of 2-3 Axis machines is expected to decline due to increasing preference of using 4+ axes machines across different user segments.

**Figure 14: Global CNC Machining Centers- Market Split by 2-3 Axis vs. 4-6 Axis vs.7 Axis**




*Source: Primary Research, Frost & Sullivan Analysis*

**Figure 15:Global CNC Machines Consumption Market Size, by Axis Type, CY21 – CY27 (Values in $Mn)**




*Source: Primary Research, Frost & Sullivan Analysis*

**4-6 Axis Machines**

On the other hand, the 4 -6 axis segment commanded second highest market share (22%) in 2021. This segment is expected to improve its market share by growing with a faster CAGR of around 12.1% between 2021-2027. This is attributed to the increasing demand for precision manufacturing in the automotive, defense and aerospace industry.

4-axis milling involves the same process involved in 3-axis machining, where a cutting tool is used to remove material from the workpiece to create the desired shape and contour. However, in four-axis machining, milling is performed on the additional axis. 4 axis machines used in multiple industries, including Technology Research, Teaching, Hobby Prototype Building, Advertising Design, Creating Art, Medical Equipment Creation, etc.

A 5-axis CNC machining center is a versatile and multifaceted machine which enables a part to be approached from all directions in a single operation, eliminating the need to reposition the workpiece between operations. A 5-Axis machine allows a rotation/movement of the cutting tool in 5 ‘planes’ or directions. This facilitates more nuanced and complex cutting functions with a degree of precision and exactitude which are crucial for highly complex industrial engineering across industries including aerospace, defence and high-end automotive.

6-axis CNC machine can create complex shapes and improve machining capabilities. Several industrial use cases have reported a 75 % reduction in production time when using a 6-axis machine. The aerospace industry relies on 6 axis CNC machines due to its high demand for highly complex and expensive parts, usually made from very solid material. Aircraft wings can sometimes reach up to 24 meters (80 ft) in size, requiring the use of some specialized 6-axis machines. Military aircraft also contain components that require the precision of 6-axis CNC machines. 6-axis CNC machines are also relied on by the automotive industry for their ability to quickly produce high-quality components.

**7 Axis and Above**

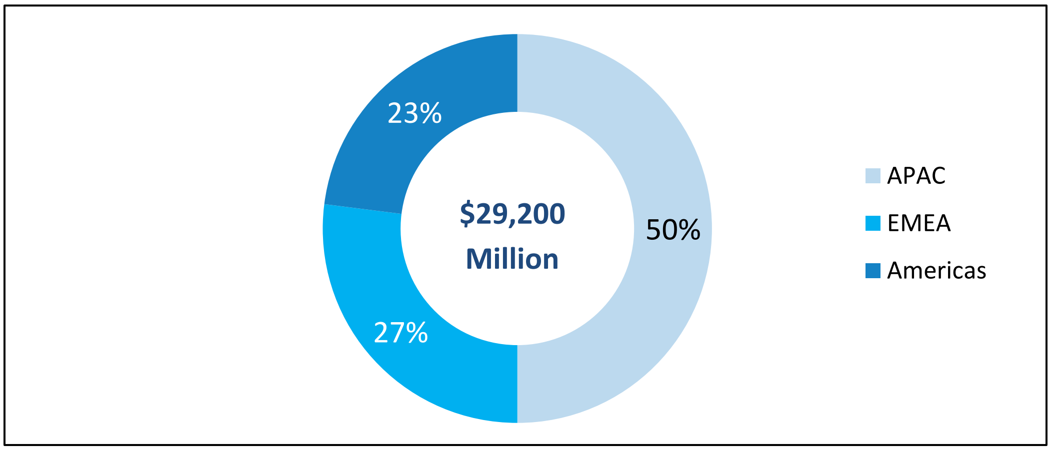
The 7+ axis segment commanded 4% market share in 2021. This segment is expected to improve its market share by growing with a faster CAGR of around 21.2% between 2021-2027. This is attributed to the increasing demand for precision manufacturing in the Medical and aerospace industry at the global level.

7-axis CNC milling machines can create long slender, and heavily detailed parts. This high degree of movement imparts greater accuracy to the finished product without the need for post-fabrication processes. Due to the ability of a 7-axis CNC machine to mill while turning the part within the frame, end users produce extraordinarily complex shapes and features. A 7-axis CNC machine is especially useful in the aerospace and military industries.

The 9-axis CNC combines a 4-axis lathe and 5-axis milling machining. This traditionally involves a 5-axis CNC milling machine to complete surface machining, and a 4-axis lathe to complete internal machining. The 9-axis CNC is so highly capable, it can complete a fully-finished product in a single fixturing. Common applications for 9-axis machines include implantable medical devices, complex aerospace parts, surgical tools, and dental implants.

**CNC machining Centers- Market Split by Regions/ Countries**

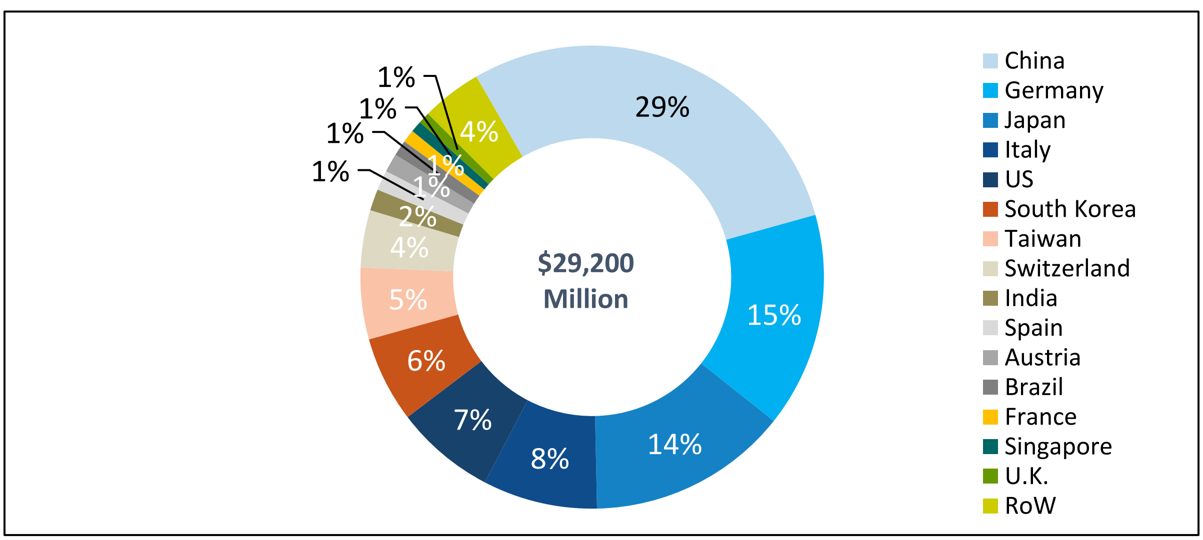
**Figure 16: CNC Machining Center Consumption Share, by Region CY21 (%)**




*Source: Primary Research, Frost & Sullivan Analysis*

The largest machine center market share is estimated to be held by Asia Pacific. In the near future, the growing automotive and aerospace markets in developing nations like India, Vietnam, and Thailand are likely to fuel demand for machining centers. Furthermore, the increase in construction activity has increased the demand for several types of construction machinery.

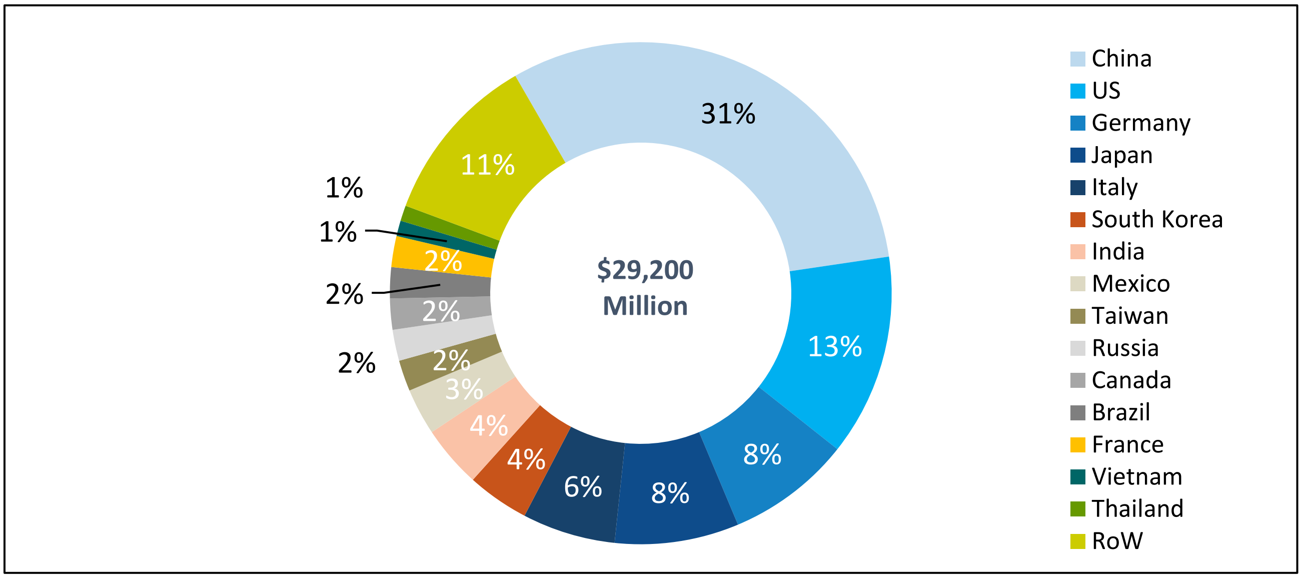
**Figure 17: CNC Machining Center Production Share, by Country CY21 (%)**




*RoW: Rest of the World; Source: Primary Research, Frost & Sullivan Analysis*

With a cumulative share of more than 70% China, Germany, Japan, Italy, and the US remained the leading producer of CNC machines in the year 2021. Western Europe was maintaining its market share consistently due to considerable number of players available in the region.

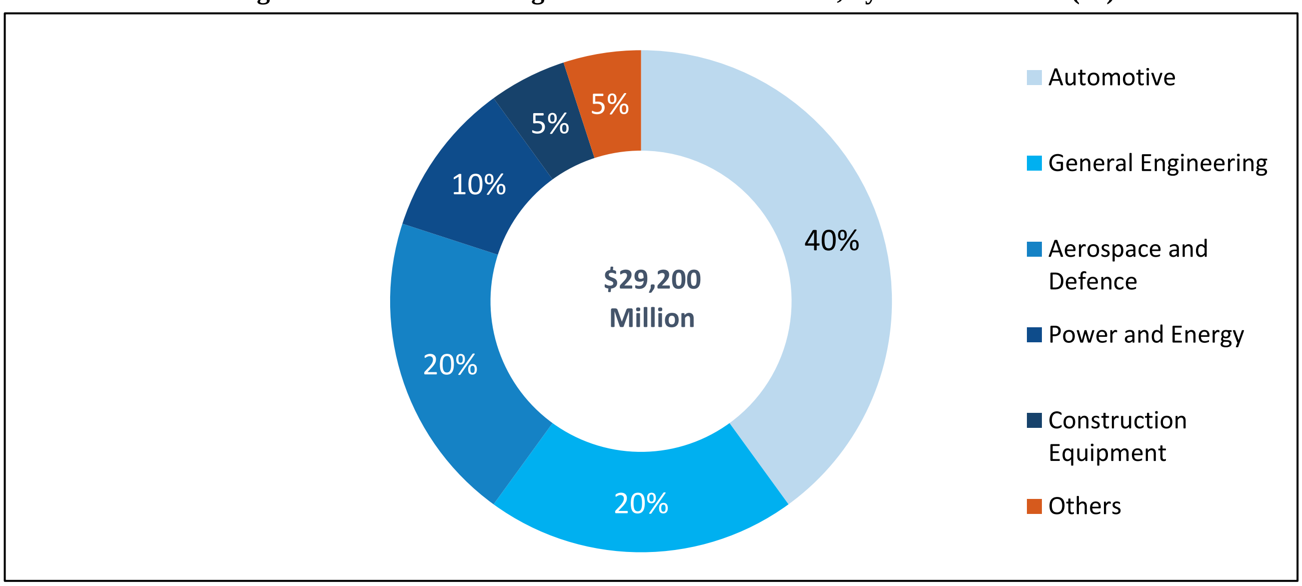
**Figure 18: CNC Machining Center Consumption Share, by Country CY21 (%)**




*RoW: Rest of the World; Source: Primary Research, Frost & Sullivan Analysis*

**CNC machining Centers- Market Split by End-User**

**Figure 19: CNC Machining Center Production Share, by End User CY21 (%)**




*Note: E refers to estimate; Source: Primary Research, Frost & Sullivan Analysis*

Automotive industries hold the largest share in the CNC machines market by the end user due to the speedier manufacture of accurate and highly efficient parts. After the advent of Artificial Intelligence in CNC machines to improve their performance, the usage of CNC in automotive has undergone revolutionary changes. With AI in CNC machines, the machine will be able to self-diagnose the defect with the aid of AI software, potentially saving several hours of machine downtime. Furthermore, the significance of CNC automotive in self-driving automobiles is critical. CNC automotive has been producing higher output than previously once AI was introduced into the CNC.

CNC is the most adopted technology in the aerospace sector as well. CNCs are better at dealing with complicated interpolated motion in automated aerospace assembly than programmable logic controllers (PLCs). Complex aircraft alignment tooling, robot control, additive machining, fiber placement, tape laying, and 5-axis machining are the major factors increasing the adoption of CNC technology in the aerospace industry.

Similarly, the power & energy industry also relies extensively on CNC tools for its precise applications. Many firms who develop parts for the energy industry are rethinking their manufacturing processes considering the near-unprecedented rise of both sources of energy and a wide-open competitive market. Most shops now use CAD/CAM software and sophisticated CNC machines, but the hugely successful ones will focus on machining optimization. Additionally, CNC is playing a key role in manufacturing components of green energy equipment such as solar panels, hydropower, and windmills among others, which again boosts the demand for CNC machines across the globe

Along with this, industries such as medical, construction equipment, general engineering, and the railway sector are also some of the major end-users of CNC machines, due to their high precision and cost affordability. Globally, industries are adopting CNC machines over other conventional machines due to these reasons and hence expected to witness lucrative growth in the coming future.

**Key Trends in the Sector**

**Multi-Task Machine VS Single Task Machines**

A multitasking machine is a machine equipped with an automatic tool changing function (including turret type which can perform multiple types of machining such as milling, turning, and grinding without changing the workpiece setup. In most cases, at least two machine tools, such as a lathe and a machining center, are required to finish a single part from material to finished product, but a multitasking machine can complete all these processes with a single machine. But in a Single task machine can only perform one function such as milling, turning or grinding thus requires the work piece to go through many machines to produce the final product.

**Key Advantages of Multi-Task machines:**

- **Consolidation of processes and reduction of labour costs**

If a multitasking machine is not used, it is necessary to use several machines to produce a finished product from a material, and each time it is necessary for a worker to install, remove, and transport the material.

With a multitasking machine, all of these tasks are performed by a single machine, eliminating the need for workers to attach and detach materials or move materials between processes. Once materials are set, they are ready to be finished, reducing the burden on workers.

- **Space Saving**

Since there is no need to have several machine tools for different processes, the number of machines can be reduced, and the factory space can be effectively utilized. The production capacity of the entire factory can be increased.

- **High Quality**

In terms of machining accuracy, it is said that accuracy deteriorates as the number of mounting and dismounting operations increases and positioning during mounting is important. In the past, it was necessary to install and remove materials for each process, which could lead to slight deviations. However, by machining with a single multitasking machine, it is possible to eliminate the installation and removal processes that can cause a decrease in machining accuracy and maintain uniform accuracy of the finished product.

Globally there is an increase in usage of multi-task machines. It is expected the growth is almost twice in the next 5 years when compare to the single task machines.

**Precision Machining in Industry 4.0**

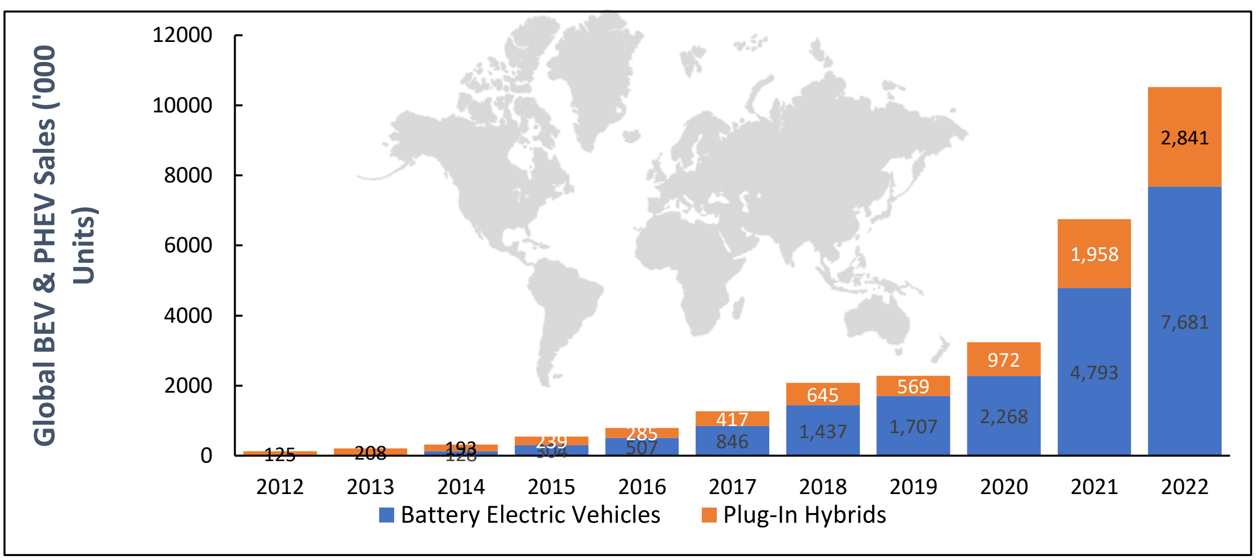
The fourth industrial revolution is integrating innovative technologies with production and manufacturing processes. CNC machines in Industry 4.0 will be equipped with sensors to monitor and respond autonomously as needed. Machines will be able to self-diagnose issues through analysis of system performance and analytics. In this way, Industry 4.0 presents many opportunities and challenges. Many small parts used in various industries favor precision CNC machining. The most important reason for using precision machining is to produce complex parts with higher precision and accuracy. These parts can be used in the production of a wide range of industries, including electronics, automotive, aerospace and medical. CNC machining can be used to create more desirable surface finishes and tolerances than with additive manufacturing. Two process technologies that have been cornerstones for medical component manufacturers are five-axis machining and Swiss turning.

Traditional manufacturing techniques and machine tools are not always reliable. Downtime increases costs, including production, labor, and maintenance costs. Industry 4.0 facilitate preventive maintenance in the machining Centers. Tracking performance and real-time data allows manufacturers to better prepare for equipment malfunctions or errors. Data collected from IoT sensors and platforms can also help more effectively inform operations. Smart meters can be installed to efficiently manage the flow of energy, or equipment could be automated or powered appropriately to reduce environmental and resource impact.

**Emergence of Electric Vehicles – Impact to Machining Centers Market**

Global EV sales have remained high. In 2022, a total of 10,5 million new BEVs and PHEVs were delivered, representing a +55% increase over 2021. However, the regional growth pattern is changing. EV sales in the United States and Canada climbed by 48% year on year, despite a sluggish overall light vehicle market that fell by 8% in 2022 y/y. Indonesia (from 1k to 10k), India (+223% to 50k, practically all BEVs), and New Zealand (+151% to 23k, for a 20% market share) were the fastest growing markets. EV supply and use are currently rapidly moving throughout the global south. Growing demand for low emission commuting and governments supporting long range, zero emission vehicles through subsidies & tax rebates have compelled the manufacturers to provide electric vehicles around the world. This has led to a growing demand for electric vehicles in the market. Countries around the world have set up targets for emission reductions according to their own capacity.

**Figure 20: Global BEV & PHEV Sales, Global, 2012-2022**




*Source: EV Volumes, Frost & Sullivan Analysis*

Global EV market growing at a compound annual growth rate (CAGR) of 23.1% during the forecast period 2023 to 2032.

Increasing investments by governments across the globe to develop EV charging stations and Hydrogen fueling stations along with incentives offered to buyers will create opportunities for OEMs to expand their revenue stream and geographical presence. The EV market in Asia Pacific is projected to experience steady growth owing to the high demand for lower cost efficient and low-emission vehicles, while the North American and European market are fast growing markets due to the government initiatives and growing high-performance Passenger vehicle segment.

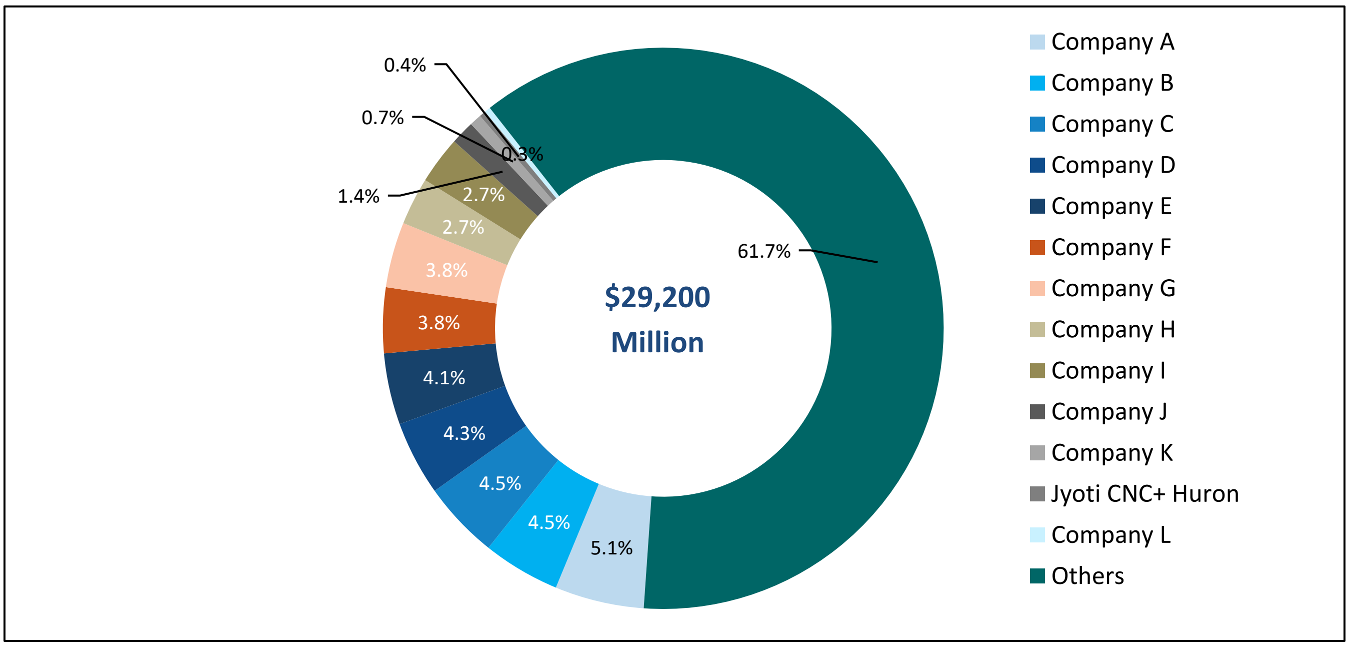
**Global Electronics Market**

The global electronics industry has evolved tremendously over the last 60 years. Global demand for the electronics industry is created by emerging and multiple disruptive technologies. The overall electronics market is inclusive of electronics products, electronics design, electronics components, and electronics manufacturing services.

As per Frost & Sullivan's analysis, the industry is expected to grow at a CAGR of 4.9% to reach USD 3,168 billion by CY2026. Some of the critical factors driving this growth are increasing disposable income, improved acceptability of audio and video broadcasting, higher broadband penetration, the inclination of the youth towards next-gen technologies, emergence of e-commerce, rising demand from rural markets, etc.

**Global - Key players and their market share**

**Figure 21: Global CNC Machines Market Share, by Key Players 2021 (%)**




*Source: Company Website, Annual Report, Filings, Primary Research, Frost & Sullivan Analysis*

The global CNC machine market is highly fragmented, with a limited number of leading manufacturers. The Top 13 manufacturers contribute 38.3% of the global CNC machine market share. These companies achieved their market position due to their wide product portfolio, global presence, strong customer base with a high retention ratio, and ability to innovate.

Jyoti CNC is one of the leading manufacturer of CNC machines globally with a 0.4% market share in Fiscal 2021. Jyoti CNC has acquired French machine tool giant Huron Graffestaden S.A.S. at Strasbourg, France in 2007. Huron is reputed across Europe for its state of art 5 axis machining centers. Huron is considered as a pioneer for 5 axis machining technology. Huron produces a wide range of milling and turning solutions dedicated to machining by chip-removal. These machines are catered to the aerospace, defence and other high end engineering industries. The acquisition strengthened the product portfolio of Jyoti in terms of range offering and technology and enriched Jyoti to become one of the most sophisticated technology leader across the globe.

Huron's current range aims to satisfy the most varied requirements. The "All-in-One" concept meets the expectations of their most demanding customers. From small vertical centers to large-sized machines with their palletizing system, Huron is focusing towards enabling customers to enjoy a complete production tool at a particularly low productivity cost.

**India Market for Machining Centers for Engineered Goods**

**India's Machine Tools Industry - Overview**

The machine tool industry is a fundamental pillar of Indian engineering's industrial sector. Machine tools are widely utilized by businesses in a variety of applications, including die molding, component production, aircraft, shipbuilding, electricals and electronics, healthcare, and consumer durables. According to Gardner's World Machine Tools Output Survey, the Indian machine tool industry ranks 10th in terms of output and 8th in terms of consumption. Also, it is a component of the capital goods industry, which accounts for 12% of the manufacturing sector, and it represents a huge multi-disciplinary field with multiple end-use application sectors.

In India, machine tools, accessories/attachments, subsystems, and components are manufactured by around 1,000 units in the machine tools sector of which, around 25 are large-scale units, which contribute to over 70% of the turnover, and the rest is contributed by the MSME sector.

CNC machines segment holds the major market share for the forecast period. Increasing demand from the manufacturing industries for innovations to increase the productivity of products is fostering the machine tools market. The growth of manufacturing sector is increasing the demand for CNC machines. Advancement in CNC technology is making the machines compact and equipped with automatic tool changers. Automation of CNC machines have increased the productivity drastically and eliminates the chances of human error. CNC machines use a single machine to carry out multiple operations. Based on end user industry, market is categorized into automotive, electrical & electronics, railways, consumer durables, government & defense, among others. Automotive industry is expected to dominate the market share for the next five years. Continuous advancements in automotive industry to upgrade the engines and satisfy the fuel efficiency standards. Increasing demand for different kind of vehicles is fostering the demand for machine tools market.

**Impact of Automation/ Industry 4.0**

In India, automation or Industry 4.0 solutions in large-scale industries, automation is surging. For instance, currently, in India 5,000 to 6,000 robots are built every year compared to less than 100 robots per year 15 years ago. The automotive, electronics and electrical, chemicals, and pharmaceutical industries contributed significantly to this investment. The survey also stated that owing to "financial and leadership restrictions," micro, small, and medium-sized firms (MSMEs), who account for one-third of all Indian manufacturing and half of all exports, are failing to scale up Industry 4.0 solutions.

**Industry 4.0 is changing the CNC machining**

Industry 4.0 is the latest in industrial revolution and it is changing how CNC machine shops run on a day-to-day basis. With all the smart technology and integrated software available, quicker turnaround times and decreased downtime all result in increased productivity. Data collection and analysis from sensors and other instruments help CNC shops test out new products or study product use. With the application of Industry 4.0, Data helps inform CNC machine shops and manufacturers to make better products and allows business owners to examine their supply chain management process and delegate tedious tasks to the machines.

Industry 4.0 basically refers to a more complex manufacturing setup that includes IIoT (Industrial Internet of Things) that monitors and measures manufacturing processes and reacts autonomously to errors. This ability helps CNC machines self-diagnose problems and correct errors in the manufacturing process faster than employees can detect and respond to errors or diagnose the reason for machine malfunction.

For the industry specific example, the medical products industry demands perfection in manufacturing processes because life depends on fail-safe components. CNC machines and Industry 4.0 technology together ensure the production of high-quality components for medical devices. CNC and CAM (Computer Aided Manufacturing) machines are a combination that produces top quality, flawless products, regardless of the industry a manufacturer serves.

**Key Technology Trends**

**1. More axes for greater cost-savings**

Traditional CNC machines feature linear motion in three axes. Typically, a fourth-axis rotary is mounted to the machine table, and the part is mounted to the face of the fourth-axis rotary. This makes 4-axis machines well-suited for manufacturing medical devices and parts with complex geometries. Finally, 5-axis machines represent the pinnacle of milling ability. These machines enable micromachining and are capable of producing extremely detailed cuts at unmatched speeds. They consist of three linear axes and two rotational degrees of freedom. While 4- and 5-axis CNC machines have been commercially available for a number of years, they have only recently become financially accessible to many manufacturers in India.
Source: Cybernetik Technologies, ToI

**2. Increased Investments in Automation**

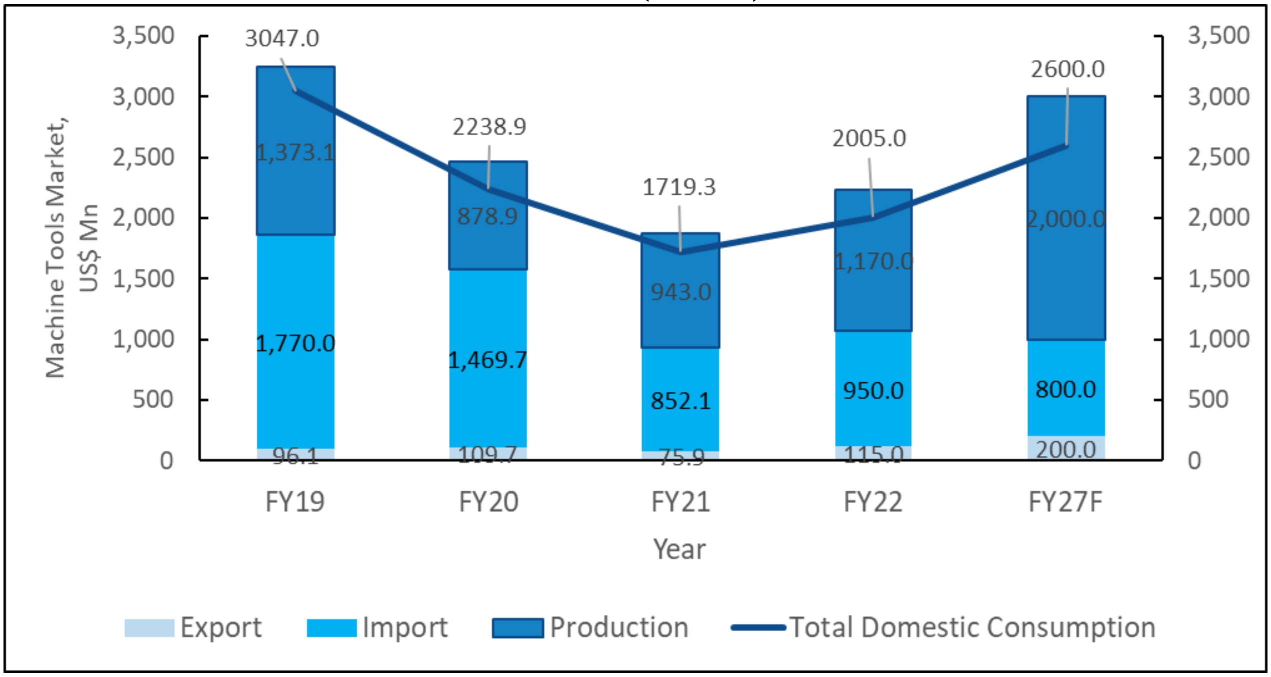
Automation is another factor influencing CNC machining operations. It has been gaining importance in recent years, and that trend will continue in 2022. As more manufacturers investigate what automation could do for CNC machining, positive results will help the trend gain prominence. One company offers a camera-controlled robotic cell used to automatically load or unload CNC machines. Customers can then install additional stations to handle turning, measuring, and marking.

**3. Digital Twins for CNC Machining**

Players in various industrial sectors are using digital twins to gather more insight into the performance of their machines and processes. Digital twins are generally much more representative of the respective objects than simulations. One CNC trend to watch out in future at the global level involves using digital twins during the set-up process to avoid production surprises. This trend is nascent stage in India. This technology will help organized players in the Indian industry to support their growth in the long term.

**Machine Tools Industry Forecast**

**Figure 22: India's Machine Tools Production, Domestic Consumption Market , Import, Export Market Value,**
**FY19- FY27 ($ Million)**




*Source: Indian Machine Tool Manufacturers' Association, Frost & Sullivan Analysis*

The machine tools production market in India is expected to increase significantly between FY2022 and FY2027 at a CAGR of 11.3%. The machine tool industry is a strategic industry determines the manufacturing competitiveness in important sectors such as automobiles, heavy electrical equipments, defence, aerospace and consumer goods and other sectors. With an increased need for better productivity, improved precision and accuracy, and low-cost manufacturing solutions, computer numerically controlled (CNC) machine tools will be in more demand in the future. The machine tool industry is key to the government's flagship 'Make in India' and 'Skill India' initiatives, given that it makes the machines required for the manufacturing sector. The imports is expected to decline in the forecast period due to increasing competitiveness of local players in the Indian market.

The precision manufacturing industry relies heavily on computer-numerical control (CNC) machining, including operations that once used engineer-operated equipment like routers, shaping machines, vertical millers and center lathes. Manufacturers of many types of industries choose CNC machining because it provides efficient, expedient, and precise production capacity ideal for creating large quantities of items normally produced with a grinder, router, center lathe, or shaping machine. It is expected that this trend is going rise even further in the coming years as shift to industry 4.0 has speeded by in recent years.

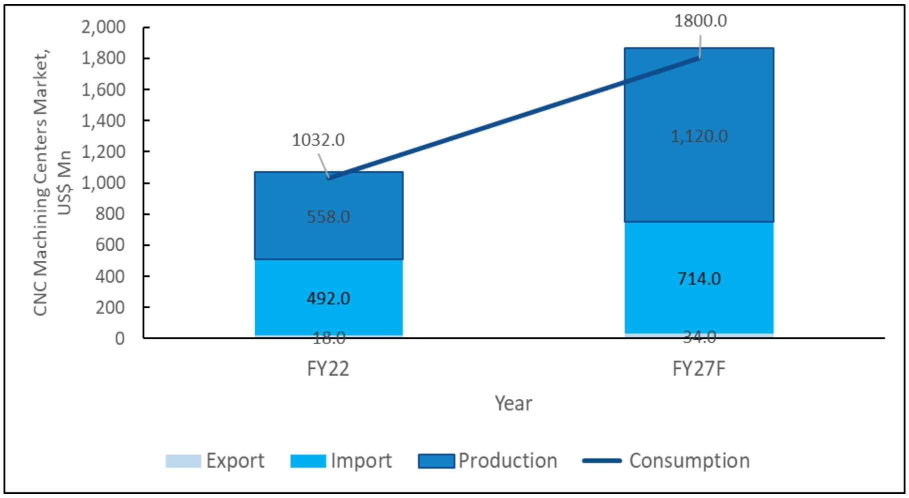
India's machine tools industry witnessed a gradual transition from manual/ conventional machines tools to CNC machines. This is evident from the replacement of conventional machines with CNC machines in many of the machine shops in our country. Owing to this most of the manufacturers of machine tools have switched over to the production of CNC machines from conventional machine tools. Currently, CNC machines constitute a major portion of machine tools manufactured. More, New businesses in the field of manufacturing are also starting with a CNC machine. In addition, technology has enabled us to produce CNC machines at affordable or less costly than conventional machines.

In terms of market share (in terms of value), CNC machining centres have a revenue of $1032.0 million and hold a 68% market share. Other traditional machines, such as manual lathes and non-automated machinery, have a revenue of $486.0 million and hold a 32% market share.

**India – CNC Machines Industry size**

Driven by demand from important customer categories such as automobiles and consumer durables, and aerospace, the industry is evolving toward increasingly advanced CNC machines. Machine tool makers must develop capabilities to meet this demand, and investments in this area may pay off eventually.

**Figure 23: India's CNC Machining Centers Production, Domestic Consumption Market , Import, Export Market Value, FY22- FY27E ($ Million)**




*Note: E refers to estimate Source: Indian Machine Tool Manufacturers' Association, Primary Research Frost & Sullivan Analysis*

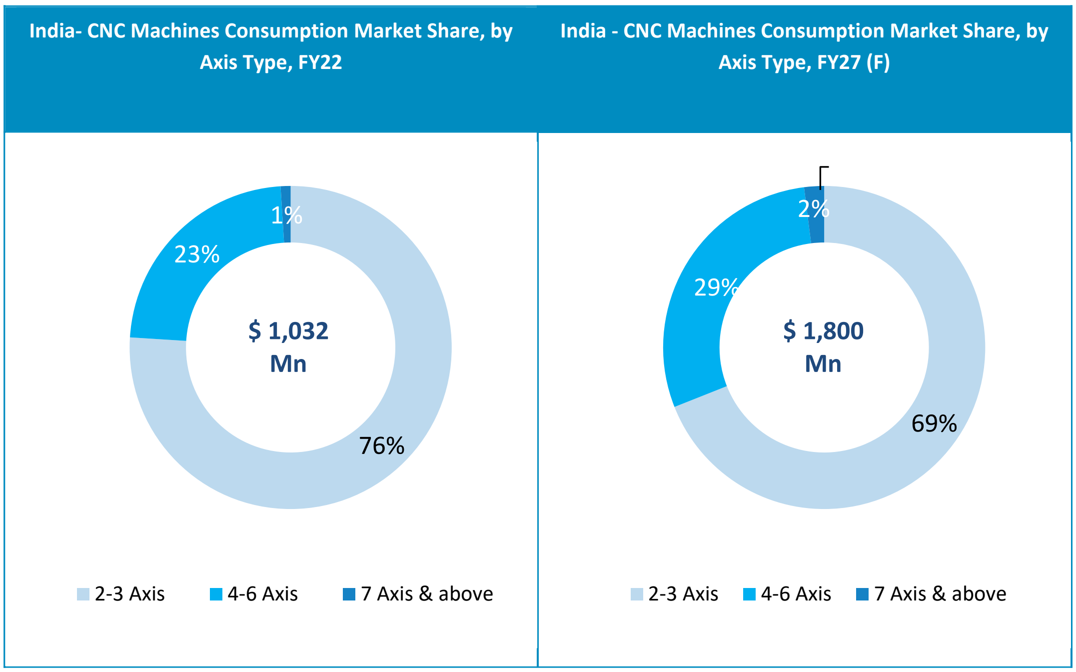
In the past 4 years, the Indian industry experienced, more than 50% of CNC machines being imported for one of the highest contributing applications i.e., metal cutting (Over 80% of the total CNC machine market). This is major contributed by Japan and Germany with the share of 45% in total imports. The other major nations contributing to Indian imports are Taiwan, Italy, Korea, and China.

Increased imports can be attributed to a gap in the demand-supply of CNC Machines. According to a primary participant, over 60% of domestic CNC Machines are catering to the Indian automotive industry. This has created a demand-supply gap for other end-users, thereby pushing their reliability on imports. In addition, the high proportion of imports is also due to the scarcity of special/ specific-purpose machine tools in India, as Indian manufacturers are majorly focused on low-medium range machine tools.

**Simple Machines vs. Complex machines and trends**

India's CNC consumption is dominated by the 2-3 Axis CNC machines, owing to their low cost as compared to 4+ axis machines. However, the need for precision manufacturing in automotive, defense, and aerospace is expected to drive the demand for more modern technologies that are required by the rising complexity of the job. Thus, 2 to 3-axis lathes machines with a Y-axis and sub-spindles were preferred in the past 5 years.

**Figure 24: India CNC Machines Consumption Market Size, Market Split by 2-3 Axis vs. 4-6 Axis vs.7 Axis & above**

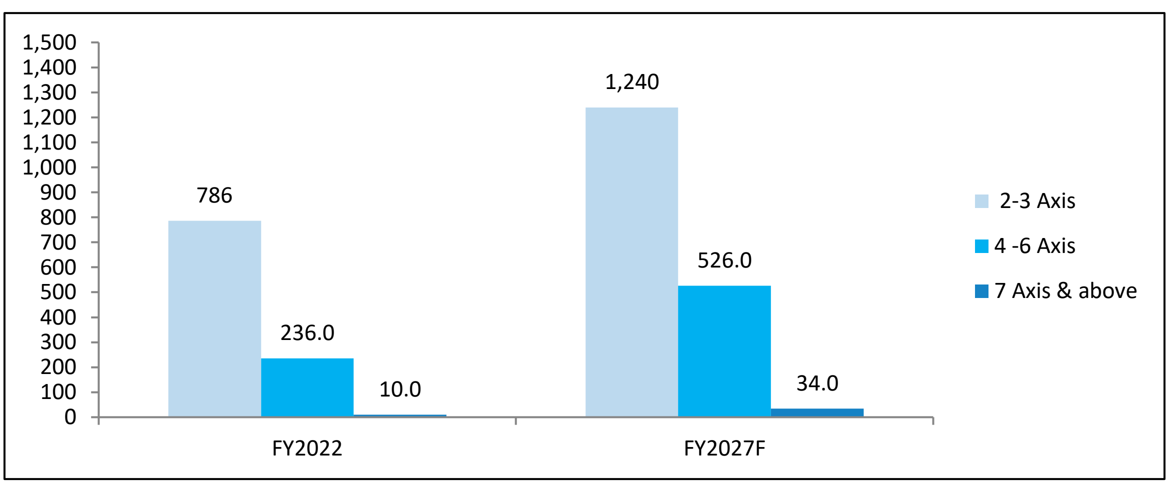



*Note: E refers to estimate* *Source: Primary Research, Frost & Sullivan Analysis*

4+ axis machine tools, often called high-end CNC Machines, are huge or have a high level of precision. The local demand for such high-end machine tools is always significantly smaller than the overall demand as they are expensive and cannot be easily afforded by SMEs in India.

2-3 axis CNC machines commanded the highest market share (76%) in FY2022, owing to their cost advantage over 4 & 4+ Axis machines. Further, this segment is expected to continue its domination during the forecast period. This segment is expected to grow at a CAGR of 9.5% between FY 2022-2027. The market share of this segment is expected to decline due to increasing preference of 4 axis across end customers.

**Figure 25: India CNC Machines Consumption Market Size, by Axis Type FY22– FY27F (Values in $ Mn)**




*Source: Primary Research, Frost & Sullivan Analysis*

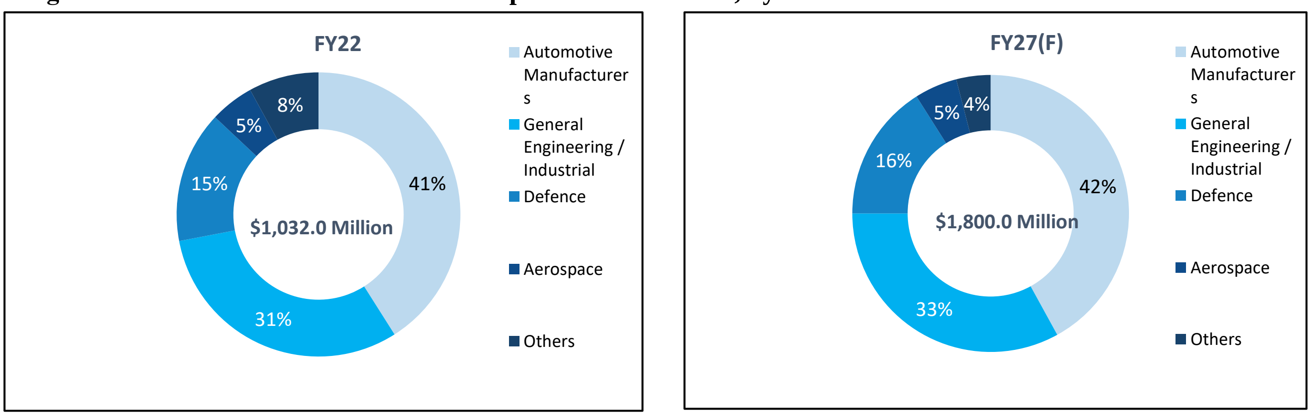
On the other hand, the 4 -6 axis segment commanded second highest market share (23%) in FY2022. This segment is expected to improve its market share by growing with a faster CAGR of around 17.4% between FY2022-2027. This is attributed to the increasing demand for precision manufacturing in the automotive, defense and aerospace industry in India. The market share is expected to increase from 23% to 29% from 2022-2027. Further, from 2022 onwards, the machine tool industry anticipates that CNC fabricators and shops will shift their focus to six-axis CNC technology, which will be perfect for high-precision manufacturing of parts such as automotive components or aerospace components that require the utmost accuracy conceivable. Manufacturers of such high-end machine tools must consequently obtain sufficient numbers from the worldwide market through exports to remain viable.

The 7+ axis segment commanded 1% market share in 2021. The product is in nascent stage. This segment is expected to improve its market share by growing with a faster CAGR of around 27.7% between FY2022-2027. This is attributed to the increasing demand for precision manufacturing and the increasing Capex investments in Medical and aerospace sector in India. It is expected increase in manufacturing/ usage of 7+ axis is expected to improve the market share of large and organized players in the domestic market.

Jyoti CNC intends to be able to capitalize on its expertise in producing CNC machining centres of up to 5 Axis to take advantage of the estimated 12.10% and 17.40% growth in 4-6 Axis machining centres between Fiscal 2022 and Fiscal 2027, globally and in India, respectively.

**End-User Industries**

**Figure 26: India's CNC Machines Consumption Market Value, by End User FY22 Vs. FY27F**




*Note: E refers to estimate* *Source: Primary Research, Frost & Sullivan Analysis*

Increased demand for highly productive, automated CNC machines has come from the growth of the Indian manufacturing industry. The demand for sophisticated components is increasing in industries such as automotive, agriculture, defense, general engineering, aerospace, and others.

The industrial segment accounted for 31% market share in FY2022. The industrial segment is inclusive of general manufacturing industries that include packaging, electronics, medical, Construction and agricultural equipment manufacturing and other general industries. The rapid growth in the industrial sector, notably the metalworking and semiconductor manufacturing industries, is projected to drive growth in India.

**Impact of EV on Machining Centers Market**

As per the Union Ministry of Road Transport and Highways' data, the total registered EV volumes of all the segments when combined stood at 3.13 lakh units in 2021. It further states that registered EV sales crossed the one lakh mark in just two months in 2022. Adding to it, NITI Aayog's study states that the country is targeting for a 30% market share in the EV market by 2030. All these statistics are indicative of the fact that India is gradually inching towards the EV revolution. According to a recent estimate, India's electric vehicle (EV) market, which includes EV two-wheelers and three-wheelers, is predicted to develop at a CAGR of 90% to reach $150 billion by 2030. The Indian electric car sector is expected to grow at a 90% CAGR. Between 2020 and 2025, the Indian electric car market will develop at a CAGR of 44.5%. Government legislation, falling battery prices, and increased consumer awareness will propel the market.

**Make in India initiative in the defence sector – Impact on Machining Centers Market**

In a major push towards Aatma Nirbhar Bharat in the defence sector, the central government come out with the new defence production and export promotion policy which will lay down the way ahead for strengthening defence production within the country and help in their export to friendly foreign countries. The Union Defence Ministry has decided to earmark around 64 % of its modernisation funds under the capital acquisition budget for 2021-22 — a sum of over Rs 70,000 crore — for purchases from the domestic sector. With this initiative key precise defence equipment's are expected to manufacture in India which will boost the machining Centers market growth in India. In addition to this the country's defence exports have grown by 325% in the last five years and exuded confidence that India will not only achieve its export target of ₹ 35,000 crore by 2024-25 but will also become a net exporter of defence equipment. The focus on increasing defence exports is expected to invest in high end CNC machineries and this will propel the machining Centers market growth.

**Electronics market in India**

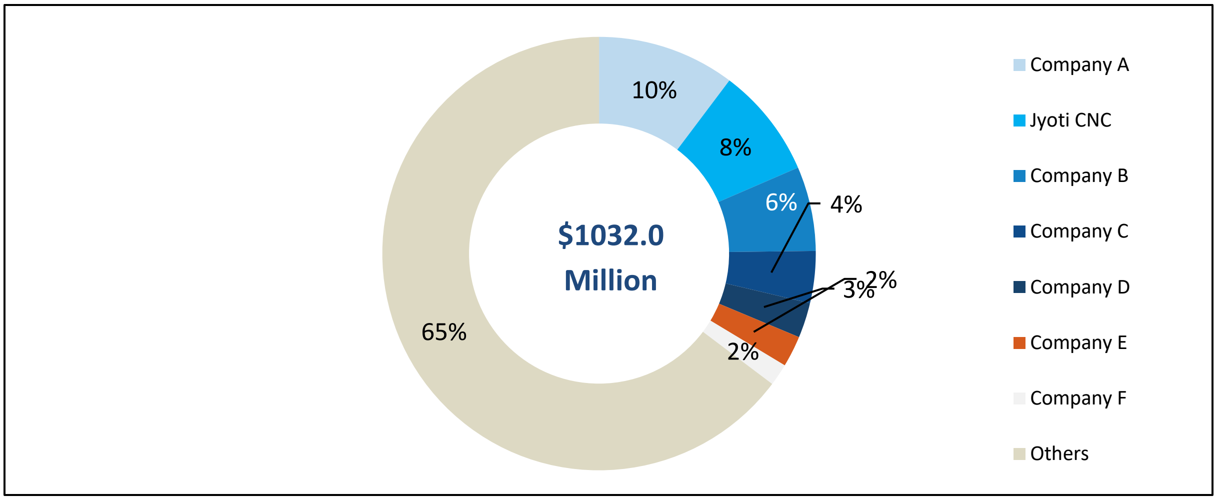
Electronics is one of the fastest-growing industries in the country. The total electronics market (domestic electronics production and imports of finished goods) in India was valued at INR 9,263 billion (USD 124 billion) in FY22, expected to grow at a CAGR of 18.4% to reach INR 21,540 billion (USD 289 billion) in FY27. The landscape of the industry is changing significantly, and revised cost structures have shifted the focus of multinational companies in India.

The Indian mobile phone market consists of both feature phones and smartphones. India is one of the fastest growing smartphone markets in the world with a CAGR of 7.3% between FY17 and FY22 in volume terms (113 million smart phones in FY'17 to 160 million smart phones in FY'22). The smartphone market was growing at a healthy rate till FY'20 but stagnated in the last two financial years, first due to Covid and then because of supply side issues such as shortage of chipsets. Experts believe that once supply side issues are sorted by the end of Q1FY'23, Indian smartphone market will get its mojo back and grow at a CAGR of 13-15% till FY'26. The introduction of 5G will aid in this growth. However, inflationary pressure on consumer's purse will remain a concern for the later part of this year. Feature phone market, on the other hand, will remain flat or grow at less than 1% CAGR over next 3 – 4 years. Increasing utility of smart phones due to digital payment regime and IOT related applications, availability of new features at affordable prices and increasing disposable income of the Indian consumers will be the key driving factors for smart phone adoption in the coming years.

In India, the CNC machine market is highly fragmented, with a wide range of small, medium, and big providers, as well as foreign and regional competitors. Increased investments in R&D and deployment of high-tech solutions in machine tools have resulted from the intense competition among vendors.

Jyoti CNC is the second-largest CNC manufacturer in India and one of the world's top producers of metal cutting CNC machines, accounting for approximately 8% of the domestic market for CNC machines in Fiscal 2022. The leading players have a manufacturing presence in India.

**Figure 27: India's CNC Machines Consumption Market Share, by Key Player FY 2022 (%)**




*Note: E refers to estimate; Source: Company Website, Annual Report, Filings, Primary Research, Frost & Sullivan Analysis*

Jyoti CNC is a supplier of one of the widest portfolios of CNC machines in India. Jyoti has a wide product portfolio consisting of series of CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers, CNC Horizontal Machining Centers, CNC Vertical Line Machines and High-tech CNC 3 axis and 5 axis machining centers. Jyoti have a strong presence across the CNC metal cutting product range, from entry level machines (the 2 and 3 axes machines) to the high-end machine categories (simultaneous 4 and 5 axes machines).

A few factors that can be attributed to Jyoti CNC's success is its ability to spot opportunities ahead of competition, investments in R&D and new product development, backward integration, track-record of customer service and the value for money delivered by its machines. For e.g., Jyoti anticipated the potential of 5-axes machining technology which led to the Huron acquisition, launched MTX 300, a multi-tasker machine. Jyoti CNC is a prominent manufacturer of 5-Axis CNC machines in India. It offers one of the most diverse portfolios of CNC machines in India.

Jyoti leads the industry 4.0 in CNC Automation and manufacturing with 7th SENSE. Jyoti CNC offers solutions suited for transition towards Industry 4.0 including '7th Sense' solutions. 7TH SENSE is a highly automated solution capable of processing the most sophisticated operations in the industry. Jyoti introduces 7th SENSE an i4.0 solution capable of performing mundane and repeat tasks independently allowing humans to focus on the outcomes of these operations. 7th SENSE gives a quick overview of current tasks, completion stages, and other insights allowing humans to spend less time on measuring efficiency and productivity of the machine.

7th Sense is the next generation's industry 4.0 tool that redefines the conventional PPC model to plan, produce, Complete.

Features like a virtual machine screen that displays an updated status of the process, intelligent navigation to reduce errors, and various smart reports that gives smart analysis of the processes and outcomes leaving little for interpretation by humans.

Various reports & analysis with customized dashboard can be achieved for

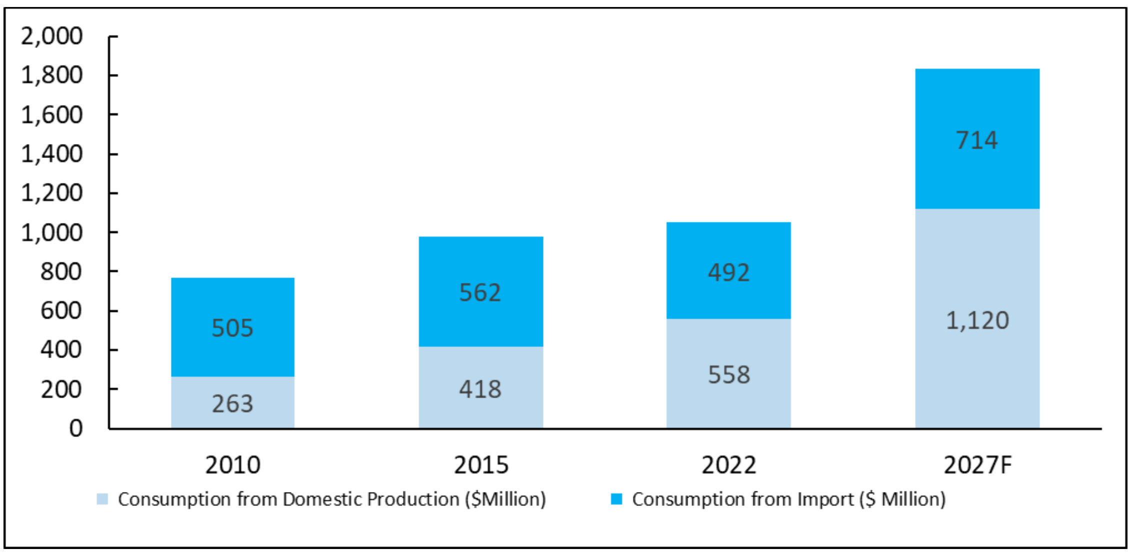
- Live Machine Health Monitoring
- Machine Health Alarms Logs
- Machine Health Analysis
- Tool Management
- Intelligent Machine Management

- Productivity Monitoring
- Daily Production Virtualization &Visualization
- Live Production Monitoring
- Live Machine Monitoring
- Virtual Machine Screen
- Current Event Monitoring
- Live Breakdown Alarms
- Live OEE
- Reports

Jyoti acquired Huron Graffenstaden SAS. The acquired company is a pioneer across world for its 5 axis machining centers.

**Opportunity for import substitution**

**Figure 28: CNC Machines Mismatch Between Imports and Domestic Production - 2010, 2015, 2022,2027F**

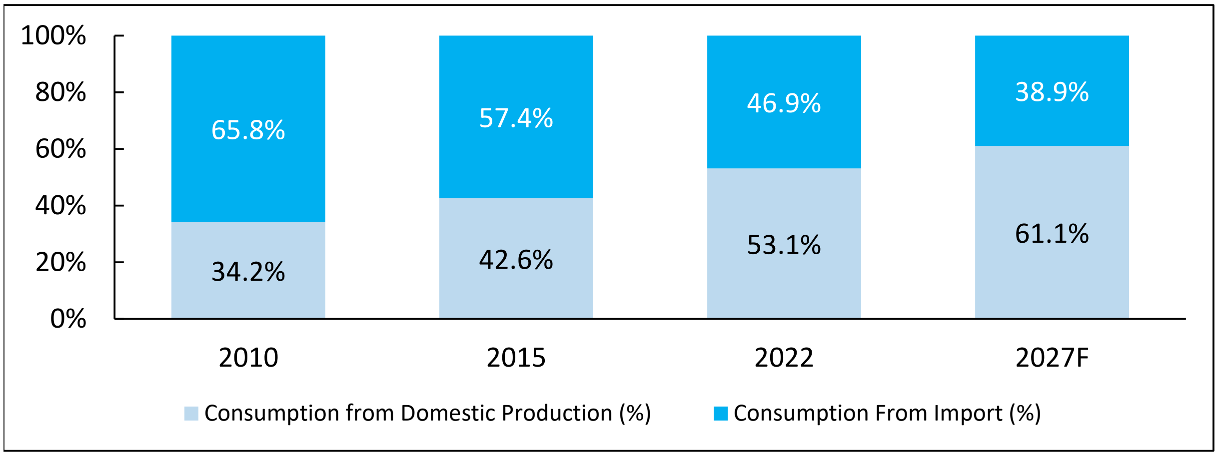



*Note: E refers to estimate; Source: Company Website, Annual Report, Filings, Primary Research, Frost & Sullivan Analysis*

Since 2010, India's CNC machine consumption from import has reduced. In the Indian CNC Machine manufacturing space, the scenario has changed drastically in the last few years. With the presence of many global brands in India, the expectation level from customers has increased in terms of adopting high-end solutions having speed and accuracy. To cater such demand, Indian players are focusing on manufacturing 5+axis CNC machines equipped with industry 4.0 features in the domestic market; In addition to this government campaigns such as 'Make in India', 'Atma-nirbhar Bharat' and PLI schemes on various industries are generating good business for domestic manufacturers. This trend is expected to continue and the Domestic Production will increase in a big way in the next 3-5 years.

**The trend of Imports vs domestic share**

**Figure 29: CNC Machines Consumption Share Imports Vs Domestic, 2010-2027F (%)**




*Note: E refers to estimate Source: Indian Machine Tool Manufacturers' Association, Primary Research, Frost & Sullivan Analysis*

In 2022, CNC machine imports in India have declined compared to 2010 and it is further likely to decline owing to the improvement in the domestic product needs as per the demand from the end user industry. Further, domestic manufacturing is receiving huge support from the Indian Machine Tool Manufacturer's Association (IMTMA) and the Government of India. The PLI (performance-linked incentive) and infrastructure investments, as well as the Aatmanirbhar Bharat and Make in India campaigns' incentives, have generated a strong business environment. Furthermore, the Indian machine tool industry and the IMTMA are collaborating closely on import localization.

## OUR BUSINESS

*Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read 'Forward-Looking Statements' on page 21 for a discussion of the risks and uncertainties related to those statements. You should also read 'Risk Factors', 'Financial Statements' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on pages 33, 251 and 312, 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.*

*Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see 'Financial Statements' on page 251. We have, in this Draft Red Herring Prospectus, included various operational and financial performance indicators and certain non-GAAP measures, some of which may not be derived from our Restated Consolidated Financial Statements and may not have been subjected to an audit or review by our Statutory Auditor. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates underlying, and, used in such calculation, may vary from that used by other similarly placed companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and are cautioned that they should consult their own advisors and evaluate such information in the context of the Restated Consolidated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.*

*Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Jyoti CNC Automation Limited on a consolidated basis and references to "the Company" or "our Company" refers to Jyoti CNC Automation Limited on a standalone basis. In this Section, unless otherwise stipulated, all references to 'CNC' are to 'metal cutting CNC'.*

*Unless otherwise indicated, industry and market data used in this section has been derived from F&S Report by Frost & Sullivan. Unless otherwise indicated, all industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year. A copy of the F&S Report is available on the website of our Company at www.jyoti.co.in.*

### Overview

We are one of the world's leading manufacturers of CNC machines with the second and twelfth largest market share, in India and globally, respectively. In Fiscal 2022, we were the second largest CNC machine manufacturer in India and accounted for approximately 8% of the market share. We are a prominent manufacturer of simultaneous 5-Axis CNC machines in India and are a supplier of one of the most diverse portfolios of CNC machines in India *(Source: F&S Report)* including CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers (VMCs), CNC Horizontal Machining Centers (HMCs), simultaneous 3-Axis CNC machining Centers, simultaneous 5-Axis CNC machining Centers and multi-tasking machines. We rely on our expertise built over 2 decades of presence and strong R& D capabilities to deliver customised solutions to our customers across diverse set of industries including aerospace and defence, auto and auto components, general engineering, EMS, dies and moulds, and others.

We offer solutions suited for transitioning towards 'Industry 4.0', including our flagship multifunctional solutions package viz. '*$7^{th}$ Sense*' – which is geared towards automating sophisticated diagnostic and analytical functions enabling seamless management of productivity, health and tool life of the CNC machine. The CNC machines market is expected to grow globally at a CAGR of 9.9% during CY 2023-2027. This growth is expected to be propelled by a growth in the manufacturing industries due to factors such as industrial automation, and integration of computer aided manufacturing. The surge in demand for high precision machinery from various industries including aerospace, defense and medical sector is expected to result in the increased demand for the machining centers market. (*Source: F&S Report*).

We have vertically integrated operations which we consider essential to our ability to provide technologically relevant and customized solutions that has helped us garner customers such as Space Applications Centre – ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited, and Aequs Private Limited. We have been awarded Best Metal Cutting Brands by Economic Times for 5 consecutive years from 2018 to 2022.

We offer over 200 variants across 44 series and during the last 3 Fiscals, our Company has supplied over 7,200 CNC machines to more than 3,000 customers in India and across Asia (excluding India), Europe, North America and rest of the world. Since April 1, 2004, we have supplied over 30,000 CNC machines globally. During the last 3 Fiscals we have sold our products in India and 16 other countries across the globe through our principal offices in India, France, Germany, Turkey and Canada. We sell our products in Romania, France, Poland, Belgium, Italy, and United Kingdom through Huron's established dealer network and also have 29 sales and service centres (including our sales offices located within the precincts of one of our Manufacturing Facilities in Rajkot, Gujrat) spread across 12 states in India. As of June 30, 2023, we had an order book of ₹ 31,430.56 million including an order of ₹ 2,602.50 million from an entity in the electronics manufacturing services (**EMS**) industry (as per the end-user industries as specified to us at the time of supply of machines).

Since, one of our Promoters, Parakramsinh Ghanshyamsinh Jadeja, acquired our Company in 2002, we have significantly expanded the range of our operations. Currently, our product portfolio comprises entry level products to sophisticated machines including high speed simultaneous 5-Axis, multi-purpose, multi-tasking machines. In November 2007, we acquired Huron Graffenstaden SAS (**Huron**, our step-down subsidiary), a pioneer for 5-Axis machining technology *(Source: F&S Report).* The acquisition of Huron was undertaken with the strategic objective of augmenting our technological capabilities, broadening the range of our operations on the global scale, increasing our geographic reach and our access, and our ability to cater, to global customers across aerospace, defence and other high end engineering application industries.

Our ability to deliver high precision multi-purpose products is also enabled by our dedicated research and development (**R&D**) facility at Rajkot, Gujarat (**R&D Centre**) and our R&D team in Strasbourg, France. R&D is key element of our ability to offer customised products to our customers. It is also a critical aspect of product development, and is integral to our process optimisation which ensures that we continue to evolve with the changing industry landscape. As of June 30, 2023, our R&D team aggregated 129 employees in Rajkot, Gujarat and Strasbourg, France. Our R&D capabilities are supported by design and development tools such as Pro/E Foundation, Pro/E advance assembly extensions, Pro/Mechanical solutions, Pro/Manufacturing UNIGR APHICS and Altair Hyperworks.

We operate out of 3 manufacturing facilities, 2 in Rajkot, Gujarat, (**Indian Manufacturing Facilities**) and 1 in Strasbourg, France, which are equipped with capabilities to design, develop and manufacture our product portfolio. Our Indian manufacturing facilities have obtained ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certification and our manufacturing facility in Strasbourg, France has obtained ISO 9001:2015 certification. As on June 30, 2023, we had the capacity to manufacture 4,400 machines p.a. in India and 121 machines p.a. in France. Our Indian manufacturing operations are fully integrated and comprise, in addition, to our production lines, a foundry, sheet metal shop, paint shop, sub-assembly and assembly lines, and we also have a repair facility in Rajkot, Gujarat. Our vertically integrated operations, for instance, enable our design and development teams work in conjunction with our R&D team in tailoring products to our customers' specifications; these teams also seek and receive inputs from the production team to determine aspects of functionality which are factored into the product design. The collaboration of our various teams enables us to adopt a structured and coordinated approach to customising products which *inter alia* reduces our delivery timelines. Additionally, our vertically integrated operations also enable us to manufacture spare parts and address after-sales aspects which are an important element of our business, in an efficacious manner since the necessary support is readily available.

Our integrated approach to our operations which is one of the cornerstones of our progress, was spearheaded by one our Promoters, Parakramsinh Ghanshyamsinh Jadeja, who is also our Chairman and Managing Director. He continues to be a driving force behind our operations and his entrepreneurial *nous* is well recognised. He has been honoured *inter alia* with the 'Premier Outstanding Entrepreneurship Award' by the Indian Machine Tools Manufacturers Association (**IMTMA**) in 2013, the 'Small Scale Entrepreneur Third Award – 2003', by the Ministry of Small Scale Industries, Government of India, and the "CII Best Entrepreneurship of the year award' for 2004-2005. He was also awarded the Hercules Award in 2013 on "Converting SSI into Indian MNC" by the Gujarat Innovation Society. He, and our Board of Directors, are also ably supported by strong and technically proficient group of KMPs and SMPs comprising Kamlesh Sureshbhai Solanki, Chief Financial Officer, Hitesh Chhaganbhai Patel, General Manager – Assembly, Hiren Mahipatsinh Jadeja – President – Marketing, Vijaysinh Pravinsinh Zala, Executive Head – Design, Marc Paul Troia, Director General of Huron Graffenstaden SAS, Maulik B Gandhi, Company Secretary and Compliance Officer, Vikas Raj Taneja President – Marketing, and Shivangi Bipinbhai Lakhani, Executive Head – Corporate Communication, who supervise various aspects of our business development, strategy and operational focus. As of June 30, 2023, our KMPs and SMPs had been with us for an average duration of over 16 years. Further, as of June 30, 2023, we had an aggregate of 2,573 employees (including employees on contract basis) on a consolidated basis.

One of the key aspects of our growth has been our continual efforts to optimise our operations – a recent example of process engineering improvement is that we are contemplating a cupola furnace, which we are in the process of implementing. The cupola furnace is expected to aid our foundry division by enabling continuous heating operations which in turn ought to augment our forging capacity in a cost efficient manner. We are also in the process of establishing a separate facility to process the sand used in our foundry operations – a separate sand processing unit would, generally, streamline sand-handling operations and improve efficiencies.

Set out below are some of our financial metrics on a consolidated basis.

| Particulars | As of and for the year ended March 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Revenue from Operations (₹ million) | 9,292.59 | 7,464.87 | 5,800.59 |
| Gross Profit (₹ million)(1) | 3,966.46 | 3,268.02 | 2,611.04 |
| Gross Margin (%)(2) | 42.68% | 43.78% | 45.01% |
| EBITDA (₹ million)(3) | 973.79 | 726.62 | 316.89 |
| EBITDA Margin (%)(4) | 10.48% | 9.73% | 5.46% |
| Profit for the Year (₹ million) | 150.60 | (483.00) | (700.29) |
| PAT Margin (%)(5) | 1.58% | (6.44%) | (11.87%) |
| Total Equity (₹ million) | 820.63 | 411.54 | 1,125.86 |
| Total Current Assets (₹ million) | 11,794.20 | 9,569.31 | 9,887.27 |
| Total Non-Current Assets (₹ million) | 3,359.61 | 3,293.04 | 3,994.65 |
| Total Assets (₹ million) | 15,153.81 | 12,862.35 | 13,881.92 |
| Return on Equity (%)(6) | 18.35% | (117.37%) | (62.20%) |
| Return on Capital Employed (%)(7) | 9.50% | 4.85% | 0.47% |
| Gross Block (i.e. cost of property, plant and equipment, right to use assets, capital work-in-progress, cost of intangible assets and intangible assets under development) (₹ million) | 7,313.29 | 6,921.46 | 7,490.69 |
| Gross Fixed Assets Turnover Ratio (in times)(8) | 1.27 | 1.08 | 0.77 |

*As certified by our Statutory Auditors pursuant to certificate dated August 30, 2023.*
*Notes:*

1. *Gross profit is calculated as revenue from operations minus cost of raw materials consumed minus (increase)/decrease in inventories of finished goods and work-in-progress.*
2. *Gross Margin is calculated as gross profit divided by revenue from operations.*
3. *EBITDA is calculated as profit/ (loss) for the year less exceptional items and other income plus finance costs, depreciation and amortisation, and total income tax expenses.*
4. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
5. *PAT Margin is calculated as profit/ (loss) for the year divided by total income.*
6. *Return on Equity is calculated as profit/ (loss) for the year divided by total equity.*
7. *Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as EBITDA plus other income less depreciation and amortization.*
8. *Gross Fixed Assets Turnover Ratio is calculated as revenue from operations divided by cost of property, plant and equipment; capital work in progress; right of use assets; intangible assets and intangible assets under development.*

## OUR STRENGTHS

### *One of the leading CNC machine manufacturing companies globally as well as in India with presence across the CNC metal cutting machinery value chain*

We are one of the world's leading manufacturers of CNC machines with the second and twelfth largest market share, in India and globally, respectively. In Fiscal 2022, we were the second largest CNC machine manufacturer in India and accounted for approximately 8% of the market share. We are also a prominent manufacturer of simultaneous 5-Axis CNC machines in India and are a supplier of one of the most diverse portfolios of CNC machines in India *(Source: F&S Report)*. Our standing in the Indian industry is demonstrated by the fact that we have been recognised as *'Best Brand in the Metal Cutting Industry'* by Economic Times for 5 consecutive years from 2018 to 2022. We also operate through our step-down subsidiary, Huron Graffenstaden SAS, which is a pioneer across the world In the 5-Axis machining technology *(Source: F&S Report)*. The addition of Huron augments our technological capabilities and enables us access to a diverse global customer base, across aerospace, defence and other high end engineering application industries.

One of the factors on which our reputation is anchored on is our wide-ranging customizable product portfolio. As on June 30, 2023, we offered our customers a choice of 200 variants in 44 series across CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers (VMCs), CNC Horizontal Machining Centers (HMCs) CNC 3-Axis machining Centers and CNC 5-Axis machining Centers, and Multi Tasking Machines.

Set out below is a list of the series of variants manufactured by us giving a broad indicator of our product portfolio as on June 30, 2023.

| Turning Centres | Turn Mill Centres | Vertical Machining Centres | Horizontal Machining Centres | 5-Axis Machines | Multi-Tasking Machines |
|---|---|---|---|---|---|
| AT/ATM Series | ATM Series | EX Series | HP Series | ABX Series | MTX Series |
| AX Series | AX Series | K MILL NVU Series | HSX Series | KX Five Series | MX Series |
| Chucker | TMC Large Series | KX/K2X Series | HX Series | KX Large Series | TMX Series |
| CNC Chucker | TMC NVU Series | Mill Tap Series | | KXG Series | |
| DX 200 Series | TMC Series | NX Series | | MU Tech Series | |
| DX Large Series | VTL Series (TMC) | PX NVU Series | | MX 4 Series | |

| Turning Centres | Turn Mill Centres | Vertical Machining Centres | Horizontal Machining Centres | 5-Axis Machines | Multi-Tasking Machines |
|---|---|---|---|---|---|
| DX NVU Series | | RDX Series | | U MILL Series | |
| DX Series | | RX Series | | | |
| DXG Series | | TACHYON Series | | | |
| Linear Tooling | | VMC NVU Series | | | |
| Oval Turning | | VMC Perf. Large Series | | | |
| TS Series | | VMC Perf. Series | | | |
| Vertical Shaft Series | | | | | |
| VTL Series | | | | | |

*As certified by Babulal A. Ughreja, Independent Chartered Engineer pursuant to certificate dated August 31, 2023.*

We design and develop, and aim to provide, comprehensive solutions across the CNC metal cutting machinery value chain catering to the global trends towards multifaceted multifunctional machining centers which are capable *inter alia* of high precision, custom finishing, and improved efficiency. Further, we develop solutions keeping in mind the anticipated needs of 'Industry 4.0' which basically refers to a more complex manufacturing setup that includes Industrial Internet of Things (IIOT) that monitors and measures manufacturing processes and reacts autonomously to errors. *(Source: F&S Report)* Further, since CY 2010, the share of domestic production of CNC machine centres has increased significantly in terms of value. With the presence of many global brands in India, the expectation level from customers has increased in terms of adopting high-end solutions having speed and accuracy. To cater such demand, Indian players are focusing on manufacturing 5+axis CNC machines equipped with industry 4.0 features in the domestic market; In addition to this, government campaigns such as 'Make in India', 'Aatma Nirbhar Bharat' and PLI schemes on various industries are generating good business for domestic manufacturers. This trend is expected to continue and the Domestic Production will increase in a big way in the next 3-5 years. *(F&S Report)*

The table below sets out the aforementioned increase between CY 2010, CY 2022 (E) and CY 2027 (F).

| Particulars | CY 2010 | | CY 2022 (E) | | CY 2027 (F) | |
|---|---|---|---|---|---|---|
| | Value of consumption (in USD million) | As a percentage of total value of consumption | Value of consumption (in USD million) | As a percentage of total value of consumption | Value of consumption (in USD million) | As a percentage of total value of consumption |
| Value of CNC machine centres imported into India | 505 | 65.8 | 492 | 46.9 | 714 | 38.9 |
| Value of CNC machine centres produced in India | 263 | 34.2 | 558 | 53.1 | 1,120 | 61.1 |
| **Total value** | **768** | **100.0** | **1,050** | **100.0** | **1,834** | **100.0** |

*(Source: F&S Report)*

Additionally, we expect to be able to leverage our strengths in manufacturing CNC machining centres of upto simultaneous 5-Axis to capitalize on the expected 12.10% and 17.40% growth globally and in India, respectively, in 4-6-Axis machining centres between Fiscal 2022 and Fiscal 2027, government campaigns such as 'Make in India', 'Aatma Nirbhar Bharat' and PLI schemes on various industries are generating good business for domestic manufacturers. This trend is expected to continue and the domestic Production will increase in a big way in the next

3-5 years. (*Source: F&S Report*). Further, we constantly focus on developing our ability to provide technologically relevant and highly customized solutions including our flagship multifunctional solutions package viz., '*7th Sense*', which is geared towards automating sophisticated and repetitive functions diagnostic and analytical functions which enables seamless management of productivity, health and tool life of the CNC machine.

***Well diversified global customer base spread across end-user industries***

Since April 1, 2004, have supplied over 30,000 CNC machines globally, and during the last 3 Fiscals, our Company has supplied machines over 7,200 machines to more than 3,000 customers in India and across Asia (excluding India), Europe, North America and rest of the world.

Set out in the table below are details of our order book and revenues from sale of machinery split across the various end-user industries, as specified to us at the time of supply of machines:

| **End-user industries*** | **Order Book* as of June 30, 2023 (in ₹ million)** | **Fiscal 2023** | | **Fiscal 2022** | | **Fiscal 2021** | |
|---|---|---|---|---|---|---|---|
| | | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** |
| Aerospace and Defence | 18,394.60 | 1,730.74 | 20.32 | 512.30 | 7.52 | 978.44 | 19.03 |
| Auto & Auto Components | 3,967.19 | 3,975.84 | 46.68 | 2,689.93 | 39.47 | 1,836.61 | 35.72 |
| General Engineering | 3,261.93 | 1,667.77 | 19.58 | 1,900.29 | 27.88 | 1,254.16 | 24.39 |
| Dies & Moulds | 1,545.92 | 765.72 | 8.99 | 660.42 | 9.69 | 321.99 | 6.26 |
| EMS | 2,602.50 | 1.50 | 0.02 | - | - | - | - |
| Others | 1,658.41 | 375.54 | 4.41 | 1,052.71 | 15.45 | 750.87 | 14.60 |
| **Total** | **31,430.56** | **8,517.10** | **100.00** | **6,815.65** | **100.00** | **5,142.07** | **100.00** |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*
** As per the end-user industries as specified to us at the time of supply of machines*

Some of our customers across the various end industries include Space Applications Centre – ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited, and Aequs Private Limited.

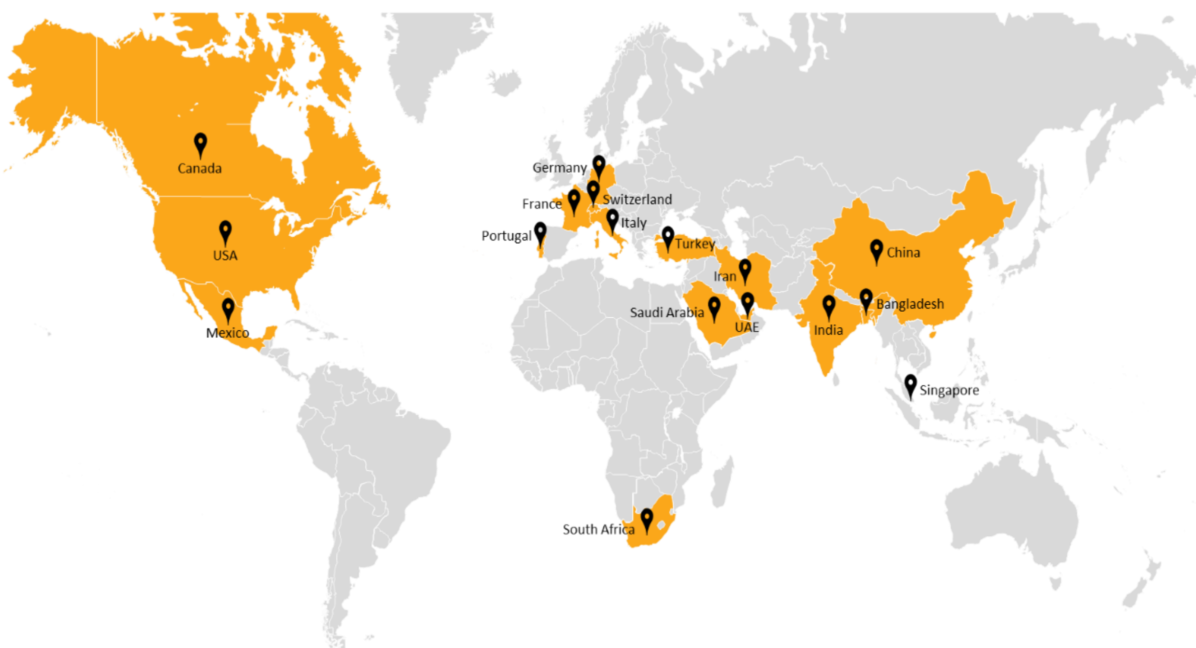
We have also recently forayed into supplying our products such as CNC Vertical Machining Centers (Model Tachyon 5FT with RT 200 direct drive rotary table) for companies in EMS industry in Fiscal 2023. As on June 30, 2023 our order book in EMS industry was ₹ 2,602.50 million constituting around 8% of our order book of ₹ 31,430.56 million. Accordingly, our Company has set up 2 dedicated assembly lines for manufacturing of machines for EMS industry at our unit at 2839, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021. Rajkot, Gujarat.

Our wide product basket helps us service a broad spectrum of customers and helps us maintain long term relationships with certain of our customers. Set out in the table below are our revenues from operations from our top 3, top 5 and top 10 customers, based on our Restated Consolidated Financial Statements during Fiscals 2023, 2022 and 2021:

| Particulars | Fiscal 2023 | | Fiscal 2022 | | Fiscal 2021 | |
|---|---|---|---|---|---|---|
| | Revenue from operations (in ₹ million) | As a % of Revenue from Operations | Revenue from operations (in ₹ million) | As a % of Revenue from Operations | Revenue from operations (in ₹ million) | As a % of Revenue from Operations |
| Top 3 customers | 1,296.18 | 13.95 | 1,044.04 | 13.99 | 1,063.27 | 18.33 |
| Top 5 customers | 1,499.53 | 16.14 | 1,274.88 | 17.08 | 1,308.84 | 22.56 |
| Top 10 customers | 1,866.00 | 20.08 | 1,685.87 | 22.58 | 1,713.36 | 29.54 |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*

During Fiscal 2023, Fiscal 2022 and Fiscal 2021, we supplied our products in India and, to 16 others countries across Asia, (excluding India), Europe and North America, through our principal offices in France, Germany, Turkey and Canada. Further, we market our products in India through 29 sales and service centres spread across 12 states in India. We sell our products in Romania, France, Poland, Belgium, Italy, and United Kingdom through Huron's established dealer network. Our international operations, and geographic reach, has been bolstered since the acquisition of Huron. The below map indicates our global geographical presence in terms of the countries in which we have supplied our products in last 3 Fiscals:




*This map is only for the purpose of representation and is not to be considered an accurate geopolitical representation.*

Set out in the table below is a break-down of our revenues from operations across different geographies.

*(₹ in million)*

| End-user industries | Fiscal 2023 | | Fiscal 2022 | | Fiscal 2021 | |
|---|---|---|---|---|---|---|
| | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** |
| India | 7,428.19 | 87.22 | 5,628.99 | 82.59 | 3,652.05 | 71.02 |
| Asia (excluding India) | 600.16 | 7.05 | 772.68 | 11.34 | 618.61 | 12.03 |
| Europe | 418.57 | 4.91 | 339.07 | 4.97 | 835.27 | 16.24 |
| North America | 63.70 | 0.75 | 46.55 | 0.68 | 36.14 | 0.70 |
| Rest of World | 6.48 | 0.08 | 28.36 | 0.42 | - | - |
| **Total** | **8,517.10** | **100.00** | **6,815.65** | **100.00** | **5,142.07** | **100.00** |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*

***Focus on technology and ability to deliver innovative solutions bolstered by dedicated R&D facilities***

We have a diverse portfolio of products; and are suppliers of one of the most diverse portfolios of CNC machines in India. (*Source: F&S Report*) Currently, our product portfolio comprises entry level products to sophisticated machines including high speed simultaneous 5-Axis, multi-purpose, multi-tasking machines. The growth in our product range from entry level CNC machines to sophisticated multi-axis machines is a testament to our constant focus on technology and drive to continually provide customised solutions to our customers. In furtherance of this objective, in November 2007, we acquired Huron Graffenstaden SAS, a pioneer across the world in the 5-Axis machining technology *(Source: F&S Report)*. This acquisition, in particular, bolstered our technological capabilities and established our presence on the global scale including our access, and our ability to cater, to global customers across key industries such as aerospace, defence and other high-end engineering applications.

Our ability to deliver high precision multi-purpose products is significantly enhanced by our dedicated R&D team situated at our facilities in Rajkot, Gujarat and in Strasbourg, France. As of June 30, 2023, our R&D team aggregated 129 employees in Rajkot, Gujarat and Strasbourg, France. Our R&D capabilities are supported by design and development tools such as Pro/E Foundation, Pro/E advance assembly extensions, Pro/Mechanical solutions, Pro/Manufacturing UNIGRAPHICS and Altair Hyperworks.

Our R&D team focuses on continually developing and customising our products and solutions. For instance, we have developed '*7$^{th}$ Sense*' solution, TPM (Total Productive Maintenance) friendly machines, CNC Machines with 'Linear Motor Technology', software such as 'Piston Oval Turning Software' (POTS). Our '*7$^{th}$ Sense*' solution incorporates features such as virtual machine screen that displays an updated status of the process, intelligent navigation to reduce errors, and enables 'smart analysis' and comes equipped with a customised dashboard which measures *inter alia* the efficiency and productivity of machines. Our CNC Machines with 'Linear Motor Technology' are geared towards enabling higher productivity due to reduced friction and other advantages.

***Vertically integrated operations which enables customisation and production efficiencies***

We operate out of 3 manufacturing facilities 2 in Rajkot, Gujarat, and 1 in Strasbourg, France, which are equipped with capabilities to design, develop and manufacture our product portfolio. Our units are spread across 237,408.50 sq. meters of industrial land in India which comprises utilised land of 72,753.18 sq. meters and unutilised land of 164,655.32 sq. meters, and 16,414 sq. meters in France which comprises utilised land of 6,785 sq. meters and unutilised land of 9,629 sq. meters. We also have a captive foundry, machining, sheet metal unit, paint-shop and assembly unit. Our integrated operations enable us to manufacture some of the critical machine components such as spindles, tool-changers, pallet changers, rotary tables and universal heads in-house. This reduces our dependence on third parties, streamlines our production process and improves our operational efficiencies. In addition, it also enables us to maintain control over the entire manufacturing process and also provide better delivery timelines to our customers at a more competitive cost. For instance, our design capabilities including used of 3D computer aided software, and prototype testing facilities enable customisation of our products to meet our customer specifications and also decreases our time to market our products and solutions.

One of the benefits of having vertically integrated manufacturing operations is the ability for different teams across the production process to work harmoniously. For instance, our design and development teams work in conjunction with our R&D team in customising our products in terms of customer specification. These teams also seek and receive inputs from the production team to determine aspects of functionality. The collaboration of our various teams enables us to customise products in a more cohesive manner and also reduces our delivery timelines. Moreover, our quality control and quality assurance teams conduct random inspection at different stages of the manufacturing process to ensure that quality is maintained.

We believe that our backward integration has helped us in managing the diverse range of series and variants that we currently offer to our customers and that our customers appreciate the relatively higher control we have over the production process. Further, our being vertically integrated helps us in reacting to emerging trends and develop prototypes in anticipation of the same. For instance, our Company has set up 2 dedicated assembly lines for manufacturing of machines for EMS industry at our unit at 2839, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021 Rajkot, Gujarat towards meeting our order book of ₹ 2,602.50 million in the EMS industry constituting around 8% of our order book of ₹ 31,430.56 million.

***Experienced Promoters supported by a strong management and execution team***

Parakramsinh Jadeja, one of our Promoters, who is also our Chairman and Managing Director, is vastly experienced and has been feted by various industry bodies for his entrepreneurship. He has been awarded the ‘Premier Outstanding Entrepreneurship Award’ by the IMTMA in 2013, ‘Small Scale Entrepreneur Third Award, by the Government of India, and the “CII Best Entrepreneurship of the year award’ for 2004-2005. He is also actively involved in our business operations and, in particular, in new product development. Sahdevsinh Lalubha Jadeja and Vikramsinh Raghuvirsinh Rana, 2 other Promoters, are experienced whole time directors who are involved in our business operations and are part of an experienced board of directors.

Our Board of Directors is ably supported by a strong and long-standing management team comprising Kamlesh Sureshbhai Solanki, Chief Financial Officer, Hitesh Chhaganbhai Patel, General Manager – Assembly, Hiren Mahipatsinh Jadeja – President – Marketing, Vijaysinh Pravinsinh Zala, Executive Head – Design, Marc Paul Troia, Director General of Huron, Maulik B Gandhi, Company Secretary and Compliance Officer and Shivangi Bipinbhai Lakhani, Executive Head – Corporate Communication. Our KMPs and SMPs have been with us for an average duration of over 16 years. In addition, we have a capable R&D team headed by Vijaysinh Pravinsinh Zala in India and Marc Paul Troia in France. Further, as on June 30, 2023, 70.53% our permanent employees, on a consolidated level, are skilled, and have been with us for an average duration of 6.14 years.

## OUR STRATEGIES

We will continue to seek opportunities to realize sustainable growth of our business. To achieve this, we plan to focus on the following strategies:

***Focus on improving our market share and taking advantage of the growing industry demand***

The Indian CNC machine market is highly fragmented with a wide range of small, medium and large suppliers. Similarly, the global CNC machine market is also highly fragmented with a limited number of leading manufacturers.

(*Source: F&S Report*). This is demonstrated by the fact that the top 10 global suppliers account for 36.9% of the global CNC machine market in Fiscal 2021 with the 10th largest manufacturer accounting for 1.4%. Additionally, the top 5 Indian manufacturers account of 31.0% of the Indian CNC machine market in Fiscal 2022, with the 5th largest manufacturer accounting for 3%. *(Source: F&S Report).*

The CNC machines market is expected to grow globally at a CAGR of 9.9% between CY 2021-2027 driven by the increasing demand for automotive/ auto ancillaries, industrial manufacturing, medical devices, replacement of low precision/ manual machines and components in the aerospace and defence industry. (*Source: F&S Report*). We intend to capitalise our extensive experience and our technical capabilities in manufacturing CNC machines, which have grown from a limited portfolio of CNC machines to sophisticated machines including high speed simultaneous 5-Axis, multi-purpose, multi-tasking machines, to improve our market share in CNC machines, both in India and globally.

We have constantly focused on developing our ability to provide technologically relevant and highly customized solutions which has helped our machines find acceptance with customers across diverse sectors. We also intend to leverage our strengths in manufacturing CNC machining centres of upto simultaneous 5-Axis to improve our market share in CNC machines, to capitalize on the expected 12.10% and 17.40% growth globally and in India, respectively, in 4-6-Axis machining centres between Fiscal 2022 and Fiscal 2027 *(Source: F&S Report).* Further, since CY 2010, the share of domestic production of CNC machine centre has increased significantly both in terms of value and percentage of consumption. With the presence of many global brands in India, the expectation level from customers has increased in terms of adopting high-end solutions having speed and accuracy. To cater such demand, Indian players are focusing on manufacturing 5+axis CNC machines equipped with industry 4.0 features In the domestic market; In addition to this, government campaigns such as 'Make in India', 'Aatma Nirbhar Bharat' and PLI schemes on various industries are generating good business for domestic manufacturers. This trend is expected to continue and the Domestic Production will increase in a big way in the next 3-5 years. *(F&S Report)* We intend to capitalise on the trends towards growing demand of domestic production of CNC machine centres.

The table below set out the said increase between CY 2010, CY 2022 (E) and CY 2027 (F).

| **Particulars** | **CY 2010** | | **CY 2022 (E)** | | **CY 2027 (F)** | |
|---|---|---|---|---|---|---|
| | **Value of consumption (in USD million)** | **As a percentage of total value of consumption** | **Value of consumption (in USD million)** | **As a percentage of total value of consumption** | **Value of consumption (in USD million)** | **As a percentage of total value of consumption** |
| Value of CNC machine centres imported into India | 505 | 65.8 | 492 | 46.9 | 714 | 38.9 |
| Value of CNC machine centres produced in India | 263 | 34.2 | 558 | 53.1 | 1,120 | 61.1 |
| **Total value** | **768** | **100.0** | **1,050** | **100.0** | **1,834** | **100.0** |

*(Source: F&S Report)*

***Expand our presence across other end-user industries and diversify our customer base and geographical reach***

During the last 3 Fiscals, our Company has supplied over 7,200 CNC machines to more than 3,000 customers in India and across Asia (excluding India), Europe, North America and rest of the world. Since April 1, 2004, we have supplied over 30,000 CNC machines globally. We cater to a wide array of end use industries such as Aerospace & Defence, Auto & Auto Components, General Engineering, Dies and Moulds and EMS and others and some of our prominent customers include Space Applications Centre – ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited, and Aequs Private Limited. Set out in the table below are details of our order book and revenue from operations split across the various end-user industries, as specified to us at the time of supply of machines:

| **End-user industries*** | **Order Book* as of June 30, 2023 (in ₹ million)** | **Fiscal 2023** | | **Fiscal 2022** | | **Fiscal 2021** | |
|---|---|---|---|---|---|---|---|
| | | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** |
| Aerospace and Defence | 18,394.60 | 1,730.74 | 20.32 | 512.30 | 7.52 | 978.44 | 19.03 |
| Auto & Auto Components | 3,967.19 | 3,975.84 | 46.68 | 2,689.93 | 39.47 | 1,836.61 | 35.72 |
| General Engineering | 3,261.93 | 1,667.77 | 19.58 | 1,900.29 | 27.88 | 1,254.16 | 24.39 |
| Dies & Moulds | 1,545.92 | 765.72 | 8.99 | 660.42 | 9.69 | 321.99 | 6.26 |
| EMS | 2,602.50 | 1.50 | 0.02 | - | - | - | - |
| Others | 1,658.41 | 375.54 | 4.41 | 1,052.71 | 15.45 | 750.87 | 14.60 |
| **Total** | **31,430.56** | **8,517.10** | **100.00** | **6,815.65** | **100.00** | **5,142.07** | **100.00** |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*
* *As per the end-user industries as specified to us at the time of supply of machines*

The sales of battery electric vehicles and plug-in hybrid electric vehicles has increased from 0.12 million units in CY 2012 to 10.5 million units in CY 2022 due to factors such as growing demand for low emission commuting and governments supporting long range, zero emission vehicles through subsidies & tax rebates have compelled the manufacturers to provide electric vehicles around the world. The global EV market is expected to grow at a CAGR of 23.1% during the forecast period 2023 to 2032. Further, Global EV sales reached 10.5 million units in 2022, to over 55% more than in 2021. Additionally, PLI will spur green investments in India, with (nearly) 55 % of the scheme expected to be green, in sectors such as auto for electric vehicles/fuel cell electric vehicles, solar photovoltaics, and automotive cell company batteries. (*Source: F&S Report*) With a view towards leveraging the aforesaid significant potential for growth in the electric vehicles industry we have started developing our CNC machines to supply to this end user industry. We are proposing to manufacture a range of motors' production machines such as slot insulation machines, winding and inserting machines, intermediate and final forming machines, lacing machines, core screw machines, and welding machines. Moreover, we are proposing to venture into manufacturing high precision stages, which are a crucial ingredient in semi-conductor manufacturing. As India aims to establish itself as a production hub, aligning with the Make in India initiative, these high precision stages find applications in various crucial processes within semiconductor manufacturing (*Source: F&S Report*). By providing the technology required for these sophisticated applications, expect to capitalise on the anticipated opportunities in semiconductor manufacturing.

We also intend to deepen our penetration in the Aerospace and Defence industries which are expected to grow, both in India and globally (*Source: F&S Report*). The growth in the domestic production for Indian defence industry is expected to be propelled by the Government of India's '*Aatma Nirbhar Bharat*' programme pursuant to which the Union Defence Ministry, Government of India has decided to earmark over ₹ 700,000 million constituting around 64% of its modernisation fund under the capital acquisition budget for Fiscal 2022, for purchases from the domestic sector. (*Source: F&S Report*). The Indian defence export, which has grown over 325% during the last 5 years, is expected to achieve its export target of ₹ 350,000 million by Fiscal 2025. The focus on increasing exports in defence sector in India is also expected to propel investment and growth in high end CNC machines in India. (Source: *F&S Report*).

We also intend to increase our market share in the end use industries to which we currently offer our CNC machines and also intend to diversify our customer base. In particular, we intend to augment on our focus on the EMS industry which, as on June 30, 2023, constituted around 8% (as per the end-user industries as specified to us at the time of supply of machines) of our order book of ₹ 31,430.56 million. Global demand for the electronics industry is created by emerging and multiple disruptive technologies. The global electronics industry, of which the EMS industry is a part, was valued at USD 2,288 billion in CY2020 and grew at 9.00% to USD 2,494 billion in CY2021. As per Frost & Sullivan's analysis, the industry is expected to grow at a CAGR of 4.9% to reach USD 3,168 billion by CY2026. (*F&S Report*)

***Continuously augmenting our capacity in line with our expected business growth***

We have an order book of ₹ 31,430.56 million as of June 30, 2023. Details of our order book as per the end-user industries as specified to us at the time of supply of machines is as under:

| **End-user industries*** | **Order Book* as of June 30, 2023 (in ₹ million)** |
|---|---|
| Aerospace and Defence | 18,394.60 |
| Auto & Auto Components | 3,967.19 |
| General Engineering | 3,261.93 |
| Dies & Moulds | 1,545.92 |
| EMS | 2,602.50 |
| Others | 1,658.41 |
| **Total** | **31,430.56** |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated August 30, 2023.*
** As per the end-user industries as specified to us at the time of supply of machines*

We intend to continuously augment our capacity in line with our anticipated business growth, and we expect to utilise such augmented capacity including by executing our order book set out above. Additionally, our Company proposes to utilize an estimated amount of ₹ 4,500.00 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness and debt servicing costs and enable utilisation of our internal accruals for further investment in our business growth and expansion, which may be utilised to increase our production capacity. The reduction in our outstanding indebtedness and debt servicing costs would also improve our leverage capacity and our ability to and raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

***Improving our financial risk profile***

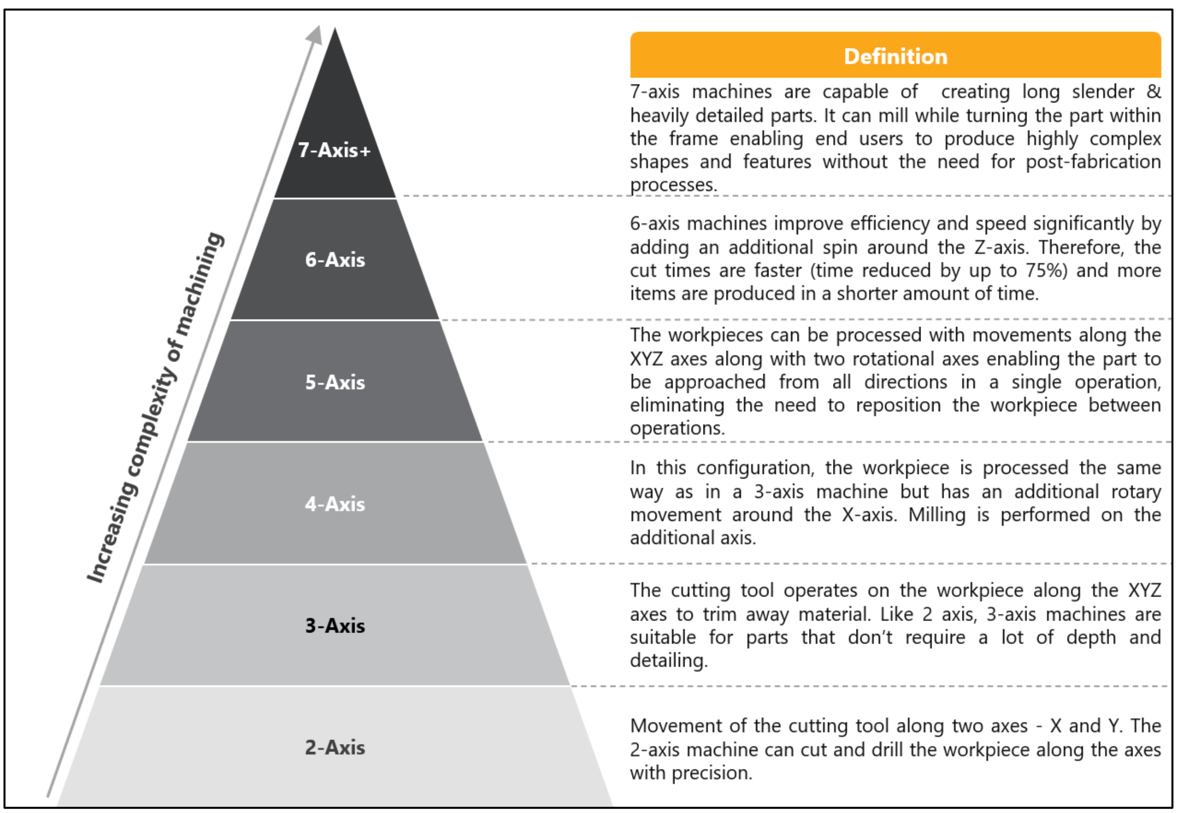
We have entered into various financing arrangements from time to time, with various lenders. The financing arrangements availed by our Company include *inter alia* term loans and working capital facilities. For further details, see '*Financial Indebtedness*' on page 302. As on March 31, 2023, our total outstanding non-current borrowings was ₹ 1,274.65 million.

Our Company proposes to utilize an estimated amount of ₹ 4,500.00 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. We expect that such repayment/ pre-payment will help reduce our outstanding indebtedness and debt servicing costs and enable utilisation of our internal accruals for further investment in our business growth and expansion. Additionally, we anticipate that our improved financial leverage will enhance our ability to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business.

Further, we propose to adopt various measures to improve our working capital management. We have already implemented some of these measures which has resulted in us reducing trade receivable cycle significantly from 159 days in Fiscal 2021 to 75 days in Fiscal 2023. Further, we also expect to address other aspects such as our inventory levels which were, in the past, adversely affected by supply chain issues including those caused by COVID. While our inventory levels have reduced from 462 days in Fiscal 2021 to 315 days in Fiscal 2023, we expect to further improve our inventory management. Our Company proposes to utilise an estimated amount of ₹ 3,000 million to fund our long term working capital requirements.

**PRODUCTS**

We are a prominent manufacturer of simultaneous 5-Axis CNC machines in India and are a supplier of one of the most diverse portfolios of CNC machines in India *(Source: F&S Report)* including CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers (VMCs), CNC Horizontal Machining Centers (HMCs), and simultaneous CNC 3-Axis and simultaneous 5-Axis machining Centers.



Our product portfolio comprises:

***CNC Turning Centers and CNC Turn Mill Center***

CNC Turning Centers are capable of executing many different types of lathe cutting operations simultaneously on a rotating part. CNC Turn Mill Centers are machining centres which use computer controls to cut varied materials. CNC Turn Mill Centres are able to translate programs consisting of specific number and letters to move the spindle to various locations and depths and are used to make 3D prototypes, moulds, cutting dies, printing plates and sights. (*Source: F&S Report*) Our products offerings as part of CNC Turning Centers include AT/ATM Series, AX Series, CNC Chucker, DX 200 Series, DX Large Series, DX NVU Series, DX Series and DXG Series. Further, our product offerings as part of our CNC Turn Mill Centers include TMC Large Series, TMC NVU Series, TMC Series and VTL Series (TMC).

*The pictures below are examples of our CNC Turning/ Turnmill centers manufactured by us.*



***CNC Vertical Machining Center***

CNC Vertical Machining Center is a machining center in which the spindle axis and the rectangular worktable are set vertically, which is suitable for processing workpieces with high accuracy and precision, even with multiple procedures and complex shapes. It is utilized primarily as a metal cutting machine that is useful in cutting or shaping steel, aluminium, and other hard materials in a precision formed or machined surface. Aside from these, it can also be used for milling, boring, drilling, carving, engraving, tapping, thread cutting, and more operations. It is used in various machinery manufacturing industries with high precision in industries such as aerospace, automobile, defence, electronic etc. (*Source: F&S Report*) Our products offerings as part of CNC vertical machining centers include EX Series, K MILL NVU Series, KX/K2X Series, Mill Tap Series, NX Series, TACHYON Series and VMC Perf. Large Series.

*The pictures below are examples of vertical machining centers manufactured by us.*


### *CNC Horizontal Machine Center*

A CNC horizontal machining center is a machining center with its spindle in a horizontal orientation. This machining center design favors uninterrupted production work. The horizontal design allows a two-pallet work changer to be incorporated into a space-efficient machine. To save time, work can be loaded on one pallet of a horizontal machining center while machining occurs on the other pallet. It is used in various end-user industries such as aerospace, automotive and metal fabrication. (*Source: F&S Report*) Our products offerings as part of CNC horizontal machine centers comprise HP Series, HSX Series and HX Series.

*The190ustomies below are examples of vertical machining centers manufactured by us.*



### *CNC Simultaneous 5-Axis Machining Centers*

A simultaneous 5-axis CNC machining center is a versatile and multifaceted machine which enables a part to be approached from all directions in a single operation, eliminating the need to reposition the workpiece between operations. A 5-Axis machine allows rotation/movement of the cutting tool in 5 ‘planes’ or directions. This facilitates more nuanced and complex cutting functions with a degree of precision and exactitude which are crucial for highly complex industrial engineering across industries including aerospace and defence, and high-end automotive. (*Source: F&S Report*) Our products offerings as part of CNC simultaneous 5-Axis machining centers comprise ABX Series, KX Five Series, KX Large Series, KXG Series, MU Tech Series, MX 4 Series and U MILL Series.

*The pictures below are examples of vertical machining centers manufactured by us.*

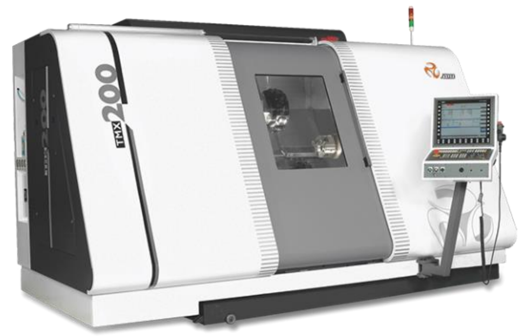


### *CNC Multitasking Machines*

A multitasking machine is a machine equipped with an automatic tool changing function (including turret type which can perform multiple types of machining such as milling, turning, and grinding without changing the workpiece setup.

In most cases, at least 2 machine tools, such as a lathe and a machining center, are required to finish a single part from material to finished product, but a multitasking machine can complete all these processes with a single machine. (*Source: F&S Report*) Our products offerings as part of CNC multitasking machine comprise MTX Series, MX Series and TMX Series.

*The pictures below are examples of vertical machining centers manufactured by us.*


**BUSINESS OPERATIONS**

The follwing narrative describes our business operations including details of our input materials, manufacturing facilities, manufacturing process, R&D etc.

**Input Materials**

Metal cutting CNC machine manufacturing involves assembling various parts either manufactured in-house or sourced from vendors. We manufacture many key components in-house and procure certain key components such as CNC controllers, motors, linear guide ways and ball screws. In addition to the said key components, the main input materials used in the manufacturing process of our products, based on different stages of input includes pig iron, cold rolled steel sheets, scrap iron and electric panel. We procure these input materials from domestic and overseas suppliers. Further, our foundry operations which are critical element of our overall operations require sand which we source from local suppliers.

**Manufacturing Facilities**

We operate out of 3 manufacturing facilities 2 in Rajkot, Gujarat, and 1 in Strasbourg, France, which are equipped with capabilities to design, develop and manufacture our product portfolio. Additionally, we also have a repair facility in Rajkot, Gujarat. Our units are spread across 237,408.50 sq. meters of industrial land in India which comprises utilised land of 72,753.18 sq. meters and unutilised land of 164,655.32 sq. meters, and 16,414 sq. meters in France which comprises utilised land of 6,785 sq. meters and unutilised land of 9,629 sq. meters. Our Indian manufacturing operations are fully integrated and comprise, in addition, to our production lines, a foundry, sheet metal shop, paint shop, sub-assembly and assembly lines, and we also have a repair facility in Rajkot, Gujarat. Additionally, our vertically integrated operations also enable us to manufacture spare parts and address after-sales aspects which are an important element of our business, in an efficacious manner since the necessary support is readily available.

Set out below are the pictographs of our manufacturing facilities and units:


Admin Building

Assembly Building

Assembly Line 1

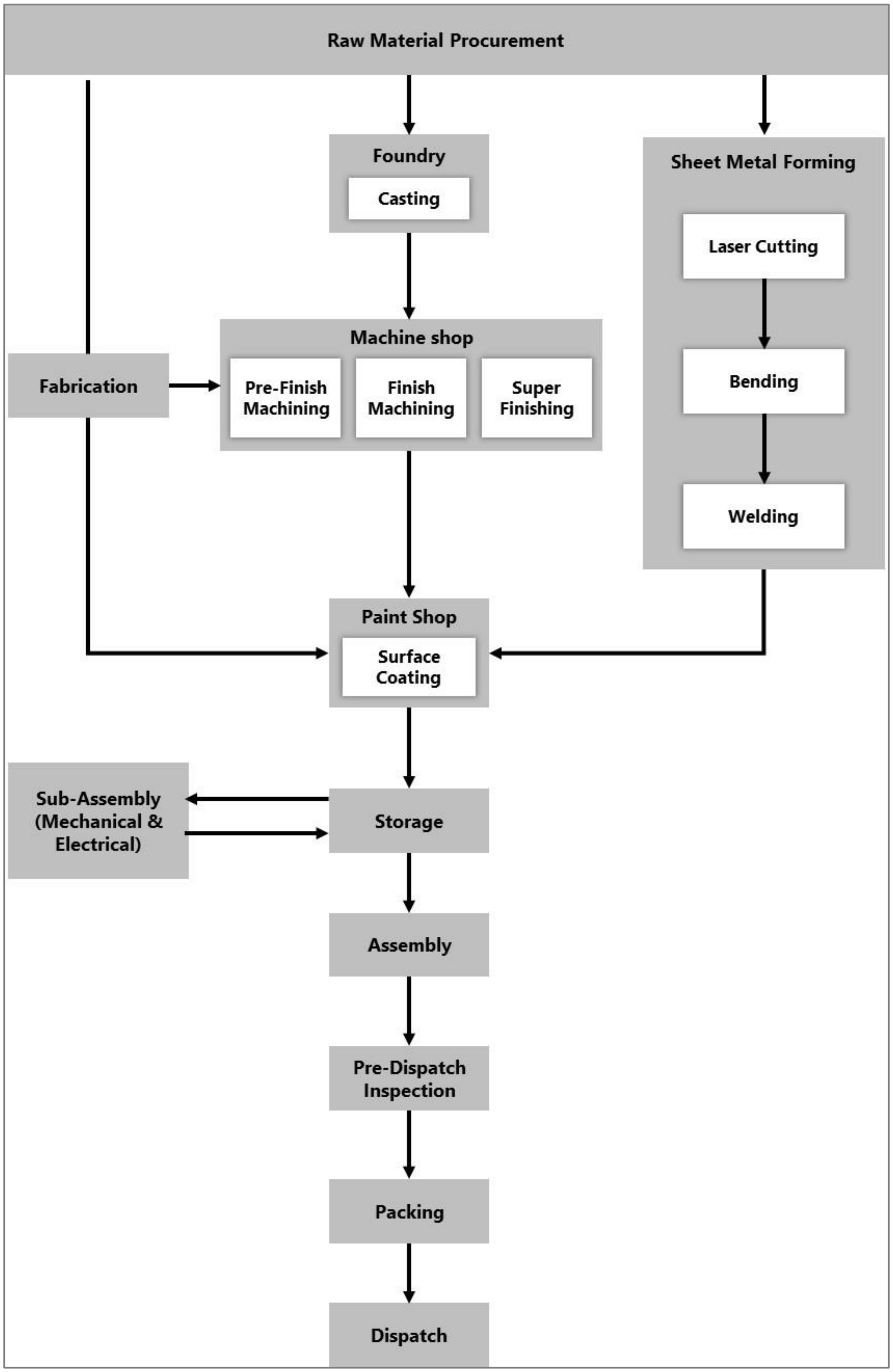

Assembly Line 2

Machine Shop Building

Manufacturing Facility, Huron, Graffenstaden SAS

**Manufacturing Process**

The manufacturing process involved in the manufacture of our CNC machines is divided into various stages. A diagrammatic representation of our manufacturing process is represented below:



***Foundry Process***

Our Company has a captive foundry located in Rajkot, Gujarat with a capacity of 1,500 metric tons per month where our Company manufactures small, mid and large sized castings of upto 15 tons. Foundry operations involve the following:

*Pattern Making*

Our Company has a captive pattern making shop where patterns are produced from aluminum, wood and polystyrene using CNC machines. These patterns are then used for the moulding process involved in our Company's manufacturing of CNC machines. The pattern making shop also has a separate storage area where our Company stores the patterns that we produce.

*Moulding Process*

The patterns produced in the pattern making shop are delivered to the moulding area according to our Company's manufacturing requirements. Moulds are produced from the sand which is sourced from the sand drier which has a capacity of 12 metric tons per hour. The moulding process is carried out with a 2 part chemically bound flask less, fast loop moulding technique and a maximum cake size, comprising base, saddle, headstock, table, tailstock, of 1.8m x 2.5m x 0.75m can be moulded. The moulding cake is further processed with an automatic manipulator. We also use floor moulding technique to mould heavy structural components including base column and table which weigh upto 15 tons. Our Company's floor moulding capacity is 750 metric tons per month.

*Melting*

Our Company's melting facility includes a dual track 3 tons induction furnace supported by a 10 tons induction holding furnace. All batches of molten metal are tested for their chemical composition. Our Company is also contemplating a cupola furnace, which we are in the process of implementing. The cupola furnace is expected to aid our foundry division by enabling continuous heating operations which in turn ought to augment our forging capacity in a cost efficient manner. Our Company is also in the process of establishing a separate facility to process the sand used in our Company's foundry operations, which subsequent to such implementation is expected to streamline our Company's sand-handling operations and improve efficiencies.

*Pouring and Knock-off*

Pouring process for the graded materials is accomplished on mechanized pouring and cooling lines equipped with 156 plates. The knock-off process is done with a pneumatically operated vibrator and the wasted sand is re-cycled through sand reclamation plant. Casted components, thus produced, are relieved of stresses ensuring accuracy of CNC machines in a gas fired furnace which has a capacity to process castings of 20 metric tons in a single batch. Shot blasting is done in an automated shot blasting chamber for components weighing less than 5 tons whereas bigger components are shot blasted in a separate chamber. Finally, the castings are protected with primer coating and chemicals. The casts produced are tested in our Company's laboratory equipped which has spectrometer and ultrasonic testing facilities.

*Machine Shop*

Our Company's machining facility is equipped with universal machining centres, horizontal machining centres, vertical machining centres, turning centres, cylindrical grinders, **s**urface grinders and drilling machines. These machines are equipped with features like high-speed spindles, auto-pallet changers, auto-tool changers and universal machining heads. Castings as well as other input materials such as graded steel are outsourced to local vendors for semi-finished machining. These semi-finished components are then received in the machine shop for finishing operations.

Various machining operations like turning, milling, drilling, tapping, boring is carried out on different CNC machines maintained in temperature controlled and dust free environment, to achieve finished component with accuracies of 10 microns. Components requiring superior finish & higher accuracies of less than 2 microns are processed further on various CNC cylindrical and surface grinders.

*Sheet Metal Forming*

Sheet metal division produces precision sheet metal components and has machines with laser cutting technology, CNC press brake / bending machines, robotic welding machines, welding machines and grinding machines. Raw sheets are used by our CNC laser cutting machines, which operate on fine-tuned computerized nested programmes to achieve minimum wastage. The laser cut components are segregated and processed in CNC bending machines. The bend components are then welded with the aid of CNC robot welders as well as manual welding employing suitable fixtures. Finishing operations of grinding and buffing are carried out before these components are sent for surface coating.

*Surface Coating*

The finished machined and sheet metal components are processed for surface coatings of liquid painting or powder coating as per the requirement. Our Company has a fully automated paint shop comprising 7 tank pre-treatment process followed by a cathodic electro deposited primer coating and conveyorized baking with powder coating booths. There are 4 powder coating booths for different colours.

*Assembly*

Assembly is equipped with customized fixtures and precision inspection equipments. All the assemblies are carried under controlled and dust free operating environment to deliver machines with the required accuracy. Critical sub-assemblies manufactured in-house such as spindle, turret, auto-tool changers, auto-pallet changers, rotary tables etc. are separately pre-assembled and tested in a dedicated sub-assembly shop. The electrical panel is sub-assembled in a dedicated controlled environment. Stage-wise assembly tests are carried out during the assembly process. The final assembled machine is tested for required accuracies and other performance parameters employing laser interferometer, ball-bar test kit, and other geometrical test charts.

The machines are then passed through pre-dispatch inspection before final dispatch. Our capacity and capacity utilization for assembly operations for the last 3 Fiscals was as under:

| **Particulars** | **Fiscal 2023** | | | **Fiscal 2022** | | | **Fiscal 2021** | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Capacity** | **No. of machines sold** | **Utilisation (in %)** | **Capacity** | **No. of machines sold** | **Utilisation (in %)** | **Capacity** | **No. of machines sold** | **Utilisation (in %)** |
| Indian Manufacturing Facilities | 4,400 | 3,261 | 74.11 | 4,400 | 2,419 | 54.98 | 4,400 | 1,648 | 37.45 |
| Strasbourg, France | 121 | 53 | 43.80 | 121 | 41 | 33.88 | 121 | 39 | 32.23 |
| **Total** | **4,521** | **3,314** | **73.30** | **4,521** | **2,460** | **54.41** | **4,521** | **1,687** | **37.31** |

### Quality Control and Assurance

Maintaining high quality in our product quality, process and operation efficiencies is critical to our growth and success. We have established quality control checks at each stage commencing from input materials to the finished products. Our quality control and quality assurance teams conduct random inspection at different stages of the manufacturing process to ensure that quality is maintained. Various processes are carried out on the samples for each of our product range as per our standard procedures. Various tests are also performed during work-in-progress stage of the production. The quality of the product is assessed against the standard specification and in case of non-conformity with our standards, such products are rejected.

We use various machines such as co-ordinate measuring machine, portable co-ordinate measuring machine, roundness testing machine, profile testing machine apart from various other measuring devices to analyse and test our products.

We also use various design and development tools such as Pro/E Foundation, Pro/E advance assembly extensions, Pro/Mechanical solutions, Pro/Manufacturing UNIGR APHICS and Altair Hyperworks. Our Indian manufacturing facilities have received ISO 9001:2015 (Quality Management System), ISO 14001:2015 (Environmental Management System) and ISO 45001:2018 (Occupational Health and Safety Management System) certifications and our manufacturing facility in Strasbourg, France has obtained ISO 9001:2015 (Quality Management System) certification, that reflects our commitment towards quality control and environment, health and safety management systems.

Each of our prototypes are subject to extensive quality assessment across multiple metrics and parameters and our quality control and quality assurance teams also perform random sampling testing at different stages of the production process.

**Research And Development**

Our ability to deliver high precision multi-purpose products is enabled by our dedicated research and development (**R&D**) facility at Rajkot, Gujarat (**R&D Centre**) and our R&D team in Strasbourg, France. Our R&D is critical to our product development and is integral to our process optimisation which ensures that we continue to evolve with the changing industry landscape. As of June 30, 2023, our R&D team aggregated 129 employees in Rajkot, Gujarat and Strasbourg, France. Our R&D capabilities are supported by design and development tools such as Pro/E Foundation, Pro/E advance assembly extensions, Pro/Mechanical solutions, Pro/Manufacturing UNIGRAPHICS and Altair Hyperworks.

Our R&D team focuses on continually developing and customising our products and solutions. For instance, we have developed '*7$^{th}$ Sense*' solution, TPM (Total Productive Maintenance) friendly machines, CNC Machines with 'Linear Motor Technology', software such as POTS. Our '*7$^{th}$ Sense*' solution incorporates features such as virtual machine screen that displays an updated status of the process, intelligent navigation to reduce errors, and enables 'smart analysis' and comes equipped with a customised dashboard which measures *inter alia* the efficiency and productivity of machines. Our CNC Machines with 'Linear Motor Technology' which is geared towards enabling higher productivity due to higher dynamics.

**Sales and Marketing**

Our sales and marketing strategy is primarily focused on customer engagement along with seeking to establish new relationships with customers across a varied range of industries. Our sales and marketing division is headed by Hiren Mahipatsinh Jadeja – President – Marketing, who leads our teams responsible for business development and customer relationship management. We sell our products in Romania, France, Poland, Belgium, Italy, and United Kingdom through Huron's established dealer network.

We sell our products through our dealer network which is located in Faridabad and Ludhiana and directly to our customers through our various branch offices located across including in Indore, Bangalore, Coimbatore, Hyderabad, Ahmedabad, Chennai, Pune, Kolkata, Jamshedpur and Jaipur.

Set out below is a map setting out our sales and distribution network in India.

***(The remainder of this page has been intentionally left blank)***


*This map is only for the purpose of representation and is not to considered an accurate political map of India.*

We also participate in various domestic and international industry machine tools / engineering exhibitions and advertise and publish articles in industry magazines. Besides exhibitions, we organize “Open House” events where products and demonstrated exclusively and target customers are invited. We also organize “Technology-Seminars” at various locations bringing us closer to our customers and potential customers by enhancing their technological knowledge and providing them a forum to discuss issues related to manufacturing. We also demonstrate our products at our Technology Centers located at Rajkot, Chennai and Pune.

**Customer service**

The CNC machines we manufacture are technologically sophisticated equipment which requires specialised maintenance. Therefore, after-sales service and spare-part replacement is an integral and key element of our business. Accordingly, we also manufacture the spare parts for the CNC machines and address after-sales aspects. One of the key services we offer our clients is annual maintenance – through annual maintenance contracts. We have a team dealing with maintenance and after-sales machine servicing.

**Information technology**

We rely on strong information technology infrastructure in order to maintain consistency in production chain and safeguard our operations. We have implemented an in-house software 'Finix' for various aspects of our operations such as sales analysis, sales order processing, after-sales, planning and human resources functions. Further, we also use a SAP based ERP system which assists in material resources planning.

**CUSTOMERS**

During the last 3 Fiscals, our Company has supplied over 7,200 CNC machines to more than 3,000 customers in India and across Asia (excluding India), Europe, North America and rest of the world. Since April 1, 2004, we have supplied over 30,000 CNC machines globally. Some of our customers include Space Applications Centre – ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited, and Aequs Private Limited across diverse sectors including automobile, engineering, defence, aerospace and EMS.

An indicative break-down of our revenues from operations and order book as per the end-user industries as specified to us at the time of supply of machines is as under:

| End-user industries* | Order Book* as of June 30, 2023 (in ₹ million) | Fiscal 2023 | | Fiscal 2022 | | Fiscal 2021 | |
|---|---|---|---|---|---|---|---|
| | | Revenue from sale of machinery (in ₹ million) | As a % of revenue from sale of machinery | Revenue sale of machinery (in ₹ million) | As a % of revenue from sale of machinery | Revenue from sale of machinery (in ₹ million) | As a % of revenue from sale of machinery |
| Aerospace and Defence | 18,394.60 | 1,730.74 | 20.32 | 512.30 | 7.52 | 978.44 | 19.03 |
| Auto & Auto Components | 3,967.19 | 3,975.84 | 46.68 | 2,689.93 | 39.47 | 1,836.61 | 35.72 |
| General Engineering | 3,261.93 | 1,667.77 | 19.58 | 1,900.29 | 27.88 | 1,254.16 | 24.39 |
| Dies & Moulds | 1,545.92 | 765.72 | 8.99 | 660.42 | 9.69 | 321.99 | 6.26 |
| EMS | 2,602.50 | 1.50 | 0.02 | - | - | - | - |
| Others | 1,658.41 | 375.54 | 4.41 | 1,052.71 | 15.45 | 750.87 | 14.60 |
| **Total** | **31,430.56** | **8,517.10** | **100.00** | **6,815.65** | **100.00** | **5,142.07** | **100.00** |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated September 1, 2023.*
** As per the end-user industries as specified to us at the time of supply of machines*

## HUMAN RESOURCES

As at June 30, 2023, we had an aggregate of 2,287 permanent employees, on a consolidated level. The department wise break-up of such personnel are as follows:

| Department | Number of Permanent Employees as on June 30, 2023 |
|---|---:|
| Top management | 14 |
| Manufacturing | 1,362 |
| R&D | 129 |
| Technical support and quality assurance | 396 |
| Finance and legal | 23 |
| Sales and marketing | 160 |
| Human resources and administration | 105 |
| Others | 98 |
| **Total** | **2,287** |

In addition to our permanent employees, as on June 30, 2023, we also engaged 286 persons on contract basis.

## PLANT AND MACHINERY

Our manufacturing facilities comprise a vast array of plant and machinery including the 'mother' CNC machines for our products, foundry equipment, high precision analysis and testing equipment, cranes and loading and unloading equipments such as forklifts etc.

## ENVIRONMENTAL, HEALTH AND SAFETY

Our Company remains focused on environmental sustainability and stewardship of our product offerings. We regularly review the environmental impact of our products and manufacturing processes and evaluate the renewability and sustainability of our resources. This is an effort to protect or improve the environment while providing environmentally affordable solutions. Our Indian manufacturing facilities have obtained ISO 14001:2015 (Environmental Management System) certification and ISO 45001:2018 (Occupational Health and Safety Management System).

We have devised a detailed procedure for new employees to get accustomed to the health and safety measures within our Company. We have a dedicated department which ensures that the policy and measures instituted by our Company are implemented and duly followed to ensure compliance with the various health and safety measures of our Company. For further details of applications made by us in relation to the environmental approvals, see '*Government Approvals*' on page 356.

## INTELLECTUAL PROPERTY

Our intellectual property comprises trademarks which are associated with our business. Details of our key trademarks registered in our Company's name are as set out below:

| Sr. No. | Application Number | Trademark | Class | Date of registration / application / renewal application | Status | Validity |
|---|---|---|---|---|---|---|
| 1. | 905140 | JYOTI | 10 | Date of Application: February 22, 2020 | Registered | February 22, 2030 |
| 2. | 4248253 | JYOTI | 7 | Date of Application: July 27, 2019 | Registered | July 27, 2029 |
| 3. | 5179854 | JYOTI | 10 | Date of Application: October 20, 2021 | Registered | October 20, 2031 |
| 4. | 5179855 | JYOTI | 10 | Date of Application: October 20, 2021 | Registered | October 20, 2031 |
| 5. | 4057568 | | 7 | Date of Application: January 15, 2019 | Registered | January 15, 2029 |
| 6. | 6085237 | 7th SENSE | 9 | Date of Application: August 29, 2023 | Formalities Check Pass | - |
| 7. | 6085238 | 7th SENSE | 42 | Date of Application: August 29, 2023 | Formalities Check Pass | - |

**PROPERTY**

We operate 2 manufacturing facilities and a repair facility in Rajkot, Gujarat, which have been taken on a 99 year lease form the Gujarat Industrial Development Corporation. We also have 1 manufacturing facility in Strasbourg, France. Further, we have 29 sales and service centres spread across 12 states in India, which are also on leased properties. Details of our Indian manufacturing units and repair facility are set out in the table below.

| Sr. No. | Location | Address | Owned/ Leased/ Licensed | Name of the Lessor | Validity Period |
|---|---|---|---|---|---|
| **A.** | **Manufacturing Facilities** | | | | |

| Sr. No. | Location | Address | Owned/ Leased/ Licensed | Name of the Lessor | Validity Period |
|---|---|---|---|---|---|
| 1. | Rajkot, Gujarat (Registered Office and manufacturing unit of the Company) | G – 506, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021. | Leased | Gujarat Industrial Development Corporation | 99 Years from September 29, 1993 |
| | | G – 506/1, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021. | Leased | Gujarat Industrial Development Corporation | 99 Years from January 6, 2003 |
| | | Differential area at G – 506, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021 and G – 506/1, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021. | Leased | Gujarat Industrial Development Corporation | 99 Years from February 20, 2007 |
| 2. | Rajkot, Gujarat (Manufacturing unit of the Company) | 2839, Lodhika GIDC, Kalawad Road, Metoda, Rajkot – 360 021. | Leased | Gujarat Industrial Development Corporation | 99 Years from July 19, 2005 |
| **B.** | **Repair Facility** | | | | |
| 1. | Rajkot, Gujarat | P – 4, Lodhika GIDC, Metoda, District Rajkot – 360 003. | License | Jyoti Enterprise | 10 years from September 01, 2015* |

**Jyoti Enterprise has entered into an agreement with our Company dated September 1, 2015 pursuant to which the property has been license to our Company*.

Additionally, Huron operates a manufacturing facility at 1 Rue de l'Artisanat, 67114 Eschau, France.

**INSURANCE**

Our Company generally maintains insurance cover commensurate with its business requirements. We maintain insurance cover for our assets to cover all normal risks associated with operations of our business, including fire, accidents and other natural disasters. We also maintain a standard fire and special perils policy. Our insurance policies are subject to customary exclusions and deductibles. For further details, see '*Risk Factors*' on page 33.

**COMPETITION**

We operate in a highly competitive environment in both in the Indian and overseas markets. We compete with CNC manufacturing entities which have operations in India and in the global markets. One of the characteristics of the industry is its highly fragmented nature. Consequently, even the larger players and leading manufacturers on the global scale do not account for a very large share of the global market. For instance, the leading manufacturer of CNC machines globally only accounts for 5.1% of the total market share and the top 13 manufacturers account for 38.3% of the market. The salient factors that are characterize leading manufacturers is wide product portfolio, global presence, strong customer base with a high retention ratio, and ability to innovate. We are one of the leading manufacturers of CNC machines globally. In India too, the CNC machine market is fragmented with a wide range of small, medium, and big providers, as well as foreign and regional competitors. We are the $2^{nd}$ largest manufacturer of CNC machines in India with 8% of the Indian market share while the largest manufacturer of CNC machines in India accounts for only 2% more of the Indian market share than us. Some of the key factors that has enabled us to become a leading manufacturer of CNC machines, which we will strive to continue remain, are our portfolio diversity, the large range of our products (over 200 variants across 44 series), our expertise built over 2 decades of presence and strong R& D capabilities to deliver customized solutions.

**CORPORATE SOCIAL RESPONSIBILITY INITIATIVES**

Our Company and its employees are conscious of their role in society and are keen to participate in social welfare measures. Over the years, our Company has made contributions towards various health and social welfare causes. Our Company has constituted a Corporate Social Responsibility (**CSR**) Committee and also formulated a CSR policy to govern such initiatives. For further details, see '*Our Management*' on page 219. During Fiscal 2023, Fiscal 2022 and Fiscal 2021, our Company spent ₹ 0.53 million, ₹ 2.47 million, and ₹ 6.04 million, respectively, towards CSR activities in compliance with applicable law. Our Company's CSR activities are focused on the following areas namely promoting education, skill development and promoting cleanliness.

## KEY REGULATIONS AND POLICIES

*The following is an overview of certain sector-specific relevant laws and regulations which are applicable to the business and operations of our Company. The information detailed in this section has been obtained from various statutes, regulations and/or local legislations and the bye laws of relevant authorities that are available in the public domain. The description of laws and regulations as set out below is not exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and the judicial, regulatory and administrative interpretations thereof, which are subject to change or modification by subsequent legislative and regulatory actions, administrative or judicial decisions. For details of government approvals obtained by our Company in compliance with these regulations, see 'Government and Other Approvals' on page 356.*

**Business Related Laws**

*Factories Act, 1948*

The Factories Act, 1948 (**Factories Act**) defines a 'factory' to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers, even while there may not be an electrically aided manufacturing process being carried on. State Governments have the authority to formulate rules in respect of matters such as prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers. It provides such safeguards of workers in the factories as well as offers protection to the exploited workers and improve their working conditions. The penalties for contravention of the Factories Act include fine and imprisonment for the 'occupier' or 'manager' as defined under the Factories Act, and enhanced penalties for repeat offences and contravention of certain provisions relating to use of the hazardous materials.

*Consumer Protection Act, 2019*

The Consumer Protection Act (**CPA**) provides for a three-tier consumer grievance redressal mechanism at the national, state and district levels. Non-compliance of the orders of the redressal commissions attracts criminal penalties. The CPA introduced a Central Consumer Protection Council to promote, protect and enforce the rights of consumers executive agency to provide relief to a class of consumers. The CPA brought e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online marketplace or online auction sites. The CPA also provides for mediation cells for early settlement of the disputes between the parties.

*The Industries (Development and Regulation) Act, 1951*

The Industries (Development and Regulation) Act, 1951 (**Industries Act**) governs the development and regulation of industries in India, and its main objective is to empower the Government to: (i) take necessary steps for the development of industries; (ii) regulate the pattern and direction of industrial development; and (iii) control the activities, performance, and results of industrial undertakings in public interest. The Industries Act is applicable to the 'Scheduled Industries' which have been listed down in the first schedule of the Industries Act. Small-scale industrial undertakings and ancillary units are exempted from the provisions of the Industries Act. The Industries Act regulates the industries by requiring them to obtain industrial licensing by filing an Industrial Entrepreneur Memoranda with the Secretariat of Industrial Assistance, Department of Industrial Policy and Promotion. The Industries Act is administered by the Ministry of Industries and Commerce through its Department of Industrial Policy & Promotion which is responsible for the formulation and implementation of promotional and developmental measures for growth of the industrial sector and also monitors the industrial growth and production, in general, and selected industrial sectors.

*Remission of Duties and Taxes on Exported Products Scheme*

The Scheme for Remission of Duties and Taxes on Exported Products (**RoDTEP Scheme**), acts as the successor to the Merchandise Exports from India Scheme. Certain taxes/duties/levies which are outside the scope of Goods and

Service Tax and are not refunded for exports, such as, value added tax on fuel used in transportation, mandi tax, duty on electricity used during manufacturing etc. are reimbursed under the RoDTEP Scheme.

*Duty Drawback Scheme, 2020*

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

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

*Shops and Establishment Legislations*

Under the provisions of local shops and establishments laws applicable in various states, establishments are required to be registered. Such laws regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Our offices are required to be registered under the shops and establishments legislations of the states where they are located.

*Legal Metrology Act, 2009*

The Legal Metrology Act, 2009 (**Metrology Act**) seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matter's incidental thereto. The Metrology Act, *inter alia*, provides for: (a) regulation of weight or measure used in transaction or for protection; (b) approval of model of weight or measure; (c) verification of prescribed weight or measure by Government approved Test Centre; (d) exempting regulation of weight or measure or other goods meant for export; I nomination of a person by the companies who will be responsible for complying with the provisions of the enactment; and (f) empowering the Central Government to make rules for enforcing the provisions of the enactment. Any non-compliance or violation of the provisions of the Metrology Act may result in, among others, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

**Environmental Legislations**

*The Environment (Protection) Act, 1986*

The Environment (Protection) Act, 1986 (**EPA**) is an umbrella legislation designed to provide a framework for the government to coordinate the activities of various central and state authorities established under various laws, such as the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, etc. The EPA vests with the Government the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986 and the Environment (Protection) Second Amendment Rules, 2022, inspection of any premises, plant, equipment, machinery, and examination of manufacturing processes and materials likely to cause pollution.

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

The Water (Prevention and Control of Pollution) Act, 1974 (**Water Act**) aims to prevent and control water pollution by factories and manufacturing units and to maintain and restore the quality and wholesomeness of water. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, using of any new or altered outlet for the discharge of sewage or causing new discharge of sewage, must obtain the consent of the relevant state pollution control board, which is empowered to establish standards and conditions that are required to be complied with.

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

The Water (Prevention and Control of Pollution) Cess Act, 1977 (**Water Cess Act**) provides for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities. Every person carrying on certain industries and local authorities is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act, at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water (Prevention and Control of Pollution) Act, 1974 or any standards laid down under the Environment (Protection) Act, 1986.

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

The Air (Prevention and Control of Pollution) Act, 1981 **(Air Act)** provides for the prevention, control and abatement of air pollution. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant. The state pollution control board must decide on the application within a period of 4 months of receipt of such application. The consent may contain certain conditions relating to specifications of pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the state pollution control board.

*Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016*

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016 **(Hazardous Waste Rules)** define the term 'hazardous waste' and any person who has control over the affairs of a factory or premises or any person in possession of the hazardous waste is classified as an 'occupier'. In terms of the Hazardous Waste Rules, occupiers have been, *inter alia*, made responsible for safe and environmentally sound handling of hazardous wastes generated in their establishments and are required to obtain license / authorization from the respective state pollution control board for generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or the like of the hazardous waste.

**Labour Law Legislations**

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws, including the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965, Contract Labour (Regulation and Abolition) Act, 1970, the Maternity Benefit Act, 1961, the Employee's Compensation Act, 1923, the Trade Unions Act, 1926, Equal Remuneration Act, 1976, the Industrial Dispute Act, 1947, Apprentices Act, 1961, Industrial Employment (Standing Orders) Act, 1946, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, the Equal Remuneration Act, 1976, the Child Labour (Prohibition and Regulation) Act, 1986, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

In order to rationalize and reform labour laws in India, the Government has enacted the following codes:

(a) Code on Wages, 2019, which regulates and amalgamates wage and bonus payments and subsumes 4 existing laws namely – the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965 and the Equal Remuneration Act, 1976. It regulates, inter alia, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees.

(b) Industrial Relations Code, 2020, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes. It subsumes the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

(c) Code on Social Security, 2020, which amends and consolidates laws relating to social security, and subsumes various social security related legislations, inter alia including the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act,1961 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organisations such as the Employee's Provident Fund and the Employee's State Insurance Corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees may suffer, among others.

(d) The Occupational Safety, Health and Working Conditions Code, 2020, consolidates and amends the laws regulating the occupational safety and health and working conditions of the persons employed in an establishment. It replaces 13 old central labour laws including the Contract Labour (Regulation and Abolition) Act, 1970 and received the presidential assent on September 28, 2020.

Other than few provisions of the Code on Social Security which have been notified on May 3, 2023, the provisions of these codes shall become effective on the day that the Government shall notify for this purpose.

**Intellectual Property Laws**

Intellectual property rights refer to the general term for intangible, intellectual, industrial property rights through patents, copyrights and trademarks and includes geographical indications, trade secrets, and confidential information. In India, patents, trademarks and copyrights enjoy protection under both statutory and common law. The key legislations governing intellectual property in India and which are applicable to our Company are the Patents Act, 1970, Copyright Act, 1957, the Designs Act, 2000 and the Trade Marks Act, 1999.

**Laws relating to Taxation**

The Goods and Services Tax (**GST**) is levied on supply of goods or services or both jointly by the Central Government and State Governments. GST provides for imposition of tax on the supply of goods or services and will be levied by the Central Government and by the state government including union territories on intra-state supply of goods or services. Further, Central Government levies GST on the inter-state supply of goods or services. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (**CGST**), relevant state's Goods and Services Act, 2017 (**SGST**), Union Territory Goods and Services Act, 2017 (**UTGST**), Integrated Goods and Services Act, 2017 (**IGST**), Goods and Services (Compensation to States) Act, 2017 and various rules made thereunder.

Further, the Income-tax Act, 1961 (**Income Tax Act**) is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or rules made there under depending upon its 'Residential Status' and 'Type of Income' involved. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the Income Tax Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc. In 2019, the Government has also passed an amendment act pursuant to which concessional rates of tax are offered to a few domestic companies and new manufacturing companies.

*Customs Act, 1962*

The Customs Act, 1962 (**Customs Act**), as amended, regulates import of goods into and export of goods from India by providing for levy and collection of customs duties on goods. Any entity intending to import or export goods is first required to get registered under the Customs Act and obtain an Importer Exporter Code. Customs duties are administrated by Central Board of Indirect Tax and Customs under the Ministry of Finance, Government of India.

**Other Applicable Laws**

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, foreign exchange laws, contract laws, anti-trust laws and other applicable statutes enacted by the Centre or relevant State Governments and authorities for our day-to-day business and operations. Our Company is also subject to various central and state tax laws.

## HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally incorporated as 'AMB Engineering Company Private Limited', at Gujarat as a private limited company under the Companies Act, 1956 and received a certificate of incorporation issued by the RoC, on January 17, 1991. Thereafter, pursuant to a special resolution passed by the Shareholders of our Company on April 19, 2002, our Company's name was changed to 'Jyoti CNC Automations Private Limited', and a fresh certificate of incorporation dated May 08, 2002, was issued to our Company by the RoC. Subsequently, pursuant to a special resolution passed by the Shareholders of our Company on April 04, 2008, our Company's name was changed to 'Jyoti CNC Automation Private Limited', and a fresh certificate for incorporation dated April 28, 2008 was issued to our Company by the RoC. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by the Shareholders of our Company on September 17, 2012 and the name of our Company was changed to its present name, 'Jyoti CNC Automation Limited', pursuant to a fresh certificate of incorporation issued by the RoC on November 30, 2012.

**Changes in the Registered Office:** The details of changes in the registered office of our Company since incorporation are set forth below:

| Date of change | Details of the address of Registered Office | Reason for change |
|---|---|---|
| 2002-2003* | The address of the registered office of our Company was changed from C-1, 208/1, Road N/Q, GIDC, AJI Industrial Estate, Phase II, Rajkot, 360003 to G – 506, Lodhika GIDC, Village Metoda, Rajkot, 360 021, Gujarat, India. | -* |

**Our Company has not been able to trace the Board resolution, and RoC forms in relation to the change in the Registered Office of our Company. Further, our Company had engaged an independent practicing Company Secretary, Nandish S. Dave, N S Dave & Associates, to trace certain the RoC form for change in the Registered Office of our Company and the corresponding RoC payment challan. The independent practicing Company Secretary, was unable to trace the RoC form, as set out in its certificate dated September 1, 2023. See, 'Risk Factors – Our Company has in the past not made filings with ROC for a shareholders' resolution for the appointment of two of our Independent Directors. Our Company has also made certain delayed filings with the RoC and RBI. In addition, the board resolution, and the RoC form for change in our Registered Office is not available in our records' on page 49.*

**Main Objects of our Company:** The main objects contained in the Memorandum of Association are as follows:

1. *To carry on the business of manufacturers of and dealers in all kind of machinery and plants of every kind and in particular CNC Machine and its tools and implements, and to manufacture, produce, repair, alter, convert, recondition, prepare for sale, buy, sell, hire, import, explore, let out on hire, trade and deal in CNC Machine tools and implements, other machinery, plant equipments articles, apparatus, components parts, accessories, fittings and things in an stage or degree manufacture, process or refinement.*

2. *To carry on the business of manufacturing of all kinds of rolling bearing and the business of Engineers, Founders, Smiths, Mechanical Engineers and Dealers in rolling bearings.*

3. *To carry on the business as buyers, sellers, distributors, whole sellers, semi whole sellers, retailers, exporters, importers, manufacturers representatives, dealers, fabricators, processors, jobbers, contractors, Engineers, and agent in rolling bearing, iron and steel materials, machinery parts rubber goods, motor goods, automobile accessories steel products and all other engineering goods and allied products.*

4. *To carry on the business as general order suppliers commission agents, brokers, principals, stockiest, distributors, whole sellers, exporters, imports, fanciers, shippers, and / or dealers in all other kind of goods in addition to the foregoing, and to undertake, transact and execute, all kinds, of agency businesses and trusts.*

5. *To carry in the business of acquiring manufacturing, importing, buying and selling of machinery, equipment, plants, stores, spares, accessories and any materials required for activities for which the company is established and to carry other business which may mutually and conveniently be combined with the business of the company.*

6. *To manufacture, assembly, distribute, buy, sell, import, export and deal in parts, accessories of, and in medical equipments, surgical equipment, and other related equipments, used in all therapies of medical treatment and the other lifesaving equipment, apparatus, personal protection equipment, in India and/or abroad*.

7. *To Engage in the business of research and development, contract manufacturing, of all articles, products, etc. mentioned at Sr. No. 1 to 6 above.*

The main objects as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out and the activities proposed to be undertaken pursuant to the objects of the Issue. For further details, see '*Objects of the Issue*' on page 110

**Amendments to our Memorandum of Association:** Set out below are the amendments to our Memorandum of Association during the last 10 years.

| Sr. No. | Date of Shareholders Resolution | Particulars |
|---|---|---|
| 1. | February 15, 2014 | Our Company amended its Memorandum of Association by inserting a new clause 40 under clause III (B) '*To generate, produce, trade, supply, and/or to enter into contract, arrangement with others to generate, produce, trade, supply, all forms of electrical power, from renewable and non-renewable sources, for the business of company and to enter and execute any contracts for such acts, etc. appear thereto necessary and without prejudice to the generality of above, purchase, procure, supply, trade in electricity from or to or with the generating company, transmission company, generating and transmission company, and others*.' |
| 2. | March 20, 2020 | Our Company amended the object clause of its Memorandum of Association by inserting new clauses 6 and 7 as set out below:<br>*'6. To manufacture, assembly, distribute, buy, sell, import, export and deal in parts, accessories of, and in medical equipments, surgical equipment, and other related equipment, used in all therapies of medical treatment and the other lifesaving equipment, apparatus, personal protection equipment, in India and/or abroad.*<br>*7. To Engage in the business of research and development, contract manufacturing, of all articles, products, etc. mentioned at S. No. 1 to 6 above*.' |
| 3. | August 19, 2023 | Clause V of our Memorandum of Association was altered pursuant to restatement of our authorized share capital and the Equity Shares of face value of ₹ 10 each of our Company were sub-divided into Equity Shares of face value of ₹ 2 each and the preference share capital of face value of ₹ 10 each of our Company were sub-divided into preference shares of face value of ₹ 2 each. The authorised share capital of our Company was restated from ₹ 470 million divided into 45,000,000 Equity Shares of face value of ₹ 10 each and 2,000,000 preference shares of face value of ₹ 10 each to ₹ 470 million divided into 225,000,000 Equity Shares of face value of ₹ 2 each and ₹ 10,000,000 preference shares of face value of ₹ 2 each. |
| | | Clause V of our Memorandum of Association was altered pursuant to increase in our authorized share capital from ₹ 470 million divided into 225,000,000 Equity Shares of face value of ₹ 2 each and ₹ 10,000,000 preference shares of face value of ₹ 2 each to ₹ 570 million divided into 275,000,000 Equity Shares of face value of ₹ 2 each and 10,000,000 preference shares of face value ₹ 2 each. |

**Major events and milestones of our Company:** The table below sets forth the major events and milestones in the history of our Company:

| Fiscal | Particulars |
|---|---|
| 1991 | Our Company was incorporated. |
| 2003 | Our Company manufactured and sold 165 special purpose machines and 3 vertical machining centres |
| 2007 | Acquired Huron Graffenstaden SAS, our Material Subsidiary |
| | The installed capacity of our Company increased to 1,500 machines per annum. |
| 2008 | Our Company inaugurated a Research and Development facility at Rajkot, Gujarat |
| 2016 | Our Company entered into a memorandum of understanding with a research institution constituted by the Government of India for development of 5 Axis CNC Multi-Tasking Machine. |
| 2017 | Launched 7th SENSE, an Industry 4.0 initiative which is geared towards automating sophisticated and repetitive functions diagnostic and analytical functions which enables seamless management of productivity, health and tool life of the CNC machine.<br><br>Launched a large sized double column machining center KX300 with fork head feature to cater aerospace and defense segments |
| 2019 | Launched an Artificial Intelligence (**A.I**) system named 'Preci Protect' which is used as collision prevention technology, which senses the collision in real time and protects the machine from accident. |
| 2020 | Launched U Mill Series targeted at aerospace and defence sector. The U Mill series is 5 Axis Vertical Machining Centers with cradle type rotary tilting table with smaller footprint. |
| 2022 | Developed a Vertical Shaft Turning Machine named VST 160 with integrated auto loading and unloading system targeted to cater Electric Vehicles. |
| 2023 | Introduced HP Series which is a Horizontal Machining Centers designed for manufacturing highly precision applications for Defense and General Engineering segments. |
| 2024 | Our consolidated order book crossed ₹ 30,000 million. |

**Awards and Accreditations**

| Fiscal | Particulars |
|---|---|
| 2022 | Received 'The Best Metal Cutting Brand 2022' award by the Economic Times, India |
| | Received a recognition for 'Non- IT Fraternity Digital Change Maker' and 'Stalwart Torch Bearer and Doyen of Futuristic Digitalization Adoption in Gujarat's Business Fraternity' at Digital Management Conclave. |
| | Received recognition of support as a silver partner at 8th Machine Tool Industry Summit, organized by Indian Machine Tool Manufacturers' Association. |
| 2021 | Received ISO 14001:2015 accreditation from TUV with respect to implementation of Environment Management System |
| | Received ISO 45001:2018 accreditation from TUV with respect to implementation of Occupational Health and Safety Management System |
| | Received ISO 9001:2015 accreditation from TUV with respect to implementation of Quality Management System |
| | Received 'Economic Times, The Best Metal Cutting Brand 2021' as a best brand in the metal cutting industry. |
| 2020 | Received 'The Best Metal Cutting Brand 2020' award by the Economic Times, India |
| | Received 'The Best Interior Award' at Jamnagar Tech Fest |
| 2019 | Received 'The Best Metal Cutting Brands 2019' award by the Economic Times, India |
| | Received 'Best Innovative Product Award' in INTEC Exhibition at Coimbatore, India |
| 2018 | Received 'The Best Metal Cutting Brand 2018' by The Economic Times as a symbol of excellence in the metal cutting industry. |

| Fiscal | Particulars |
|---|---|
| 2017 | Received 'Best Innovative Product Award' in INTEC Exhibition at Coimbatore, India |
| 2016 | Received an award for excellence from Rajkot Chamber of Commerce and Industry. |
| 2013 | Hercules Award by Gujarat Innovation Society for Converting SSI to Indian MNC. |

1. **Other Details regarding our Company**

   For details regarding the description of our activities, products, market of each segment, the growth of our Company, technology, management, major suppliers and customers, exports, location, environmental issues, market, marketing and competition, see '*Our Business', 'Our Management', 'Industry Overview*' and *'Management's Discussion and Analysis of Financial Condition and Results of Operations'* on pages 176, 219, 139 and 312 respectively.

2. **Defaults or rescheduling/restructuring of borrowings with financial institutions/banks**

   Except for a facility which was rescheduled in Fiscal 2009, there have been no instances of defaults or rescheduling/restructuring of the borrowings availed by our Company from financial institutions or banks.

   In addition to the above, our Company has made delayed payments with respect to our borrowings for certain period including till July 31, 2023.

3. **Time / cost overrun**

   There have been no time / cost overruns pertaining to setting up of projects by our Company as on the date of this Draft Red Herring Prospectus.

4. **Launch of key products or services, entry into new geographies or exit from existing markets**

   For details regarding launch of key products / services, entry into new geographies or exit from existing markets, see '*Our Business'* and *'History and Certain Other Corporate Matters - Major events and milestones of our Company'* on pages 176 and 210, respectively.

5. **Capacity / facility creation and location of plants**

   For details regarding capacity/facility creation, location of plants, see '*Our Business'* on page 176.

6. **Details regarding material acquisition of business / undertakings, mergers, amalgamations and revaluation of assets in the last 10 years**

   Our Company has not acquired any business or undertaking, and has not undertaken any merger, amalgamation or revaluation of assets in the last 10 years.

7. **Our Holding Company**

   As on the date of this Draft Red Herring Prospectus, our Company has no holding company.

8. **Our Subsidiaries**

   As on date of this Draft Red Herring Prospectus, our Company has 5 Subsidiaries. For details with respect to our Subsidiaries, see '*Our Subsidiaries*' on page 215.

9. **Details of our Joint Ventures and Associate Companies**

   As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures or associate companies.

10. **Details of guarantees given to third parties by the Promoters offering their shares in offer for sale**

This is a fresh issue of Equity Shares and our Promoters are not offering their Equity Shares in offer for sale. For details of guarantees given by our Promoters in relation to the credit facilities availed by our Company, see '*Financial Indebtedness*' on page 302.

11. **Agreements with Key Managerial Personnel, Senior Management, Promoters or Directors or any other employee**

There are no agreements entered into by our Key Managerial Personnel, Senior Management, Promoters, Directors or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

12. **Summary of key agreements with strategic partners, and / or financial partners**

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

13. **Details of subsisting shareholders' agreement**

As on the date of this Draft Red Herring Prospectus, there is no subsisting shareholders' agreement among our shareholders *vis-à-vis* our Company.

14. **Material Agreements**

Our Company, our Promoters, the members of the Promoter Group and, or, the Shareholders are not party to any agreements, including any deed of assignment, acquisition agreement, shareholders' agreement, *inter se* agreement/arrangement or agreements of like nature, with respect to securities of our Company. Further, we confirm there are no other clauses or covenants which our Company, our Promoters, the members of the Promoter Group or the Shareholder are a party to, in relation to securities of our Company, which are material and adverse or pre-judicial to the interest of the minority/ public shareholders.

Except for the Share Purchase Agreement between HT2ISA (the legal and beneficial owner of Huron, Graffenstaden SAS (**Huron France**), an overseas step down subsidiary of our Company) and Jyoti SAS (the wholly owned subsidiary of our Company) dated September 13, 2007, as amended pursuant to the Amendment to the Share Purchase Agreement dated November 13, 2007 (**SPA**) pursuant to which HT2ISA transferred 100% of its issued, subscribed and paid-up share capital, i.e., 337,000 shares in Huron France to Jyoti SAS for a purchase consideration of £ 16 million in accordance with the terms and conditions stipulated in the SPA, no other material agreements (except agreements entered in the ordinary course of business) have been entered into by our Company as on the date of this Draft Red Herring Prospectus:

15. **Details of special rights**

There are no Shareholders who are entitled to nominate Directors or have any other special rights including but not limited to information rights.

## OUR SUBSIDIARIES

Our Company has 5 overseas subsidiaries as on the date of this Draft Red Herring Prospectus, details of which are set out below:

### 1. Jyoti SAS

*Corporate Information*

Jyoti SAS was incorporated on September 06, 2007 under the laws of French Commercial Code. Its registration number is 499810968 and its registered office is situated at 1, rue de l'artisanat, 67114, Eschau, France.

*Nature of Business*

Jyoti SAS was incorporated as a *Société par actions simplifiée* (i.e., a simplified stock company) and currently has no business operations.

*Capital Structure*

The authorized share capital of the JYOTI SAS is € 21,909,613 and the issued, subscribed and paid up capital of JYOTI SAS is € 21,909,613.

*Shareholding Pattern*

The shareholding pattern of Jyoti SAS is set out below:

| Sr. No. | Name of Shareholders | No. of Shares | Face Value (€) | Percentage shareholding (%) |
|---|---|---|---|---|
| 1. | Jyoti CNC Automation Limited | 4,907,000 | 4.4650 | 100.00 |
| **Total** | | **4,907,000** | **4.4650** | **100.00** |

*Interest of our Company*

Our Company has 100% shareholding in Jyoti SAS.

### 2. Huron Graffenstaden SAS (Huron France)

*Corporate Information*

Huron France was incorporated on April 28, 1987 under the laws of France. Its registration number is 340767433 and its registered office is situated at 1, rue de l'artisanat, 67114, Eschau, France.

*Nature of Business*

Huron France was incorporated as a *Société à responsabilité limitée* (i.e., a limited liability company) that has been turned into a *Société par actions simplifiée* (i.e., a simplified stock company) on October 30, 2002. Huron France is engaged, in the business of *inter alia* design and development of all projects in the field of machine tools and automated systems for industrial as well as the construction and sale of these same products.

*Capital Structure*

The authorised share capital of Huron France is € 16,000,760 and the issued, subscribed and paid up capital of Huron France is € 16,000,760.

*Shareholding Pattern*

The shareholding pattern of Huron France is set out below:

| Sr. No. | Name of Shareholders | No. of Shares | Face Value (€) | Percentage shareholding (%) |
|---|---|---|---|---|
| 1. | Jyoti SAS | 337,000 | 47.48 | 100.00 |
| **Total** | | **337,000** | **47.48** | **100.00** |

*Interest of our Company*

Our Company's wholly owned subsidiary, Jyoti SAS, has 100% shareholding in Huron France.

**3. Huron Frasmaschinen Gmbh, (Huron GmbH)**

*Corporate Information*

Huron GmbH was incorporated on November 18, 1997 under the laws of Germany. Its registration number is HRB 205623 and its registered office is situated at Siemensstrabe 56, D-70839, Gerlingen, Germany.

*Nature of Business*

Huron GmbH is a marketing company engaged in promoting the products (CNC machines and services) of the Company and Huron France.

*Capital Structure*

The authorised share capital of Huron GmbH is € 256,000 and the issued, subscribed and paid up capital of Huron Gmbh is € 256,000.

*Shareholding Pattern*

The shareholding pattern of Huron GmbH is set out below:

| Sr. No. | Name of Shareholders | No. of Shares | Face Value (€) | Percentage shareholding (%) |
|---|---|---|---|---|
| 1. | Huron Graffenstaden SAS | 256,000 | 1 | 100.00 |
| **Total** | | **256,000** | **1** | **100.00** |

*Interest of our Company*

Our Company's, subsidiary, Huron France holds 100% shares of Huron GmbH.

**4. Huron Canada INC (Huron Canada)**

*Corporate Information*

Huron Canada was incorporated on February 26, 2001 under the laws of Canada. Its registration number is 1149900129 and its registered office is situated at 85 rue st-Charles Quest, # 105 Longueuil, QC, J4H 1C5, Canada.

*Nature of Business*

Huron Canada is a marketing company engaged in promoting the products (CNC machines and services) of the Company and Huron France.

*Capital Structure*

The authorised share capital of Huron Canada is CAD 1,500,100 of face value of Canadian dollar 1 each. The issued, subscribed and paid up capital of Huron Canada is CAD 1,500,100 divided into 1,500,100 shares of face value of CAD 1 each.

*Shareholding Pattern*

The shareholding pattern of Huron Canada is set out below:

| Sr. No. | Name of Shareholders | No. of Shares | Face Value (CAD) | Percentage shareholding (%) |
|---|---|---|---|---|
| 1. | Huron Graffenstaden SAS | 1,500,100 | 1 | 100.00 |
| **Total** | | **1,500,100** | **1** | **100.00** |

*Interest of our Company*

Our subsidiary Huron France holds 100% shares of Huron Canada.

**5. Huron Makina Servis Ve Diş Ticaret Limited Şirketi (Huron Turkey)**

*Corporate Information*

Huron Turkey was incorporated on February 3, 2023 under the laws of Turkey. Its registration number is 441801-5 and its registered office is situated at Merdivenköy Mah. Dikol Sok. No:2/A – Kat:1 No101/102 – 34387 Kadiköy, Istanbul, Turkey.

*Nature of Business*

Huron Turkey is a marketing company engaged in promoting the products (CNC machines and services) of the Company and Huron France.

*Capital Structure*

The authorised share capital of Huron Turkey is ₺ 1,800,000 and the issued, subscribed and paid up capital of Huron Turkey is ₺ 1,800,000.

*Shareholding Pattern*

The shareholding pattern of Huron Turkey is set out below:

| Sr. No. | Name of Shareholders | No. of Shares | Face Value (₺) | Percentage shareholding (%) |
|---|---|---|---|---|
| 1. | Huron Graffenstaden SAS | 1,800,000 | 1 | 100.00 |
| **Total** | | **1,800,000** | **1** | **100.00** |

*Interest of our Company*

Our subsidiary Huron France holds 100% shares of Huron Turkey.

**Accumulated profits or losses**

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of any of our Subsidiaries that have not been accounted for by our Company in the Restated Consolidated Financial Statements.

**Interest in our Company**

Except as disclosed in '*Our Business*' and '*Restated Consolidated Financial Statements - Note 36 - Related Party Disclosures'* on pages 176 and 251, respectively, none of our Subsidiaries have any business interest in our Company.

**Common pursuits**

Our Subsidiaries, Huron France, Huron GmBH, Huron Germany and Huron Turkey, are engaged in the same line of business as that of our Company. However, there is no conflict of interest amongst Huron France, Huron GmBH, Huron Germany, and Huron Turkey and our Company as these Subsidiaries are controlled by our Company. Our Company shall adopt necessary procedures and practices as permitted by law and regulatory guidelines to address any instances of conflict of interest, if and when they may arise.

**Other confirmations**

None of our Subsidiaries have their securities listed on any stock exchange in India or abroad. Further, neither of our Subsidiaries have been refused listing of their securities by any stock exchange in India or abroad during the last 10 years, nor have they failed to meet the listing requirements of any stock exchange in India or abroad.

## OUR MANAGEMENT

### Board of Directors

In terms of our Articles of Association, our Company must have not less than 3 and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of 8 Directors (including 1 woman director), of whom 3 are Executive Directors, 4 are Independent Directors and 1 is a Nominee Director. Accordingly, the current composition of our Board is in compliance with the Companies Act, and the SEBI Listing Regulations.

The following table sets forth details regarding our Board as on the date of filing of this Draft Red Herring Prospectus

| Sr. No. | Name, designation, term, period of directorship, address, occupation, date of birth and DIN | Age | Other Directorship |
|---|---|---|---|
| 1. | **Parakramsinh Ghanshyamsinh Jadeja**<br>**Designation**: Chairman and Managing Director<br>**Current Term**: September 1, 2022 for a period of 5 years<br>**Period of Directorship**: Director since March 26, 2003<br>**Address**: Osho, 2 Shivaji Park, Opp. Income Tax Society, Near Airport, Rajkot, Raiya Road, Gujarat, India 360 007<br>**Occupation**: Business<br>**Date of Birth**: October 25, 1968<br>**DIN**: 00125050 | 54 | *Indian Companies*<br>1. Indian Machine Tool Manufacturers Association<br>2. Neo Rajkot Foundation<br>*Foreign Companies*<br>1. Jyoti SAS |
| 2. | **Sahdevsinh Lalubha Jadeja**<br>**Designation**: Whole Time Director<br>**Current Term**: September 1, 2022 for a period of 5 years<br>**Period of Directorship**: Director since March 26, 2003<br>**Address**: Plot no. 70, Silverston Meinrod, Nr Oscar Tavar, 150 Feet Road, Rajkot, Gujarat, India 360 001<br>**Occupation**: Business<br>**Date of Birth**: July 22, 1965<br>**DIN**: 00126392 | 58 | *Indian Companies*<br>Nil<br>*Foreign Companies*<br>Nil |
| 3. | **Vikramsinh Raghuvirsinh Rana**<br>**Designation**: Whole Time Director<br>**Current Term**: September 1, 2022 for a period of 5 years<br>**Period of Directorship**: Director since March 26, 2003<br>**Address**: 601, Kishan Kanaiya-2, Nr Indira Circle, 150 foot ring road, Raiya Road, Rajkot, India 360 007<br>**Occupation**: Business | 53 | *Indian Companies*<br>Nil<br>*Foreign Companies*<br>Nil |

| Sr. No. | Name, designation, term, period of directorship, address, occupation, date of birth and DIN | Age | Other Directorship |
|---|---|---|---|
| | **Date of Birth**: January 19, 1970<br><br>**DIN**: 00125079 | | |
| 4. | **Rikesh Chand**<br><br>**Designation**: Nominee Director*<br><br>**Current Term**: Not liable to retire by rotation<br><br>**Period of Directorship**: Director since July 24, 2020<br><br>**Address**: A3/51, Maker Kunden Garden, near SNDT College, Santacruz (west), Mumbai, Juhu, Maharashtra, India- 400 049<br><br>**Occupation**: Service - Banker<br><br>**Date of Birth**: October 10, 1974<br><br>**DIN**: 08769636 | 48 | *Indian Companies*<br><br>Nil<br><br>*Foreign Companies*<br><br>Nil |
| 5. | **Yogesh Damodardas Kathrecha**<br><br>**Designation**: Independent Director<br><br>**Current Term**: December 15, 2019 for a period of 5 years<br><br>**Period of Directorship**: Independent Director since September 27, 2014<br><br>**Address**: 901, Krishna Palace, Panchvati Main Road, Opp. Jain Temple, Off Amin Road, Rajkot, India 360 001<br><br>**Occupation**: Business<br><br>**Date of Birth**: September 08, 1962<br><br>**DIN**: 02355968 | 60 | *Indian Companies*<br><br>GM APE Automation (India) Private Limited<br><br>*Foreign Companies*<br><br>Huron Graffenstaden SAS |
| 6. | **Vijay Vaman Paranjape**<br><br>**Designation**: Independent Director<br><br>**Current Term**: December 15, 2019 for a period of 5 years<br><br>**Period of Directorship**: Independent Director since September 30, 2013<br><br>**Address**: Flat No. 3, Mauli Building, Gawand Path, Near Malhar Talkies, Thane (West), Thane, Naupada, Maharashtra, India 400 602<br><br>**Occupation**: Business<br><br>**Date of Birth**: July 25, 1948<br><br>**DIN**: 00370451 | 75 | *Indian Companies*<br><br>Dol Motors Private Limited<br><br>*Foreign Companies*<br><br>Nil |
| 7. | **Jignasa Pravinchandra Mehta** | 49 | *Indian Companies* |

| Sr. No. | Name, designation, term, period of directorship, address, occupation, date of birth and DIN | Age | Other Directorship |
|---|---|---|---|
| | **Designation**: Independent Director<br><br>**Current Term**: August 19, 2023 for a period of 5 years<br><br>**Period of Directorship**: Independent Director since August 19, 2023<br><br>**Address**: M – 193, Gujarat Housing Board b/h Jankalyan Community Hall Amin Marg, Rajkot, Rajkot Kotda Sangani, Rajkot, Gujarat 360 001<br><br>**Occupation**: Academician<br><br>**Date of Birth**: November 29, 1973<br><br>**DIN**: 08035567 | | Rolex Rings Limited<br><br>*Foreign Companies*<br><br>Nil |
| 8. | **Pravinchandra Ratilal Dholakia**<br><br>**Designation**: Independent Director<br><br>**Current Term**: August 19, 2023 for a period of 5 years<br><br>**Period of Directorship**: Independent Director since August 19, 2023<br><br>**Address**: Adarsh Society 3/5, Behind I.O.C. Bhavan, Race Course, Ring Road, Rajkot, Gujarat 360 001<br><br>**Occupation**: Practicing Chartered Accountant<br><br>**Date of Birth**: July 16, 1945<br><br>**DIN**: 00844014 | 78 | *Indian Companies*<br><br>Rolex Rings Limited<br><br>*Foreign Companies*<br><br>Nil |

** Nominee of Export-Import Bank of India.*

**Brief Profile of our Directors**

**Parakramsinh Ghanshyamsinh Jadeja** aged 54, is our Chairman and Managing Director. He is an undergraduate and was appointed as director on March 26, 2003. He has been associated with Jyoti Enterprise as a partner since 1989. He is also a director on the board of Indian Machine Tool Manufacturers Association and Neo Rajkot Foundation since December 10, 2015 and June 07, 2016, respectively.

**Sahdevsinh Lalubha Jadeja** aged 58 is one of our Whole-Time Director. He is an undergraduate and was appointed as director on March 26, 2003. He has been continuing as a director of our Company since then. He has been associated with Jyoti Enterprise as a partner since 1989.

**Vikramsinh Raghuvirsinh Rana** aged 54 is one of our Whole-Time Director. He is an undergraduate and was appointed as director of our Company on March 26, 2003.

**Yogesh Damodardas Kathrecha** aged 60, has completed his bachelor’s of technology in mechanical engineering from Indian Institute of Technology, Bombay in 1985. He is also a director on the board of GM APE Automation (India) Private Limited since June 08, 2021.

**Vijay Vaman Paranjape** aged 75, holds a bachelor's of engineering degree (electrical branch) from Sardar Patel College of Engineering, University of Mumbai. He was previously a director of Siemens Limited. He is also a director on the board of Dol Motors Private Limited since November 11, 2011.

**Jignasa Pravinchandra Mehta** aged 49, is our Independent Director. She holds a degree of Bachelor of Engineering in mechanical from Saurashtra University, a master's degree in engineering in mechanical from Sardar Patel University. She has also received a degree of Doctor of Philosophy from Sardar Patel University, Gujarat. She is currently an independent director on the board of Rolex Rings Limited. She is currently working as Professor of Mechanical Engineering and Dean of Engineering and Technology at Darshan University, Rajkot.

**Rikesh Chand** aged 48, is our Company's Nominee Director on behalf of EXIM Bank. He holds a bachelor's of engineering degree (mechanical) from South Gujarat University. He joined EXIM Bank in April 2004.

**Pravinchandra Ratilal Dholakia** aged 78 years is an Independent Director of our Company. He is a Chartered Accountant and holds a membership from the Institute of Chartered Accountants of India. He is currently a senior partner at P.R Dholakia & Co., Chartered Accountants.

**Confirmations**

None of our Directors were or are directors of listed companies during the preceding 5 years of this Draft Red Herring Prospectus whose shares have been / were suspended from being traded on any stock exchange during his / her tenure as a director of such listed company.

None of our Directors were or are directors in listed companies which were delisted from the stock exchanges during his / her tenure as a director of such listed company.

None of our Directors are related to each other.

**Relationship amongst our Directors and Key Managerial Personnel and, or Senior Management**

Other than as set out below, none of our Directors are related to any of the Key Managerial Personnel and Senior Management of our Company:

1. Vijaysinh Pravinsinh Zala one of our member of Senior Management is the brother-in-law of Parakramsinh Ghanshyamsinh Jadeja, our Chairman and Managing Director

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Further:

1. None of our Directors has been identified as a Wilful Defaulter or Fraudulent Borrower as defined under the SEBI ICDR Regulations; and

2. None of our Directors has been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

**Arrangement or understanding with major shareholders, customers, suppliers or others**

None of our Directors were selected / appointed as Directors of our Company pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

**Service contracts with Directors**

None of our Directors have entered into service contracts with our Company which provide benefits upon termination of employment.

**Borrowing Powers of our Board**

In accordance with the Articles of Association of our Company, and Section 180 (1) (c) of the Companies Act, our Shareholders, pursuant to a special resolution dated November 30, 2016, have authorised our Board to borrow / raise funds from banks, financial institutions etc. by issue of debentures, bonds, subject to the condition that the money / fund to be borrowed / raised together with the money / fund already borrowed / raised shall not exceed ₹ 10,000 million.

**Terms of Appointment of the Executive Directors of our Company**

*Chairman and Managing Director*

Parakramsinh Ghanshyamsinh Jadeja was reappointed as the Managing Director of our Company with effect from September 1, 2022 for a period of 5 years, i.e., until August 31, 2027 pursuant to a special resolution passed by our Shareholders pursuant to their meeting held on July 30, 2022. He was appointed as chairman of our Company with effect from July 08, 2022. He is entitled to the following remuneration and perquisites with effect from September 1, 2022:

| | |
|---|---|
| **Date of contract appointing / fixing the remuneration** | September 1, 2022 |
| **Term of contract** | 5 years with effect from September 1, 2022 until August 31, 2027 |
| **Remuneration** | ₹ 1 million per month, however, the annual aggregate shall not exceed ₹ 13 million |
| **Other Terms and Conditions / Perquisites and allowances of expenses** | **Commission:** Commission to be paid based on the net profits of our Company in a particular year, which together with the aggregate salary shall be subject to the overall limit prescribed under the Sections 197 and 198 of the Companies Act.<br><br>**Reimbursement:** All the actual expenses incurred in performance of his duty cast on by our Company. Such reimbursement shall not form part of remuneration.<br><br>**Statutory / Other Benefits:** All statutory benefits that our Company is required to provide to other employees in the ordinary course of business. |

*Whole Time Directors*

Sahdevsinh Lalubha Jadeja was reappointed as the Whole Time Director of our Company with effect from September 1, 2022 for a period of 5 years, i.e., until August 31, 2027 pursuant to a special resolution passed by our Shareholders pursuant to their meeting held on July 30, 2022. He is entitled to the following remuneration and perquisites with effect from September 1, 2022:

| | |
|---|---|
| **Date of contract appointing / fixing the remuneration** | September 1, 2022 |
| **Term of contract** | 5 years with effect from September 1, 2022 until August 31, 2027 |
| **Remuneration** | ₹ 0.62 million per month, however, the annual aggregate shall not exceed ₹ 8 million |
| **Other Terms and Conditions / Perquisites and allowances of expenses** | **Commission:** Commission to be paid based on the net profits of our Company in a particular year, which together with aggregate salary shall be subject to the overall limit prescribed under the Sections 197 and 198 of the Companies Act. |

| | |
|---|---|
| | **Reimbursement:** All the actual expenses incurred in performance of his duty cast on by our Company. Such reimbursement shall not form part of remuneration.<br><br>**Statutory / Other Benefits:** All statutory benefits that our Company is required to provide to other employees in the ordinary course of business. |

Vikramsinh Raghuvirsinh Rana was reappointed as the Whole Time Director of our Company with effect from September 1, 2022 for a period of 5 years, i.e., until August 31, 2027 pursuant to a special resolution passed by our Shareholders pursuant to their meeting held on July 30, 2022. He is entitled to the following remuneration and perquisites with effect from September 1, 2022:

| | |
|---|---|
| **Date of contract appointing / fixing the remuneration** | September 1, 2022 |
| **Term of contract** | 5 years with effect from September 1, 2022 until August 31, 2027 |
| **Remuneration** | ₹ 0.34 million per month, however, the annual aggregate shall not exceed ₹ 4.5 million |
| **Other Terms and Conditions / Perquisites and allowances of expenses** | **Commission:** Commission to be paid based on the net profits of our Company in a particular year, which together with aggregate salary shall be subject to the overall limit prescribed under the Sections 197 and 198 of the Companies Act.<br><br>**Reimbursement:** All the actual expenses incurred in performance of his duty cast on by our Company. Such reimbursement shall not form part of remuneration.<br><br>**Statutory / Other Benefits:** All statutory benefits that our Company is required to provide to other employees in the ordinary course of business. |

**Terms of appointment of our Independent Directors and Nominee Director**

Pursuant to a resolution passed by our Board at its meeting held on March 17, 2022, each Independent Director is entitled to receive sitting fees of ₹ 0.02 million for attending meetings of our Board and, or Committees of our Board. Our Nominee Director is entitled to travelling and accommodation expenses, based on actuals.

Neither our Company nor our Subsidiaries have paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration, sitting fees and/or commission paid to them for such period.

**Payment or benefits to Directors**

The details of payments and benefits made to our Directors by our Company, in Fiscal 2023 are as follows:

*Executive Directors*

(*in ₹ million*)

| Sr. No. | Name of Director | Amount |
|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 12.00 |
| 2. | Sahdevsinh Lalubha Jadeja | 7.20 |
| 3. | Vikramsinh Raghuvirsinh Rana | 4.20 |
| **Total** | | **23.40** |

*Independent Directors, Non-Executive Director and Nominee Director*

(*in ₹ million*)

| Sr. No. | Name of Director | Designation | Amount |
|---|---|---|---|
| 1. | Rikesh Chand | Nominee Director | Nil |
| 2. | Vijay Vaman Paranjape | Independent Director | 0.14 |
| 3. | Yogesh Damodardas Kathrecha | Independent Director | 0.16 |
| 4. | Jignasa Pravinchandra Mehta* | Independent Director | Nil |
| 5. | Pravinchandra Ratilal Dholakia* | Independent Director | Nil |
| 6. | Rajshriba Parakramsinh Jadeja** | Non-Executive Director | Nil |
| **Total** | | | **0.30** |

**Appointed on August 19, 2023*

*** Rajshriba Parakramsinh Jadeja resigned as Non-Executive Director on August 19, 2023*

**Remuneration paid by our Subsidiaries**

None of our Directors have received any remuneration from the Subsidiaries of our Company.

**Bonus or Profit-Sharing Plans**

None of our Directors are party to any bonus or profit-sharing plan of our Company.

**Contingent or Deferred Compensation to our Directors**

There is no contingent or deferred compensation payable to our Directors which does not form part of their remuneration.

**Shareholding of Directors in our Company**

The Articles of Association of our Company do not require our Directors to hold any qualification shares. The shareholding of our Directors in our Company as of the date of this Draft Red Herring Prospectus is set forth below:

| Sr. No. | Name of the Director | No. of Equity Shares held | Percentage of total pre-Issue paid up equity share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) |
|---|---|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 61,188,760 | 31.26 | 61,188,760 | 30.95 |
| 2. | Sahdevsinh Lalubha Jadeja | 6,685,400 | 3.42 | 6,685,400 | 3.38 |
| 3. | Vikramsinh Raghuvirsinh. Rana | 4,547,500 | 2.32 | 4,547,500 | 2.30 |
| **Total** | | **72,421,660** | **37.00** | **72,421,660** | **36.63** |

*^As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

**Interest of our Directors**

All our Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, dividend payable to each of them, by our Company. Our Independent Directors may be deemed to be interested to the extent of the sitting fees and commission, if any, payable to them for attending meetings of our Board and / or committees thereof as approved by our Board and, or, Shareholders. Our Independent Directors and Nominee Director may be deemed to be interested to the extent of the reimbursement of expenses payable to them, as approved by our Board.

Further, except as disclosed under *'Shareholding of Directors in our Company'* above, none of our Directors hold any Equity Shares or any other form of securities in our Company. Further, our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them in the Company.

Our Directors may be deemed to be interested to the extent of certain related party transactions that were undertaken with them by our Company. Our Directors may also be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company in the normal course of business with any company in which they hold directorships or any partnership firm in which they are partners. For further details, see '*Restated Consolidated Financial Statements - Note 36 - Related Party Disclosures'* on page 286.

*Interest in the promotion/formation of our Company*

Except for our Chairman and Managing Director, Parakramsinh Ghanshyamsinh Jadeja and the Whole Time Directors, Sahdevsinh Lalubha Jadeja and Vikramsinh Raghuvirsinh Rana, none of our Directors were involved in the promotion or formation of our Company.

*Interest as to property*

None of our Directors are interested in any property acquired or proposed to be acquired of our Company. Further, our Chairman and Managing Director, Parakramsinh Ghanshyamsinh Jadeja and the Whole Time Directors, Sahdevsinh Lalubha Jadeja, who are the partners of the member of our Promoter Group, Jyoti Enterprises, may be deemed to be interested in a property located at P - 4, Lodhika GIDC, Metoda, District Rajkot - 360 003, which has been licensed to our Company by Jyoti Enterprises, a member of our Promoter Group. For further details, see '*Our Business - Property'* on page 176.

*Loans to Director*

Our Directors have not availed any loans from our Company.

*Other interest*

No sum has been paid or agreed to be paid to our Directors or to any firms or companies in which they may be partners or members respectively, in cash or shares or otherwise by any person either to induce him / her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

**Changes in our Board in the last 3 years**

Except for the following, there has been no change in our Board, in the last 3 years.

| Sr. No. | Name | Date of Appointment/ Change in Designation/Cessation | Reasons |
|---|---|---|---|
| 1. | Jignasa Pravinchandra Mehta | August 19, 2023 | Appointment as independent director |
| 2. | Pravinchandra Ratilal Dholakia | August 19, 2023 | Appointment as independent director |
| 3. | Rajshriba Parakramsinh Jadeja | August 19, 2023 | Resignation due to pre-occupation with other work |

**Corporate Governance**

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. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations and the Companies Act in respect of corporate governance pertaining to the constitution of our Board and committees thereof and formulation of policies.

Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific operational areas.

As on the date of this Draft Red Herring Prospectus, our Board comprises of 8 Directors (including 1 woman director), of whom 3 are Executive Directors, 4 are Independent Directors and 1 is a Nominee Director

**Committees of our Board**

Our Board has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act:

1. Audit Committee;
2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Risk Management Committee; and
6. IPO Committee.

In addition to the above, our Company has constituted a Finance Committee comprising Parakramsinh Ghanshyamsinh Jadeja, Vikramsinh Raghuvirsinh Rana and Sahdevsinh Lalubha Jadeja. In addition, our Board may, from time to time, constitute committees to delegate certain powers for various functions, in accordance with applicable laws.

***Audit Committee***

The Audit Committee of our Board was re-constituted by a resolution of our Board at their meeting held on August 19, 2023. The constitution of the Audit Committee is as follows:

| Sr. No. | Name of the Director | Designation | Position in the Committee |
|---|---|---|---|
| 1. | Yogesh Damodardas Kathrecha | Independent Director | Chairperson |
| 2. | Pravinchandra Ratilal Dholakia | Independent Director | Member |
| 3. | Parakramsinh Ghanshyamsinh Jadeja | Chairman and Managing Director | Member |

The Company Secretary will act as the Secretary of the Committee.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

***Terms of Reference for the Audit Committee:***

The Audit Committee shall be responsible for, among other things, from time to time, the following:

**A. Powers of Audit Committee**

The Audit Committee shall have powers, including the following:

1. to investigate any activity within its terms of reference

2. to seek information from any employee

3. to obtain outside legal or other professional advice;

4. management discussion and analysis of financial condition and results of operations;

5. to secure attendance of outsiders with relevant expertise, if it considers necessary; and

6. such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

**B. Role of the Audit Committee**

The role of the Audit Committee shall include the following:

1. oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;

2. recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;

3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;

4. formulation of a policy on related party transactions, which shall include materiality of related party transactions;

5. reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

6. examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    i. 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

    ii. Changes, if any, in accounting policies and practices and reasons for the same;

    iii. Major accounting entries involving estimates based on the exercise of judgment by management;

    iv. Significant adjustments made in the financial statements arising out of audit findings;

    v. Compliance with listing and other legal requirements relating to financial statements;

    vi. Disclosure of any related party transactions; and

    vii. Modified opinion(s) in the draft audit report.

7. reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

8. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

9. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

10. 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 the conditions as may be prescribed;

    ***Explanation:*** *The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of* the *SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*

11. laying down the criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;

12. scrutiny of inter-corporate loans and investments;

13. valuation of undertakings or assets of the Company, wherever it is necessary;

14. evaluation of internal financial controls and risk management systems;

15. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

16. 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;

17. discussion with internal auditors of any significant findings and follow up there on;

18. 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;

19. 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;

20. recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;

21. looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
22. reviewing the functioning of the whistle blower mechanism;

23. monitoring the end use of funds raised through public offers and related matters;

24. overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

25. approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;

26. reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;

27. to consider and comment on the rationale, cost benefits and impact of schemes involving merger, demerger, amalgamation etc. of the Company and provide comments to the Company's shareholders;

28. to review compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall verify that the systems for internal control under the said regulations are adequate and are operating effectively; and

29. carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

**C. Reviewing Powers**

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

3. Management letters / letters of internal control weaknesses issued by the statutory auditors;

4. Internal audit reports relating to internal control weaknesses;

5. The appointment, removal and terms of remuneration of the chief internal auditor;

6. Statement of deviations in terms of the SEBI Listing Regulations:

   i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and

   ii. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

7. review the financial statements, in particular, the investments made by any unlisted subsidiary.

***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee of our Board was re-constituted by a resolution of our Board at their meeting held on August 19, 2023. The constitution of the Nomination and Remuneration Committee is as follows:

| Sr. No. | Name of the Director | Designation | Position in the Committee |
|---|---|---|---|
| 1. | Vijay Vaman Paranjape | Independent Director | Chairperson |
| 2. | Yogesh Damodardas Kathrecha | Independent Director | Member |
| 3. | Jignasa Pravinchandra Mehta | Independent Director | Member |

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

***Terms of Reference for the Nomination and Remuneration Committee:***

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

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

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

i. 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;

ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

3. formulation of criteria for evaluation of performance of independent directors and the Board;

4. devising a policy on Board diversity;

5. 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 shall specify the manner for effective evaluation of performance of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

6. reviewing and recommending to the Board, manpower plan/ budget and sanction of new senior management positions from time to time in the future;

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

   (i) use the services of an external agencies, if required;

   (ii) consider candidates from a wide range of backgrounds, having due regard to diversity; and

   (iii) consider the time commitments of the candidates,

8. extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

9. evaluation and recommendation of termination of appointment of directors in accordance with the Board's governance principles for cause or for other appropriate reasons;

10. making recommendations to the Board in relation to the appointment, promotion and removal of the senior management personnel;

11. recommending to the board, all remuneration, in whatever form, payable to senior management, including revisions thereto;

12. administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;

13. framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:

   (i) the SEBI Insider Trading Regulations; and

   (ii) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

14. carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;

15. performing such other functions as may be necessary or appropriate for the performance of its duties;

16. periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;

17. authorization to obtain advice, reports or opinions from internal or external counsel and expert advisors;

18. ensuring proper induction program for new directors, key managerial personnel and senior management and reviewing its effectiveness along-with ensuring that on appointment, they receive a formal letter of appointment in accordance with guidelines provided under the Companies Act, 2013;

19. developing a succession plan for our Board and senior management and regularly reviewing the plan;

20. ensuring that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;

21. consideration and determination of the nomination and remuneration policy based on performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Committee shall deem appropriate; and

22. 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.

***Stakeholders' Relationship Committee***

The Stakeholders' Relationship Committee of our Board was constituted by a resolution of our Board at their meeting held on August 19, 2023. The constitution of the Stakeholders' Relationship Committee is as follows:

| Sr. No. | Name of the Director | Designation | Position in the Committee |
|---|---|---|---|
| 1. | Vijay Vaman Paranjape | Independent Director | Chairperson |
| 2. | Parakramsinh Ghanshyamsinh Jadeja | Chairman and Managing Director | Member |
| 3. | Vikramsinh Raghuvirsinh Rana | Whole Time Director | Member |

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations and its terms of reference are as follows:

***Terms of Reference for the Stakeholders' Relationship Committee:***

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

1. considering and specifically looking into various aspects of interests of shareholders, debenture holders and other security holders;

2. resolving the grievances of the security holders of the listed entity including complaints related to allotment of shares, 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, depository receipt, non-receipt of annual report , balance sheet or profit and loss account, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

3. review of measures taken for effective exercise of voting rights by shareholders;

4. investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

5. 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;

6. 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;

7. 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

8. 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.

***Corporate Social Responsibility Committee***

The Corporate Social Responsibility Committee of our Board was re-constituted by a resolution of our Board at their meeting held on August 19, 2023. The constitution of the Corporate Social Responsibility Committee is as follows:

| Sr. No. | Name of the Director | Designation | Position in the Committee |
|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | Chairman and Managing Director | Chairperson |
| 2. | Vikramsinh Raghuvirsinh Rana | Whole Time Director | Member |
| 3. | Pravinchandra Ratilal Dholakia | Independent Director | Member |

The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act.

***Terms of Reference for the Corporate Social Responsibility Committee***

Corporate Social Responsibility Committee be and is authorized to perform the following functions:

1. 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 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;

2. identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

3. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;

4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

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;

4. assistance to the Board to ensure that our Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act, 2013 and/ or rules made thereunder;

5. providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;

6. providing updates to our Board at regular intervals of six months on the corporate social responsibility activities;

7. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and

8. exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

***Risk Management Committee***

The Risk Management Committee was constituted by a resolution of our Board at their meeting held on August 19, 2023. The members of the Risk Management Committee are:

| Sr. No. | Name of the Director | Designation | Position in the Committee |
|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | Chairman and Managing Director | Chairperson |
| 2. | Jignasa Pravinchandra Mehta | Independent Director | Member |
| 3. | Shivangi Bipinbhai Lakhani | SMP (Executive Head - Corporate Communication) | Member |

The scope and functions of the Risk Management Committee are in accordance with Section 178 of the Companies Act and the Regulation 21 of the SEBI Listing Regulations.

***Terms of Reference for the Risk Management Committee***

The Risk Management Committee shall be responsible for, among other things, from time to time, the following:

1. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof. The risk management policy shall include the following:

    i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee;

    ii. Measures for risk mitigation including systems and processes for internal control of identified risks; and

    iii. Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

4. To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

5. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

6. To implement and monitor policies and/or processes for ensuring cyber security;

7. To frame, devise and monitor risk management plan and policy of the Company, including evaluating the adequacy of risk management systems;

8. To review and recommend potential risk involved in any new business plans and processes;

9. To review the Company's risk-reward performance to align with the Company's overall policy objectives;

10. Monitor and review regular updates on business continuity;

11. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and

12. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

***IPO Committee***

The IPO Committee was constituted by a resolution of our Board at their meeting held on May 18, 2023. The members of the IPO Committee are:

| Sr. No. | Name of the Director | Designation | Position in the Committee |
|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | Chairman and Managing Director | Chairperson |
| 2. | Yogesh Damodardas Kathrecha | Independent Director | Member |
| 3. | Vikramsinh Raghuvirsinh Rana | Whole Time Director | Member |

***Terms of Reference for the IPO Committee***

The IPO Committee shall be responsible for, among other things, from time to time, the following:

1. to decide, negotiate and finalize the pricing, the terms of the issue of the Equity Shares and all other related matters regarding the Pre-IPO Placement, if any, including the execution of the relevant documents with the investors, in consultation with the book running lead managers appointed in relation to the Issue (**BRLMs**);

2. to decide in consultation with the BRLMs the actual size of the Issue and taking on record the number of equity shares, having face value of ₹ 10 per equity share (**Equity Shares**), and/or reservation on a competitive basis, and/or any rounding off in the event of any oversubscription and/or any discount to be offered to retail individual bidders or eligible employees participating in the Issue and all the terms and conditions of the Issue, including without limitation timing, opening and closing dates of the Issue, price band, allocation/allotment to eligible persons pursuant to the Issue, including any anchor investors, and to accept any amendments, modifications, variations or alterations thereto;

3. to appoint, instruct and enter into agreements with the BRLMs, and in consultation with BRLMs appoint and enter into agreements with intermediaries, co-managers, underwriters, syndicate members, brokers, sponsor banks, escrow collection bankers, auditors, independent chartered accountants, refund bankers, registrar, grading agency, monitoring agency, industry expert, legal counsels, depositories, custodians, credit rating agencies, printers, advertising agency(ies), and any other agencies or persons (including any successors or replacements thereof) whose appointment is required in relation to the Issue and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letters and issue agreement

with the BRLMs, and the underwriting agreement with the underwriters, and to terminate agreements or arrangements with such intermediaries;

4. to make any alteration, addition or variation in relation to the Issue, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, deciding the exact Issue structure and the exact component of issue of Equity Shares;

5. to finalise, settle, approve, adopt and arrange for submission of the draft red herring prospectus (**DRHP**), the red herring prospectus (**RHP**), the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices, clarifications, reply to observations, addenda or corrigenda thereto, to appropriate government and regulatory authorities, respective stock exchanges where the Equity Shares are proposed to be listed (**Stock Exchanges**), the Registrar of Companies, Ahmedabad at Gujarat (**Registrar of Companies**), institutions or bodies;

6. to issue advertisements in such newspapers and other media as it may deem fit and proper, in consultation with the relevant intermediaries appointed for the Issue in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (**SEBI ICDR Regulations**), Companies Act, 2013, as amended and other applicable laws;

7. to decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any,;

8. to open separate escrow accounts as the escrow account to receive application monies from anchor investors/underwriters in respect of the bid amounts and a bank account as the refund account for handling refunds in relation to the Issue and in respect of which a refund, if any will be made;

9. to open account with the bankers to the Issue to receive application monies in relation to the Issue in terms of Section 40(3) of the Companies Act, 2013, as amended;

10. to do all such deeds and acts as may be required to dematerialise the Equity Shares and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with the Central Depository Services (India) Limited and the National Securities Depository Limited, registrar and transfer agents and such other agencies, as may be required in this connection, with power to authorise one or more officers of the Company to execute all or any such documents;

11. to negotiate, finalise, sign, execute and deliver or arrange the delivery of the issue agreement, syndicate agreement, cash escrow and sponsor bank agreement, underwriting agreement, agreements with the registrar to the Issue, monitoring agency and the advertising agency(ies) and all other agreements, documents, deeds, memorandum of understanding and other instruments whatsoever with the registrar to the Issue, monitoring agency, legal counsel, auditors, Stock Exchanges, BRLMs and other agencies/ intermediaries in connection with Issue with the power to authorize one or more officers of the Company to execute all or any of the aforesaid documents;

12. to make any applications, seek clarifications, obtain approvals and seek exemptions, if necessary, from the Stock Exchange, the Securities and Exchange Board of India (**SEBI**), the Reserve Bank of India (**RBI**), Registrar of Companies, Ahmedabad at Gujarat and such other statutory and governmental authorities in connection with the Issue, as required by applicable law, and to accept, on behalf of the Board, such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, exemptions, permissions and sanctions as may be required, and wherever necessary, incorporate such modifications / amendments as may be required in the DRHP, RHP and the Prospectus;

13. to make in-principle and final applications for listing and trading of the Equity Shares on one or more Stock Exchanges, to execute and to deliver or arrange the delivery of the equity listing agreement(s) or equivalent documentation to the Stock Exchanges and to take all such other actions as may be necessary in connection with obtaining such listing

14. to determine and finalize, in consultation with the BRLMs, the price band for the Issue and minimum bid lot for the purpose of bidding, any revision to the price band and the final Issue price after bid closure, and to finalize the basis of allocation and to allot the Equity Shares to the successful allottees and credit Equity Shares

to the demat accounts of the successful allottees in accordance with applicable laws and undertake other matters in connection with or incidental to the Issue, including determining the anchor investor portion, in accordance with the SEBI ICDR Regulations;

15. to issue receipts/allotment advice/confirmation of allocation notes either in physical or electronic mode representing the underlying Equity Shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorise one or more officers of the Company to sign all or any of the aforementioned documents;

16. to approve the code of conduct, suitable insider trading policy, whistle blower/vigil mechanism policy, risk management policy and other corporate governance requirements considered necessary by the Board or the IPO Committee or as required under applicable law or the uniform listing agreement to be entered into by the Company with the relevant stock exchanges;

17. to seek, if required, the consent and waivers of the parties with whom the Company has entered into various commercial and other agreements such as Company's lenders, joint venture partners, all concerned governmental and regulatory authorities in India or outside India, and any other consents that may be required in connection with the Issue in accordance with the applicable laws;

18. to determine the price at which the Equity Shares are offered, issued, allocated, transferred and/or allotted to investors in the Issue in accordance with applicable regulations in consultation with the BRLMs and/or any other advisors, and determine the discount, if any, proposed to be offered to eligible categories of investors;

19. to settle all questions, difficulties or doubts that may arise in relation to the Issue, as it may in its absolute discretion deem fit;

20. to do all acts and deeds, and execute all documents, agreements, forms, certificates, undertakings, letters and instruments as may be necessary for the purpose of or in connection with the Issue;

21. to authorize and approve the incurring of expenditure and payment of fees, commissions, brokerage and remuneration in connection with the Issue;

22. to withdraw the DRHP or RHP or to decide not to proceed with the Issue at any stage, in consultation with the BRLMs and in accordance with the SEBI ICDR Regulations and applicable laws;

23. to determine the utilization of proceeds of the fresh issue, if applicable and accept and appropriate proceeds of such fresh issue in accordance with the Applicable Laws;

24. to authorize any concerned person on behalf of the Company to give such declarations, affidavits, certificates, consents and authorities as may be required from time to time in relation to the Issue or provide clarifications to the SEBI, Registrar of Companies, Ahmedabad at Gujarat and the relevant Stock Exchange(s) where the Equity Shares are to be listed;

25. to authorize the affixation of the common seal of the Company on such documents in this connection as may be required in accordance with the provisions of the Articles of Association of the Company and Applicable Law; and

26. to authorize and empower officers of the Company (each, an **Authorized Officer(s)**), for and on behalf of the Company, to execute and deliver, on a several basis, any agreements and arrangements as well as amendments or supplements thereto that the Authorized Officer(s) consider necessary, appropriate or advisable, in connection with the Issue, including, without limitation, engagement letter(s), memoranda of understanding, the listing agreement(s) with the Stock Exchange(s), the registrar's agreement and memorandum of understanding, the depositories' agreements, the issue agreement with the BRLMs (and other entities as appropriate), the underwriting agreement, the syndicate agreement with the BRLMs and syndicate members, the cash escrow and sponsor bank agreement, confirmation of allocation notes, allotment advice, placement agents, registrar to the Issue, bankers to the Company, managers, underwriters, escrow agents, accountants, auditors, legal counsel, depositories, advertising agency(ies), syndicate members, brokers, escrow collection bankers, auditors, grading agency, monitoring agency and all such persons or agencies as may be involved in or concerned with the Issue,

if any, and to make payments to or remunerate by way of fees, commission, brokerage or the like or reimburse expenses incurred in connection with the Issue by the BRLMs and to do or cause to be done any and all such acts or things that the Authorized Officer(s) may deem necessary, appropriate or desirable in order to carry out the purpose and intent of the foregoing resolutions for the Issue; and any such agreements or documents so executed and delivered and acts and things done by any such Authorized Officer(s) shall be conclusive evidence of the authority of the Authorized Officer and the Company in so doing.

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## Management Organisation Structure

### Board of Directors

**Executive Directors**

1. Parakramsinh Ghanshyamsinh Jadeja (Chairman and Managing Director)
2. Sahadevsinh Lalubha Jadeja (Wholetime Director)
3. Vikramsinh Raghauvarsinh Rana (Wholetime Director)

**Non-Executive Directors**

1. Yogesh Damodardas Kathrecha (Independent Director)
2. Vijay Vaman Paranjape (Independent Director)
3. Jignasa Pravinchandra Mehta (Independent Director)
4. Pravinchandra Ratilal Dholakia (Independent Director)
5. Rikesh Chand (Nominee Director)

**Key Managerial Personnel**

1. Kamlesh Sureshbhai Solanki (Chief Financial Officer)
2. Maulik B Gandhi (Company Secretary and Compliance Officer)

**Senior Managerial Personnel**

1. Vijaysinh Pravinsinh Zala – (Executive Head (R & D))
2. Hitesh Chhaganbhai Patel – (General Manager – Assembly)
3. Hiren Mahipatsinh Jadeja (President – Marketing)
4. Vikas Raj Taneja (President – Marketing)
5. Shivangi Bipinbhai Lakhani (Executive Head – Corporate Communication)
6. Marc Paul Troia (Director General – Huron Graffenstaden SAS)

**Key Managerial Personnel and Senior Management**

In addition to Parakramsinh Ghanshyamsinh Jadeja, our Chairman and Managing Director, and Sahdevsinh Lalubha Jadeja and Vikramsinh Raghuvirsinh Rana, our Whole-Time Directors, whose details have been provided under the paragraph '*Brief profile of our Directors*' on page 221, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus, are as follows:

1. Kamlesh Sureshbhai Solanki, Chief Financial Officer; and

2. Maulik B Gandhi, Company Secretary and Compliance Officer.

*Brief Profiles of our Key Managerial Personnel*

**Kamlesh Sureshbhai Solanki** is the Chief Financial Officer of our Company. He joined our Company on March 1, 2004 as Manager - Finance and was appointed as Chief Financial Officer with effect from April 1, 2015. He holds a bachelor's degree in commerce from Saurashtra University, Rajkot. The remuneration paid to him during Fiscal 2023 is ₹ 1.59 million.

**Maulik B Gandhi** is the Company Secretary and Compliance Officer of our Company. He joined our Company as company secretary with effect from September 17, 2012. He is responsible for managing the secretarial department of our Company. He was appointed as Compliance Officer of our Company on July 12, 2023. He holds a bachelor's degree in business administration from Saurashtra University, Rajkot. He holds a membership from Institute of Company Secretaries of India. The remuneration paid to him during Fiscal 2023 is ₹ 0.93 million.

*Senior Management*

The details of our Senior Management as on the date of this Draft Red Herring Prospectus, are as follows:

1. Hitesh Chhaganbhai Patel, General Manager – Assembly;

2. Hiren Mahipatsinh Jadeja - President – Marketing;

3. Vijaysinh Pravinsinh Zala, Executive Head - Design;

4. Vikas Raj Taneja, President - Marketing;

5. Marc Paul Troia – Director General of Huron Graffenstaden SAS; and

6. Shivangi Bipinbhai Lakhani – Executive Head - Corporate Communication.

*Brief Profiles of our Senior Management*

**Hitesh Chhaganbhai Patel**, is the General Manager – Assembly of our Company and has been associated with our Company since January 1, 2004. He has completed his bachelor's degree in engineering (Electronics and Telecommunication) from North Maharashtra University, Jalgaon. He has also completed his Master of Business Administration in marketing from Newport University, Newport Beach California. The remuneration paid to him during Fiscal 2023 is ₹ 3.04 million.

**Hiren Mahipatsinh Jadeja**, is the President – Marketing of our Company and has been associated with our Company since January 1, 2004. He has completed his bachelor's degree in engineering (Electronics and Telecommunication) from North Maharashtra University, Jalgaon. He has also completed his Master of Business Administration in marketing from Newport University, Newport Beach California. The remuneration paid to him during Fiscal 2023 is ₹ 3.20 million.

**Vijaysinh Pravinsinh Zala**, is the Executive Head – Design of our Company and has been associated with our Company since November 1, 2004. He has completed his bachelor's degree in engineering (Mechanical) from Sardar Patel University. The remuneration paid to him during Fiscal 2023 is ₹ 3.41 million.

**Vikas Raj Taneja**, is the President - Marketing of our Company and have been associated with our Company since December 1, 2008. He holds a bachelor's degree in engineering (Production) from Shivaji University. He has also completed his Master's Diploma in Business Administration from Institute of Management Development and Research, Pune. The remuneration paid to him during Fiscal 2023 is ₹ 3.50 million.

**Marc Paul Troia**, aged 60 is the Director General of Huron Graffenstaden SAS (wholly owned subsidiary of our Company). He has been associated with Huron Graffenstaden SAS since 2019. He holds a degree, BAC E (Mathematical and Technic), a degree in (DUT) Mechanical Engineering, Lean Manufacturing, and is a Graduate Engineer in mechanics. He has total work experience of 34 years. Prior to joining Huron Graffenstaden SAS he worked as President AMADA SA France from 2014 to 2019, as Group General Manager of FOREST-LINÉ (FRANCE) from 2010 to 2014, as Vice President of ABB (FRANCE) from 1995 to 2009, as Export Customer RFQ manager of RENAULT AUTOMATION (FRANCE) from 1990 to 1995, and as Site Manager of STEIN HEURTEY and NEWELCO Newport (UK) in 1989. The remuneration paid to him during Fiscal 2023 is ₹ 20.00 million.

**Shivangi Bipinbhai Lakhani**, aged 38, is the Executive Head - Corporate Communication of our Company. She has been associated with our Company since March 01, 2007. She has completed her Bachelors in Commerce from Sadguru Homese & Commerce (E.M.) College, Rajkot, Saurashtra University and her Masters of Business Administration from H. N. Shukla College of Management Studies, Rajkot, Saurashtra University. She has a total work experience of 16 years. The remuneration paid to her during Fiscal 2023 is ₹ 5.62 million.

**Relationship amongst our Key Managerial Personnel and Senior Management**

Other than as mentioned in '*Relationship amongst our Directors and Key Managerial Personnel and, or Senior Management'* at page 222 none of our Key Managerial Personnel and Senior Management are related to each other.

**Arrangements and Understanding with major shareholders, customers, suppliers or others**

None of our Key Managerial Personnel and Senior Management have been selected pursuant to any arrangement or understanding with any Shareholders, customers or suppliers or others.

**Retirement and termination benefit**

Except for applicable statutory benefits, none of our Key Managerial Personnel and Senior Management would receive any benefits on their retirement or on termination of their employment with our Company.

**Service Contracts with Key Managerial Personnel and Senior Management**

None of our Key Managerial Personnel and Senior Management have entered into any service contract with our Company.

**Contingent and deferred compensation payable to Key Managerial Personnel and Senior Management**

There is no contingent or deferred compensation payable to our Key Managerial Personnel and Senior Management which does not form part of their remuneration.

**Status of Key Managerial Personnel and Senior Management**

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

**Shareholding of Key Managerial Personnel and Senior Management**

| Sr. No. | Name of the Key Managerial Personnel /Senior Management | Number of Equity Shares held | Percentage of total pre-Issue paid up equity share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) |
|---|---|---|---|---|---|
| 1. | Kamlesh Sureshbhai Solanki | 180,000 | 0.09 | 180,000 | 0.09 |
| 2. | Hiren Mahipatsinh Jadeja | 180,000 | 0.09 | 180,000 | 0.09 |
| 3. | Hitesh Chhaganbhai Patel | 180,000 | 0.09 | 180,000 | 0.09 |
| 4. | Vijaysinh Pravinsinh Zala | 219,500 | 0.11 | 219,500 | 0.11 |

*^As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

**Bonus or Profit-Sharing Plan of Key Managerial Personnel and Senior Management**

None of our Key Managerial Personnel and Senior Management are party to any bonus or profit-sharing plan of our Company other than performance based discretionary incentives given to the Key Managerial Personnel and Senior Management.

**Changes in the Key Managerial Personnel and Senior Management**

There have been no changes in our Key Managerial Personnel and Senior Management, during the 3 years immediately preceding the date of this Draft Red Herring Prospectus.

**Interests of Key Managerial Personnel and Senior Management**

Except as disclosed under '*Our Management - Interest of our Directors*', and '*Restated Consolidated Financial Statements - Note 36 - Related Party Disclosures'* on pages 225 and 286, our Directors, Key Managerial Personnel, and Senior Management do not have any interest in our Company other than to the extent of remuneration, or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred to them in the ordinary course of business..

**Attrition of Key Managerial Personnel and Senior Management vis-à-vis industry**

The rate of attrition of our Key Managerial Personnel and our Senior Management is not high in comparison to the industry in which we operate

**Payment or benefits to Directors or Key Managerial Personnel and Senior Management (non-salary related)**

Except as disclosed above under '*Interest of our Directors*' on page 225, '*Interests of Key Managerial Personnel and Senior Management*' on page 242 and as stated in see '*Restated Consolidated Financial Statements - - Note 36 - Related Party Disclosures*' on page 286, no amount or benefit has been paid or given within the 2 years preceding the date of filing of this Draft Red Herring Prospectus or intended to be paid or given to any officer of our Company, including our Directors, Key Management Personnel and Senior Management.

**Employee Stock Option Scheme**

Our Company has not formulated any employee stock option scheme as on the date of this Draft Red Herring Prospectus.

## OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are:

1. Parakramsinh Ghanshyamsinh Jadeja;

2. Sahdevsinh Lalubha Jadeja;

3. Vikramsinh Raghuvirsinh Rana; and

4. Jyoti International LLP.

As on date of this Draft Red Herring Prospectus, our Promoters hold 109,170,655 Equity Shares, constituting 55.77% of the issued, subscribed and paid-up Equity Share capital of our Company, as set forth below.

| Sr. No. | Name of the Promoter | No. of Equity Shares held | Percentage of total pre-Issue paid up equity share capital (%) | Number of Equity Shares to be held upon Conversion of Existing CCPS^ | Percentage of the pre-Issue Equity Share capital on a Fully Diluted Basis (%) |
|---|---|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 61,188,760 | 31.26 | 61,188,760 | 30.95 |
| 2. | Jyoti International LLP | 36,748,995 | 18.77 | 36,748,995 | 18.59 |
| 3. | Sahdevsinh Lalubha Jadeja | 6,685,400 | 3.42 | 6,685,400 | 3.38 |
| 4. | Vikramsinh Raghuvirsinh. Rana | 4,547,500 | 2.32 | 4,547,500 | 2.30 |
| **Total** | | **109,170,655** | **55.77** | **109,170,655** | **55.21** |

*^As on the date of this Draft Red Herring Prospectus, our Company has issued 1,964,275 CCPS which will be converted into a maximum of 1,964,275 Equity Shares prior to filing the Red Herring Prospectus with the RoC.*

**Our Individual Promoters:**

**Parakramsinh Ghanshyamsinh Jadeja**

**Date of Birth:** October 25, 1968

**PAN:** ABHPJ8335P

Parakramsinh Ghanshyamsinh Jadeja, aged 54 years, is the Promoter and the Chairman and Managing Director of our Company.

For complete profile of Parakramsinh Ghanshyamsinh Jadeja, including his educational qualifications, residential address, professional experience, other directorships etc., see *'Our Management – Brief Profile of our Directors'* on page 221.

| | |
|---|---|
|  | **Sahdevsinh Lalubha Jadeja**<br><br>**Date of Birth:** July 22, 1965<br><br>**PAN:** ADBPJ5818P<br><br>Sahdevsinh Lalubha Jadeja, aged 58 years, is the Promoter and the Whole Time Director of our Company.<br><br>For complete profile of Sahdevsinh Lalubha Jadeja, including his educational qualifications, residential address, professional experience, other directorships etc. see *'Our Management - Brief Profile of our Directors'* on page 221. |
|  | **Vikramsinh Raghuvirsinh Rana**<br><br>**Date of Birth:** January 19, 1970<br><br>**PAN:** AEJPR1093P<br><br>Vikramsinh Raghuvirsinh Rana, aged 53 years, is the Promoter and the Whole Time Director of our Company**.**<br><br>For complete profile of Vikramsinh Raghuvirsinh Rana, including his educational qualifications, residential address, professional experience, other directorships etc. see *'Our Management - Brief Profile of our Directors'* on page 221. |

Our Company confirms that the permanent account number, bank account number, passport number, aadhaar card number and driving license number of our Individual Promoters will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

**Our Corporate Promoter:**

**Jyoti International LLP**

*Brief History*

Jyoti International LLP was originally incorporated as 'Jyoti International Private Limited', as a private limited company under the Companies Act, 1956 and received a certificate of incorporation issued by the RoC on April 3, 2008. Subsequently, Jyoti International Private Limited was converted into Jyoti International LLP, a limited liability partnership, and was issued a certificate of registration on conversion by the RoC on March 16, 2016.

The LLP identification number of Jyoti International LLP is AAF-9472 and its registered office is situated at G-506, Metoda GIDC Kalawad Road, Rajkot, Gujarat – 360 021. Parakramsinh Ghanshyamsinh Jadeja, Sahdevsinh Lalubha Jadeja, Vikramsinh Raghuvirsinh Rana and Kaushik Dolatbhai Solanki are the partners of Jyoti International LLP.

Our Company confirms that the permanent account number, bank account number, LLP identification number and the address of registrar of companies where our Corporate Promoter is registered, will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

*Nature of Activities*

Jyoti International LLP is, *inter-alia*, engaged in the business of marketing and to buy, sell, hire, import, export, trade and deal all kinds and description of machinery and plants including auto turning machines, CNC torrent punch press, CNC press break, NC shearing m/c, hydraulic press, CNC machines, metal turning machines and their spare parts, sheet metal components, tools and implements, other machinery, plant equipments, articles, apparatus, component parts, accessories, fittings and things.

*Partnership Contributions*

| Sr. No | Name of the Partner | Capital Contribution (in ₹) | Percentage of Capital Contribution |
|---|---|---|---|
| 1. | Parakramsinh Ghanshyamsinh Jadeja | 8,498,110 | 84.27 |
| 2. | Sahdevsinh Lalubha Jadeja | 1,506,200 | 14.94 |
| 3. | Vikramsinh Raghuvirsinh Rana | 78,500 | 0.78 |
| 4. | Kaushik Dolatbhai Solanki | 1,000 | 0.01 |
| **Total Capital Contribution** | | **10,083,810** | **100.00** |

*Change in Partnership Contribution*

There has been no change in partnership contribution of Jyoti International LLP in the last 3 years.

**Interests of our Promoters**

Our Promoters are interested in our Company to the extent: (a) that they have promoted our Company; (b) of their respective shareholding in our Company, the shareholding of their relatives and entities in which the Promoters are interested and which hold the Equity Shares, and the dividends payable upon such shareholding, if any; (c) any other distributions in respect of the Equity Shares held by them, their relatives or such entities, if any; (d) to the extent of related party transaction with our Company; and (e) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoters hold shares or have an interest, if applicable. For further details of our Promoters, see '*Summary of the Issue Document - Summary of Related Party Transactions*', '*Capital Structure*' and '*Our Management*' on pages 27, 81 and 219 respectively.

Our individual promoters are also interested in our Company to the extent being the Directors and Key Managerial Personnel of our Company and the sitting fees / remuneration, benefits and reimbursement of expenses, payable to them as per the terms of their employment by our Company.

None of our Promoters are interested as a member of a firm or company and no sum has been paid or agreed to be paid to any of our Promoters or to any such firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise, for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

Save and except as disclosed below, none of our Promoters have an interest in any property acquired by or leased to our Company during the 3 years immediately preceding the date of the Draft Red Herring Prospectus or proposed to be acquired or leased to our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery:

Our Company has entered into a license agreement dated September 1, 2015 with Jyoti Enterprises, a member of our promoter group for licensing a property located at P - 4, Lodhika GIDC, Metoda, District Rajkot - 360 003 to our Company. Further, our Company has given its premises located at Plot No G – 506, Lodhika GIDC, Kalawad Road, Vill.: Metoda Dist.: Rajkot – 360 021 Gujarat on lease to Jyoti International LLP, our Corporate Promoter. For further details, see '*Our Business - Property'* on page 202.

For further details, see '*Restated Consolidated Financial Statements - Note 36 - Related Party Transactions'* on page 286.

Except Favourite Fabtech Private Limited and Kiya Products Private Limited, there are no entities forming part of our Promoter Group that are engaged in business activities similar to those of our Company. Further, other than as disclosed hereinabove, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when it arises.

**Payment or benefits to our Promoters or our Promoter Group**

Except as stated in '*Our Management*' and '*Restated Consolidated Financial Statements - Note 36 - Related Party Transactions'* on pages 219 and 286, there has been no direct or indirect contracts, agreements or any other arrangements pursuant which any amount, payment or benefit paid or given, respectively, to our Promoters or Promoter Group during 2 years prior to the date of this Draft Red Herring Prospectus and no amount, payment or benefit is intended to be paid or given to any of our Promoters or members of the Promoter Group.

**Material guarantees**

Except for personal guarantees given in connection to loans availed by our Company, as on the date of this Draft Red Herring Prospectus, our Promoters have not given any material guarantees to any third party with respect to the Equity Shares.

For further details with respect to personal guarantees given by our Promoters to any third party see '*Financial Indebtedness*' on page 302.

**Change in the control of our Company**

There has been no change in control of our Company in the last 5 years immediately preceding the date of this Draft Red Herring Prospectus.

**Companies with which our Promoters have disassociated in the last 3 years**

Our Promoters have not disassociated themselves from any company in the last 3 years preceding the date of filing of this Draft Red Herring Prospectus

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters have not been declared as Wilful Defaulters or Fraudulent Borrowers, as defined in the SEBI ICDR Regulations.

**Our Promoter Group**

In addition to our Promoters, the following persons and entities form part of our Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

**Natural persons who are part of our Promoter Group**

| Name of Promoter | Relationship | Name of the Relative |
|---|---|---|
| Vikramsinh Raghuvirsinh Rana | Spouse | Daxaba Vikramsinh Rana |
| | Mother | Induba Raghuvirsinh Rana |
| | Brother | Rana Vijaysinh R |
| | Brother | Narendrashinh Raghuvirshinh Rana |
| | Son | Jeet Vikramsinh Rana |
| | Daughter | Devangiba Vishvarajsinh Jadeja |
| | Spouse's Brother | Vala Ravindrasinh Vanrajsinh |

| Name of Promoter | Relationship | Name of the Relative |
|---|---|---|
| | Spouse’s Brother | Arvindsinh Vanrajsinh Vala |
| Parakramsinh Ghanshyamsinh Jadeja | Spouse | Rajshriba Parakramsinh Jadeja |
| | Father | Ghanshyamsinh Nirubha Jadeja |
| | Sister | Rayjada Jyotiba Vikramsinh |
| | Sister | Shilaba Vijaysinh Rana |
| | Daughter | Jadeja Prarthna Parakramsinh |
| | Spouse’s Mother | Manharba Pravinsinh Zala |
| | Spouse’s Father | Pravinsinh Bhupatsinh Zala |
| | Spouse’s Brother | Vijaysinh Pravinsinh Zala |
| | Spouse’s Sister | Vibhutiba Hirendrasinh Vaghela |
| Sahdevsinh Lalubha Jadeja | Spouse | Jyotiba Sahdevsinh Jadeja |
| | Son | Shreepalsinh Sahdevsinh Jadeja |
| | Son | Neelraj Sahadevsinh Jadeja |
| | Brother | Bhavubha Lalubha Jadeja |
| | Sister | Minaba N Gohil |
| | Spouse’s Sister | Jadeja Ushaba D |
| | Spouse’s Sister | Gohil Purnaba Mahipalsinh |
| | Spouse’s Brother | Pradyumansinh Lakhdhirsinh Chudasama |

**Entities forming part of our Promoter Group:**

| Sr. No. | Name |
|---|---|
| 1. | Favourite Fabtech Private Limited |
| 2. | Jyoti Enterprise |
| 3. | Favoutite Engineering |
| 4. | Rajputana Creation |
| 5. | Nextn Equipments |
| 6. | Jaydeep Enterprise LLP |
| 7. | ShivShakti Furniture |
| 8. | Ignite Inc. |
| 9. | Kiya Products Private Limited |

In addition to the above, the following is the list of persons constituting the Promoter Group of the Company in terms of Regulation 2(1)(pp)(v) of the SEBI ICDR Regulations:

1. Anilkumar Bhikhabhai Virani

# GROUP COMPANIES

Under the SEBI ICDR Regulations, the definition of 'group companies' includes (a) such companies (other than the promoters and subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under applicable accounting standards, and (b) such other companies as are considered material by our Board. Pursuant to a Board resolution dated July 12, 2023, our Board formulated a policy with respect to companies which it considered material to be identified as group companies.

Accordingly, for (a) above, all such companies (other than our Corporate Promoter and Subsidiaries) with which our Company had related party transactions during the period covered in the Restated Consolidated Financial Statements, as covered under the applicable accounting standards, are considered as Group Companies in terms of the SEBI ICDR Regulations. For (b) above, our Board does not consider any company as a group company.

Set forth below, based on the aforementioned criteria, are the detail(s) of our Group Companies as on the date of this Draft Red Herring Prospectus.

## 1. Favourite Fabtech Private Limited

*Corporate Information*

The registered office of Favourite Fabtech Private Limited is G/714, Lodhika GIDC, Metoda, Rajkot, Gujarat, India – 360 021. Its company identification number is U29100GJ2011PTC066371.

*Financial Performance*

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, earnings per share, diluted earnings per share and net asset value, derived from the latest audited financial statements available of Favourite Fabtech Private Limited for the Fiscals 2022, 2021 and 2020, are available at www.jyoti.co.in.

## 2. Kiya Products Private Limited

The registered office of Kiya Products Private Limited is Gate-2, Almighty Gate, Plot no. G-1925, Road - D, Kalawad Road, Lodhika GIDC, Vill-Metoda, Mota Vada Lodhika, Rajkot, Gujarat, India – 360 021. Its company identification number is U29100GJ2022PTC137688.

*Financial Performance*

Kiya Products Private Limited was incorporated on December 22, 2022 and has not prepared financial statements since its incorporation.

**Nature and extent of interests of our Group Companies**

*In the promotion of our Company*

Our Group Companies does not have any interest in the promotion or formation of our Company.

*In the properties acquired or proposed to be acquired by our Company*

Our Group Companies does not have any interest in any property acquired by our Company in the 3 years preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by it as on date of this Draft Red Herring Prospectus.

*In transactions for acquisition of land, construction of building and supply of machinery*

Our Group Companies does not have an interest in any transaction by our Company pertaining to acquisition of land, construction of building and supply of machinery.

*Business interests in our Company*

Our Group Companies does not have any business interest in our Company.

*Related Business Transactions within our Group Company and significance on the financial performance of our Company*

Except as disclosed under see '*Restated Consolidated Financial Statements - Note 36 - Related Party Disclosures'* on page 286, there are no related business transactions with the Group Company.

**Common pursuits of our Group Companies**

There are common pursuits amongst our Group Companies and our Company by virtue of engagement in the similar business activities. However, the objects of the memorandum of association of our Group Companies permits it to undertake business that is similar to our Company. Whilst we cannot assure you that a conflict of interest will not arise if the entity decides to pursue such activities in future. Our Company shall adopt necessary procedures and practices as permitted by law and regulatory guidelines to address any instances of conflict of interest, if and when they may arise.

**Litigation**

As on date of this Draft Red Herring Prospectus, our Group Companies are not a party to any pending litigation which will have a material impact on our Company.

**Utilisation of Issue Proceeds**

There are no material existing or anticipated transactions in relation to utilisation of the Issue Proceeds with our Group Companies.

**Other confirmations**

As on the date of this Draft Red Herring Prospectus, the securities of our Group Companies are not listed on any stock exchange, and, therefore, there are no investor complaints are pending against them.

# DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board and/or approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association, the applicable law, including the Companies Act. The dividend policy of our Company was adopted and approved by our Board in its meeting held on May 18, 2023 (**Dividend Policy**).

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividend in the foreseeable future. In terms of our Dividend Policy, our Board shall consider, *inter alia,* the following internal and external parameters while declaring or recommending dividends to our Shareholders: (i) profits earned during the financial year; (ii) retained earnings; (iii) earnings outlook; (iv) present and future capital expenditure plans / working capital requirements of the our Company; (v) past dividend trends; (v) any other relevant factors and material events as may be deemed fit by our Board; (vi) dividend pay-out ratios of companies in the same industry; (ii) macro-economic environment – significant changes in macro-economic environment materially affecting the businesses in which our Company is engaged in the geographies in which our Company operates; (vii) capital markets – dividend pay-out may depend upon the capital market environment and cost of capital to raise fresh funds through alternate resources..

In addition, our ability to pay dividends may be impacted by a number of other factors, including any tax and regulatory changes in the jurisdiction in which our Company operates which significantly affects the business, taxation and other regulatory changes and restrictive covenants under our current or future loan or financing documents or arrangements, our Company is currently availing or may enter into finance our fund requirements for our business activities from time to time. For details in relation to the risk, see '*Financial Indebtedness'* on page 302.

Our Company has not paid dividends on its Equity Shares for Fiscal 2023, Fiscal 2022, Fiscal 2021 and during the current Fiscal. Our Company has also not paid any dividend on the CCPS which were issued by our Company during the current Fiscal.

Our Company may from time to time, pay interim dividends. Our past practices in relation to declaration of dividend and, or, the amount of dividend paid is not necessarily indicative of our future dividend declaration. There is no guarantee that any dividends will be declared or paid of any amount, or with any frequency in the future. For further details in relation to the risk involved, see '*Risk Factor - Our Company has not paid dividends in the last 3 Fiscals and during the current Fiscal. There can be no assurance that our Company will be in a position to pay dividends in the future*' on page 54.

## SECTION VI: FINANCIAL INFORMATION

## RESTATED CONSOLIDATED FINANCIAL STATEMENTS

***(The remainder of this page has been intentionally left blank)***

G. K. Choksi & Co.
Chartered Accountants

708/709, Raheja Chambers,
Free Press Journal Road,
Nariman Point, Mumbai - 400 021.
Tel.: 6632 4446 / 6632 4447
2282 6087 / 2284 5316
Fax : 2288 2133
Email : gkcmumbai@gmail.com
gkcmumbai@rediffmail.com

**Independent Auditors' Examination Report on the Restated Consolidated Summary Statement of Assets and Liabilities as at March 31, 2023 March 31, 2022 and March 31, 2021 and the Restated Consolidated Summary Statement of Profits and Loss (including Other Comprehensive Income/ (Loss)), Restated Consolidated Summary Statement of Changes in Equity and the Restated Consolidated Summary Statement of Cash Flows for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 along with the consolidated summary statement of significant accounting policies and other explanatory information of JYOTI CNC AUTOMATION LIMITED and its subsidiaries (collectively, the "Restated Consolidated Summary Statements").**

To
The Board of Directors
Jyoti CNC Automation Limited
Plot No G 506, Lodhika GIDC,
Kalawad Road, Metoda,
Rajkot - 360021
Gujarat India

Dear Sirs/Madams:

1. We **M/s G.K. Choksi & Co.** have examined the attached Restated Consolidated Summary Statements of **JYOTI CNC AUTOMATION LIMITED** (the "Company") and its Subsidiaries (together the "Group") annexed to this report and prepared by the Company for the purpose of inclusion in the Draft Red Herring Prospectus, Red Herring Prospectus, and Prospectus (collectively referred to as "**Offer Document**") proposed to be filed with the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") in connection with its proposed initial public offer of equity shares of face value of ₹ 2 each, which comprises a fresh issue of equity shares of the Company ("Offer"). The Restated Consolidated Summary Statements, which have been approved by the Board of Directors of the Company at their meeting held on August 29, 2023, have been prepared in accordance with the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
   b) Relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) (as amended) issued by the Institute of Chartered Accountants of India ("ICAI"), (the "Guidance Note").

**Management's Responsibility for the Restated Summary Statements**

2. The preparation of the Restated Consolidated Summary Statements is the responsibility of the Board of Directors of the Company. The Restated Consolidated Summary Statements have been prepared by the Board of Directors of the Company on the basis of preparation, as stated in statement of significant accounting policies to the Restated Consolidated Summary Statements. The Board of Director's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation

of the Restated Consolidated Summary Statements. The Board of Directors of the Company are responsible for identifying and ensuring that the Group complies with the Act, ICDR Regulations and the Guidance Note.

**Auditors' Responsibilities**

3. We have examined such Restated Consolidated Summary Statements taking into consideration:

   a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated August 16, 2023, requesting us to carry out the assignment, in connection with the proposed Offer of the Company;
   b) The Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics Issued by ICAI.
   c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Summary Statements; and
   d) 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 Offer.

**Restated Summary Statements**

4. These Restated Summary Statements have been compiled by the management from:

   a) Audited consolidated financial statements of the Group as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 which were prepared in accordance with the Indian Accounting Standard (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on 12-07-2023 and 19.02.2023 and 17.03.2022 respectively.

      The consolidated financial statements of the Group as at and for the financial year ended March 31, 2022 and March 31, 2021 were prepared from the unaudited consolidated financial statements (as certified by management) in respect of Jyoti SAS (which consolidates its financial information and consolidated financial information of Huron Graffenstaden SAS. The financial information for Jyoti SAS on a standalone basis and Huron Graffenstaden SAS on a consolidated basis for financial year ended March 31, 2022 and March 31, 2021 were audited by their statutory auditor i.e. EB Audit)as audit for consolidated financials was not statutorily required under relevant statutes in France.

      The consolidated financial statements of the Group as at and for the financial year ended March 31, 2023 were prepared based on the reports issued by an independent chartered accountant on the consolidated financials for Jyoti SAS (which consolidates its financial information and consolidated financial information of Huron Graffenstaden SAS). The financial information for Jyoti SAS on a standalone basis and Huron Graffenstaden SAS on a consolidated basis for financial year ended March 31, 2023 were audited by their statutory auditor i.e. EB Audit ). These consolidated financial statements have been approved by the Board of Directors at their meetings held on July 12, 2023.

5. **For the purpose of our examination, we have relied on:**

   a) Financial statements and other financial information in relation to the Company's Subsidiary and step down subsidiary, as listed below, audited by other auditors, for the years ended March 31, 2023, March 31, 2022 and March 31, 2021

| Sr. No. | Name of the Entity | Relationship | Name of Audit Firm | Period audited by Other Auditor |
|---|---|---|---|---|
| 1 | Jyoti SAS (Standalone) | Subsidiary | EB Audit | Financial years ended March 31, 2023; March 31, 2022 and March 31, 2021 |
| 2 | Jyoti SAS (Consolidated) | Subsidiary | Pranav Madhuri & Associates | Financial year ended March 31, 2023 |
| 3 | Huron Graffenstaden SAS, France (Consolidated) | Step Down Subsidiary | EB Audit | Financial years ended March 31, 2023; March 31, 2022 and March 31, 2021 |

b) Financial statements and other financial information in relation to the Group as at and for the year ended March 31, 2021 were audited by the previous statutory auditor of the Company i.e. Arun M. Kothari.

**Auditors Report**

6. For the purpose of our examination, we have relied on:

a) Auditors' reports issued by us, dated July 14, 2023 and February 20, 2023 on the consolidated financial statements of the Company and its subsidiary as at and for each the years ended March 31, 2023 and March 31, 2022, as referred in Paragraph 4(a) above.

b) As indicated in Paragraph 5(a) and 5(b) above, these financial statements have been audited by other firm of Chartered Accountants, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in the financial statements referred to in Para 4(a) above are based solely on the report of Other Auditors.

Furter, Huron Canada Inc., Canada; Huron Frasmaschinen GmbH, Germany and Huron Makina Servis Ve Diş Ticaret Limited, Turkey are not material subsidiaries and as per law of their jurisdiction they are not required to audit their financials and basis the management accounts Huron Graffenstaden SAS, France have prepared its consolidated financial statement. Our opinion on the restated consolidated financial statements, and our report placing reliance on the financial statement certified by management, is not modified.

The audit reports on financial statements of the Company as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 referred to in paragraph 5 (a)(2) and the audit report on financial statement for the year ended March 31, 2021 referred to in paragraph 5(b) above are being prepared in Accordance with Ind AS specified under Section 133 of Companies Act, 2013.

7. In respect of examination performed by Other Auditor:

The audits of the Restated Consolidated Financial Statement of the Company's subsidiary for the financial year ended March 31, 2023, March 31, 2022 and March 31, 2021 was conducted by Other Auditor and accordingly reliance has been placed on the restated statement of assets and liabilities and the restated statements of profit and loss (including other comprehensive income), restated statements of changes in equity and cash flow statements, the summary statement of significant accounting policies, and other explanatory information examined by them for the said periods. Our opinion on the Restated Summary Statements, in so far as it relates to the amounts and disclosures included in respect of the said Subsidiary is based solely on the examination report submitted by the Other Auditor.

8. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by Other Auditor as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 in respect of the Company's Subsidiary, we report that Restated Consolidated Summary Statements of the Group:

i. have been prepared after incorporating adjustments for material errors and regrouping/reclassifications retrospectively in the financial year ended March 31, 2022 and March 31, 2021 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;

ii. there are no qualifications in the auditors' reports on the audited consolidated restated financial statements of the Group as at March 31, 2023, March 31, 2022 and March 31, 2021.

iii. have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. We have not audited any financial statements of the Group as of any date or for any period subsequent to March 31, 2023. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Group as of any date or for any period subsequent to March 31, 2023.

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 us or the previous auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

11. The Restated Summary Statements do not reflect the effects of events that occurred subsequent to the audited financial statements mentioned in paragraph 4(a) above.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. 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, National Stock Exchange of India Limited and BSE Limited in connection with the proposed Offer. Our report should not be used, referred to, or distributed for any other purpose. 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.

For **M/s G.K. Choksi & Co.**

Chartered Accountants

ICAI Firm Registration Number: 125442W

Himanshu C Vora

Partner

Membership Number: 103203

UDIN: 23103203BGYCLT9986

Place of Signature: Mumbai

Date: August 29, 2023

**JYOTI CNC AUTOMATION LIMITED**

**CIN:-U29221GJ1991PLC014914**

**Restated Consolidated Statement of Assets and Liabilities**

(All amount in Rs. millions, except for share data and if otherwise stated)

| Particulars | Note No. | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non - Current Assets** | | | | |
| Property, Plant and Equipment | 4(a) | 2,689.02 | 2,745.55 | 2,991.55 |
| Capital work-in-progress | | 82.79 | 8.97 | 510.89 |
| Right of Use Assets | 4(b) | 0.06 | 0.36 | 0.86 |
| Intangible assets | 4(c) | 141.60 | 179.12 | 219.75 |
| Intangible assets under development | | 71.01 | 45.81 | 26.37 |
| Financial Assets | | | | |
| Investments | 5 | 33.88 | 19.58 | 18.55 |
| Other Financial Assets | 6 | 100.47 | 49.76 | 118.92 |
| Other non-current assets | 7 | 240.78 | 243.89 | 107.76 |
| **Total Non - Current Assets** | | **3,359.61** | **3,293.04** | **3,994.65** |
| **Current Assets** | | | | |
| Inventories | 8 | 8,199.19 | 6,340.41 | 6,447.06 |
| Financial Assets | | | | |
| Trade receivables | 9 | 1,458.78 | 2,001.90 | 2,166.40 |
| Cash and Cash Equivalents | 10 | 160.92 | 24.44 | 101.15 |
| Other balances with bank | 11 | 121.97 | 201.21 | 123.47 |
| Loans | 12 | 59.30 | 48.51 | 47.22 |
| Other Financial Asset | 13 | 1,410.72 | 331.40 | 513.31 |
| Other current assets | 14 | 336.38 | 587.25 | 488.66 |
| Current Tax Asset (Net of Provision) | | 46.94 | 34.20 | - |
| **Total Current Assets** | | **11,794.20** | **9,569.31** | **9,887.27** |
| **Total Assets** | | **15,153.81** | **12,862.35** | **13,881.92** |
| **EQUITY AND LIABILITIES** | | | | |
| **EQUITY** | | | | |
| Equity share capital | 15 | 329.29 | 294.79 | 294.79 |
| Other Equity | 16 | 491.35 | 116.74 | 831.07 |
| **Total Equity** | | **820.63** | **411.54** | **1,125.86** |
| **LIABILITIES** | | | | |
| **Non - Current Liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 17A | 1,274.65 | 1,402.63 | 1,194.28 |
| Provisions | 18 | 127.78 | 121.67 | 233.02 |
| Deferred tax liabilities (Net) | 19 | 202.11 | 207.80 | 207.16 |
| **Total Non - Current Liabilities** | | **1,604.54** | **1,732.10** | **1,634.46** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| Borrowings | 17B | 7,075.09 | 6,518.94 | 6,056.89 |
| Trade payables | 20 | | | |
| -Micro & Small enterprises | | 17.90 | 7.28 | 12.13 |
| -Other than Micro & Small enterprises | | 4,112.01 | 2,946.33 | 3,107.08 |
| Other Financial Liabilities | 21 | 397.58 | 308.80 | 629.01 |
| Other Current liabilities | 22 | 978.32 | 857.35 | 1,299.68 |
| Provisions | 23 | 17.40 | 18.14 | 16.81 |
| Current Tax Liabilities | | 130.34 | 61.87 | - |
| **Total Current Liabilities** | | **12,728.64** | **10,718.71** | **11,121.60** |
| **Total Equity and Liabilities** | | **15,153.81** | **12,862.35** | **13,881.92** |

**See Accompanying notes to Restated Consolidated Financial Statements, Significant Accounting Policy, Statement of Restated Adjustment to Audited Financial Statement and Notes to Restated Summary Statements.**

For M/s G.K. Choksi & Co.
Chartered Accountants
Firm's Reg. No.: 125442W

For & on behalf of the Board,

Himanshu C. Vora
Partner
Membership No. 103203

Parakramsinh G. Jadeja
Chairman &
Managing Director

Vikramsinh R. Rana
Whole - Time Director

Maulik B. Gandhi
Company Secretary

Kamlesh S. Solanki
Chief Financial Officer

Place : Mumbai
Date : 29/08/2023

Place : Rajkot
Date : 29/08/2023

**JYOTI CNC AUTOMATION LIMITED**

**CIN:-U29221GJ1991PLC014914**

**Restated Consolidated Statement of Profit and Loss**

(All amount in Rs. millions, except for share data and if otherwise stated)

| Particulars | Note No. | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|---|
| **Revenue** | | | | |
| Revenue from operations | 24 | 9,292.59 | 7,464.87 | 5,800.59 |
| Other income | 25 | 233.41 | 35.74 | 100.33 |
| **Total Income** | | **9,526.00** | **7,500.61** | **5,900.92** |
| **Expenses** | | | | |
| Cost of material consumed | 26 | 6,795.30 | 4,187.80 | 4,638.57 |
| Changes in inventories of finished goods and work-in progress | 27 | (1,469.17) | 9.05 | (1,449.02) |
| Employee benefits expense | 28 | 1,662.40 | 1,418.36 | 1,313.86 |
| Finance costs | 29 | 897.02 | 821.99 | 755.12 |
| Depreciation and amortization expense | 4 | 336.18 | 357.86 | 377.84 |
| Other expenses | 30 | 1,330.28 | 1,123.04 | 980.28 |
| **Total Expenses** | | **9,552.01** | **7,918.11** | **6,616.65** |
| **Profit Before Tax & Exceptional Item** | | **(26.00)** | **(417.50)** | **(715.73)** |
| **Exceptional Item #** | | | | |
| **Profit on Waiver of Loan** | | **304.50** | **-** | **-** |
| **Profit Before Tax** | | **278.50** | **(417.50)** | **(715.73)** |
| Current tax | 31 | 135.80 | 65.00 | - |
| Prior Year Tax | | 0.50 | - | - |
| Deferred tax | 19 | (8.40) | 0.50 | (15.44) |
| | | **127.90** | **65.50** | **(15.44)** |
| **Profit for the year** | | **150.60** | **(483.00)** | **(700.29)** |
| **Other Comprehensive Income** | | | | |
| **Items that will be reclassified to profit or loss** | | | | |
| (i) Foreign Currency Translation Reserve | | 10.90 | (78.10) | (45.39) |
| **Items that will not be reclassified to profit or loss** | | | | |
| (i) Remeasurement gains/(losses) on post employment defined benefit plans | 19 | (2.70) | (0.40) | (2.25) |
| **Total Other Comprehensive Income/(loss)** | | **8.20** | **(78.50)** | **(47.64)** |
| **Total Comprehensive Income for the Year** | | **158.80** | **(561.50)** | **(747.93)** |
| **Earning per share (of Rs. 2)** | | | | |
| Basic* | 32 | 0.10 | (0.33) | (0.48) |
| Diluted* | | 0.10 | (0.33) | (0.48) |

# Exceptional Item Pertains to debt waiver during financial year 22-23 availed by subsidiary ₹ 304.5 Million (F.Y. 2021-2022 : Nil & F.Y. 2020 - 2021: Nil )

*The Company has sub divided its Equity Shares in the ratio of 5 Equity Shares of ₹2 each for the 1 Equity Share of ₹10 each on August 19, 2023. Accordingly, the earnings per share ("EPS") for the respective years have been restated in accordance with Ind AS 33 "Earning per share".

**See Accompanying notes to Restated Consolidated Financial Statements, Significant Accounting Policy, Statement of Restated Adjustment to Audited Financial Statement and Notes to Restated Consolidated Summary Statements.**

For M/s G.K. Choksi & Co.
Chartered Accountants
Firm's Reg. No.: 125442W

For & on behalf of the Board,

Himanshu C. Vora

Partner
Membership No. 103203

Parakramsinh G. Jadeja
Chairman & Managing Director

Vikramsinh R. Rana
Whole - Time Director

Maulik B. Gandhi
Company Secretary

Kamlesh S. Solanki
Chief Financial Officer

Place : Mumbai
Date : 29/08/2023

Place : Rajkot
Date : 29/08/2023

**JYOTI CNC AUTOMATION LIMITED**
**CIN:-U29221GJ1991PLC014914**
**Restated Consolidated Statement of Cash Flows**
(All amount in Rs. millions, except for share data and if otherwise stated)

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **A. Cash flow from Operating Activities** | | | |
| Net Profit before tax | 278.50 | (417.50) | (715.73) |
| **Adjustments for :** | | | |
| Depreciation and Amortisation Expenses | 336.18 | 357.86 | 380.00 |
| (Gain)/ Loss on sale of property, plant & Equipments | (0.20) | (4.40) | - |
| (Gain)/Loss on fair value of Investment through P&L | (1.30) | (1.20) | (0.32) |
| Interest & Commission Income | (8.99) | (14.87) | (12.28) |
| Finance Cost | 897.02 | 821.99 | 755.13 |
| Other Expense | 33.60 | 110.02 | - |
| Other Exceptional Income | (304.50) | - | - |
| Unrealised (gain)/loss on Foreign exchange (net) | (271.53) | 206.00 | - |
| **Operating Profit Before changes in Operating Asset & Liability** | **958.78** | **1,057.91** | **406.79** |
| **Adjustments for :** | | | |
| Increase/(decrease) in current & non current liabilities | 203.06 | (769.58) | 338.14 |
| (Increase)/decrease in current & non current assets | (835.20) | (2.30) | (79.29) |
| Increase/(decrease) in trade payable | 1,176.30 | (165.60) | 405.02 |
| (Increase)/decrease in trade recievable | 543.12 | 164.50 | (203.02) |
| (Increase)/decrease in Inventories | (1,858.78) | 106.65 | (582.77) |
| **Cash generated from Operations** | **187.27** | **391.58** | **284.87** |
| Direct taxes paid (net of refunds) | (70.60) | (6.07) | (4.38) |
| **Net cash generated/(used) in operating activities** | **116.67** | **385.50** | **280.49** |
| **B. Cash flow from Investing Activities** | | | |
| Movement in Property, Plant & Equipment (Net of Capital Adv) | (340.65) | (405.60) | (142.66) |
| Movement in Deposit with Banks | 28.54 | 69.15 | (31.54) |
| Sale/ (Purchase) of Investments (Net) | (13.00) | 10.97 | (15.93) |
| Interest & Commission Received | 8.99 | 14.87 | 10.34 |
| **Net cash generated/used in investing activities** | **(316.12)** | **(310.61)** | **(179.78)** |
| **C. Cash flow from Financing Activities** | | | |
| Increase/ (Decrease) in Non Current Borrowings | 176.52 | 208.35 | 661.99 |
| Increase/ (Decrease) in Current Borrowings | 556.15 | 462.06 | 75.24 |
| Finance Cost paid | (897.02) | (821.99) | (768.33) |
| Issue of Share Including Premium | 500.30 | - | - |
| **Net cash generated/used in financing activities** | **335.93** | **(151.59)** | **(31.10)** |
| **Net increase/(decrease) in cash and cash equivalent** | 136.48 | (76.69) | 69.60 |
| **Cash and cash equivalent at the beginning of the year** | 24.44 | 101.15 | 31.55 |
| **Cash and cash equivalent at the end of the year** | **160.92** | **24.44** | **101.15** |
| **Component of Cash & Cash Equivalent :** | | | |
| Cash on hand | 1.34 | 1.32 | 3.21 |
| Balances with banks | 159.58 | 23.12 | 97.94 |
| **Cash and cash equivalent at the end of the year** | **160.92** | **24.44** | **101.15** |

Note: The above Cash Flow Statement has been prepared under the 'Indirect Method' as set it out in Indian Accounting Standard 7 - Statement of Cash Flow.

**See Accompanying notes to Restated Consolidated Financial Statements, Significant Accounting Policy, Statement of Restated Adjustment to Audited Financial Statement and Notes to Restated Summary Statements.**

For M/s G.K. Choksi & Co.
Chartered Accountants
Firm's Reg. No.: 125442W

For & on behalf of the Board,

Parakramsinh G. Jadeja
Chairman & Managing Director

Vikramsinh R. Rana
Whole - Time Director

Himanshu C. Vora
Partner
Membership No. 103203

Maulik B. Gandhi
Company Secretary

Kamlesh S. Solanki
Chief Financial Officer

Place : Mumbai
Date : 29/08/2023

Place : Rajkot
Date : 29/08/2023

**JYOTI CNC AUTOMATION LIMITED**

**CIN:-U29221GJ1991PLC014914**

**Restated Consolidated Statement of Changes in Equity**

(All amount in Rs. millions, except for share data and if otherwise stated)

**A Equity Share Capital** **(₹ In Millions)**

| As at the April 1, 2020 | Changes during 2020-21 | As at the March 31, 2021 | As at the April 1, 2021 | Changes during 2021-22 | On Issue of Shares | As at the March 31, 2022 |
|---|---|---|---|---|---|---|
| 294.79 | - | 294.79 | 294.79 | - | - | 294.79 |

| As at the April 1, 2021 | Changes during 2021-22 | As at the March 31, 2022 | As at the April 1, 2022 | Changes during 2022-23 | On Issue of Shares | As at the March 31, 2023 |
|---|---|---|---|---|---|---|
| 294.79 | - | 294.79 | 294.79 | - | 34.50 | 329.29 |

**B Statement of Change in Equity** **(₹ In Millions)**

| Particulars | As at the April 1, 2020 | Total Comprehensive Income for the year | Transfer to/from Retained Earnings | On Issue of Shares | Adjustments on Prior Period Errors | As at the March 31, 2021 |
|---|---|---|---|---|---|---|
| **Reserves & Surplus** | | | | | | |
| Securities Premium | 984.79 | - | - | - | - | 984.79 |
| Foreign Currency Translation Reserve | 638.50 | (45.39) | - | - | - | 593.11 |
| Capital Reserve on Consolidation | 362.40 | (16.30) | - | - | - | 346.10 |
| Retained Earnings | (390.39) | (702.54) | - | - | - | (1,092.93) |
| Revaluation Reserve | - | | | | | - |
| **Total** | **1,595.30** | **(764.23)** | **-** | **-** | **-** | **831.07** |

**JYOTI CNC AUTOMATION LIMITED**

**CIN:-U29221GJ1991PLC014914**

**Restated Consolidated Statement of Changes in Equity**

(All amount in Rs. millions, except for share data and if otherwise stated)

**Statement of Change in Equity (Cont.)** **(₹ In Millions)**

| Particulars | As at the April 1, 2021 | Total Comprehensive Income for the year | Transfer to/from Retained Earnings | On Issue of Shares | Adjustments on Prior Period Errors | As at the March 31, 2022 |
|---|---|---|---|---|---|---|
| **Reserves & Surplus** | | | | | | |
| Securities Premium | 984.79 | - | - | - | | 984.79 |
| Foreign Currency Translation Reserve | 593.11 | (254.20) | - | - | - | 338.91 |
| Capital Reserve on Consolidation | 346.10 | 23.28 | - | - | | 369.38 |
| Retained Earnings | (1,092.93) | (483.40) | - | - | - | (1,576.33) |
| Revaluation Reserve | - | | | | - | - |
| **Total** | **831.07** | **(714.33)** | **-** | **-** | **-** | **116.74** |

**JYOTI CNC AUTOMATION LIMITED**

**CIN:-U29221GJ1991PLC014914**

**Restated Consolidated Statement of Changes in Equity**

(All amount in Rs. millions, except for share data and if otherwise stated)

**Statement of Change in Equity (Cont.)**

| Particulars | As at the April 1, 2022 | Total Comprehensive Income for the year | Transfer to/from Retained Earnings | On Issue of Shares | Adjustments on Prior Period Errors | As at the March 31, 2023 |
|---|---|---|---|---|---|---|
| **Reserves & Surplus** | | | | | | |
| Securities Premium | 984.79 | - | - | 465.75 | - | 1,450.54 |
| Foreign Currency Translation Reserve | 338.91 | (271.53) | - | - | - | 67.38 |
| Capital Reserve on Consolidation | 369.38 | 21.58 | - | - | - | 390.96 |
| Retained Earnings | (1,576.33) | 158.80 | - | - | - | (1,417.53) |
| **Total** | **116.74** | **(91.16)** | **-** | | **-** | **491.35** |

**See Accompanying notes to Restated Consolidated Financial Statements**

For M/s G.K. Choksi & Co.
Chartered Accountants
Firm's Reg. No.: 125442W

For & on behalf of the Board,

Himanshu C. Vora
Partner
Membership No. 103203

Parakramsinh G. Jadeja
Chairman &
Managing Director

Vikramsinh R. Rana
Whole - Time Director

Maulik B. Gandhi
Company Secretary

Kamlesh S. Solanki
Chief Financial Officer

Place : Mumbai
Date : 29/08/2023

Place : Rajkot
Date : 29/08/2023

(All amount in Rs. millions, except for share data and if otherwise stated)

**4a Property, Plant & Equipment**

| Particulars | Leasehold Land | Buildings | Plant & Machinery | Furniture and Fixtures | Electrical Installation | Office Equipments | Computers | Vehicles | Total | Capital work in progress |
|---|---|---|---|---|---|---|---|---|---|---|
| **For Yr ended March 31, 2021** | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | |
| As at April 01, 2020 | 318.59 | 1,053.68 | 3,991.70 | 64.87 | 101.70 | 114.17 | 162.56 | 82.22 | **5,889.49** | 553.07 |
| Additions | - | 4.84 | 92.35 | 2.02 | 1.25 | 0.36 | 1.26 | 0.89 | **102.97** | 35.33 |
| Disposals/ Other Adjustments | (8.51) | (7.81) | 11.35 | - | - | (0.19) | (0.16) | 0.04 | **(5.28)** | 77.51 |
| **Closing Gross carrying amount** | **327.10** | **1,066.33** | **4,072.70** | **66.89** | **102.95** | **114.72** | **163.98** | **83.07** | **5,997.74** | **510.89** |
| **Accumulated Depreciation** | | | | | | | | | | |
| As at April 01, 2020 | 11.62 | 313.40 | 1,964.40 | 50.30 | 83.26 | 92.12 | 149.96 | 56.38 | **2,721.44** | **-** |
| Charge during the year | 0.88 | 30.56 | 236.98 | 4.46 | 3.21 | 6.06 | 6.27 | 6.11 | **294.53** | **-** |
| Disposals/ Other Adjustments | - | - | 9.78 | - | - | - | - | - | **9.78** | **-** |
| **Closing Accumulated Depreciation** | **12.50** | **343.96** | **2,191.60** | **54.76** | **86.47** | **98.18** | **156.23** | **62.49** | **3,006.19** | **-** |
| **Net carrying amount as at March 31, 2021** | **314.60** | **722.37** | **1,881.10** | **12.13** | **16.48** | **16.54** | **7.75** | **20.58** | **2,991.55** | **510.89** |
| **For Yr ended March 31, 2022** | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | |
| As at April 01, 2021 | 327.10 | 1,066.33 | 4,072.70 | 66.89 | 102.95 | 114.72 | 163.98 | 83.07 | **5,997.74** | **510.89** |
| Additions | - | 40.41 | 115.67 | - | 0.16 | 0.25 | 3.12 | 3.51 | **163.12** | 33.86 |
| Disposals/ Other Adjustments | 124.43 | 4.40 | 82.47 | - | - | 0.26 | 0.79 | 8.28 | **220.63** | 535.78 |
| **Closing Gross carrying amount** | **202.67** | **1,102.34** | **4,105.90** | **66.89** | **103.11** | **114.71** | **166.31** | **78.30** | **5,940.23** | **8.97** |
| **Accumulated Depreciation** | | | | | | | | | | |
| As at April 01, 2021 | 12.50 | 343.96 | 2,191.60 | 54.76 | 86.47 | 98.18 | 156.23 | 62.49 | **3,006.19** | **-** |
| Charge during the year | 0.88 | 31.68 | 225.22 | 3.82 | 2.99 | 5.72 | 3.04 | 5.27 | **278.62** | **-** |
| Disposals/ Other Adjustments | - | 1.00 | 80.49 | - | - | 0.27 | 0.49 | 7.88 | **90.13** | **-** |
| **Closing Accumulated Depreciation** | **13.38** | **374.64** | **2,336.33** | **58.58** | **89.46** | **103.63** | **158.78** | **59.88** | **3,194.68** | **-** |
| **Net carrying amount as at March 31, 2022** | **189.29** | **727.70** | **1,769.57** | **8.31** | **13.65** | **11.08** | **7.53** | **18.42** | **2,745.55** | **8.97** |

**JYOTI CNC AUTOMATION LIMITED**

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **For Yr ended March 31, 2023** | | | | | | | | | | |
| **Gross carrying amount** | | | | | | | | | | |
| As at April 01, 2022 | 202.67 | 1,102.34 | 4,105.90 | 66.89 | 103.11 | 114.71 | 166.31 | 78.30 | **5,940.23** | 8.97 |
| Additions | - | 0.27 | 175.16 | 0.13 | - | 2.52 | 4.94 | 0.55 | **183.57** | 75.75 |
| Disposals/ Other Adjustments | (6.80) | (15.10) | 0.45 | (16.80) | (0.82) | - | (1.90) | 3.54 | **(37.43)** | 1.93 |
| **Closing Gross carrying amount** | **209.47** | **1,117.71** | **4,280.61** | **83.82** | **103.93** | **117.23** | **173.15** | **75.31** | **6,161.23** | **82.79** |
| **Accumulated Depreciation** | | | | | | | | | | |
| As at April 01, 2022 | 13.38 | 374.64 | 2,336.33 | 58.58 | 89.46 | 103.63 | 158.78 | 59.88 | **3,194.68** | **-** |
| Charge during the year | 0.88 | 31.28 | 205.19 | 6.91 | 2.88 | 4.95 | 2.20 | 4.62 | **258.91** | **-** |
| Disposals/ Other Adjustments | - | (3.90) | - | (15.12) | - | (0.90) | (1.90) | 3.20 | **(18.62)** | **-** |
| **Closing Accumulated Depreciation** | **14.26** | **409.82** | **2,541.52** | **80.61** | **92.34** | **109.48** | **162.88** | **61.30** | **3,472.21** | **-** |
| **Net carrying amount as at March 31, 2023** | **195.21** | **707.89** | **1,739.09** | **3.21** | **11.59** | **7.75** | **10.27** | **14.01** | **2,689.02** | **82.79** |

**Ageing of Capital Work in progress**

| **As at March 31, 2023** | | | | | |
|---|---|---|---|---|---|
| **Particular** | Less than 1 yr | 1-2 Year | 2-3 Year | More than 3 yr | Total |
| **Projects in progress** | 73.82 | 8.97 | - | - | 82.79 |

| **As at March 31, 2022** | | | | | |
|---|---|---|---|---|---|
| **Particular** | Less than 1 yr | 1-2 Year | 2-3 Year | More than 3 yr | Total |
| **Projects in progress** | 8.97 | - | - | - | 8.97 |

| **As at March 31, 2021** | | | | | |
|---|---|---|---|---|---|
| **Particular** | Less than 1 yr | 1-2 Year | 2-3 Year | More than 3 yr | Total |
| **Projects in progress** | 25.30 | 263.00 | 203.80 | 18.79 | 510.89 |

**(iii)** Capital work in progress mainly comprise Plant & Machinery & Building.

**JYOTI CNC AUTOMATION LIMITED**

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

**4b Right of Use Assets**

| Particulars | Computers | Total |
|---|---|---|
| **For Yr ended March 31, 2021** | | |
| **Gross carrying amount** | | |
| As at April 01, 2020 | 1.44 | 1.44 |
| Additions | 0.09 | 0.09 |
| Disposals/ Other Adjustments | - | - |
| **Closing Gross carrying amount** | **1.53** | **1.53** |
| **Accumulated Depreciation** | | |
| As at April 01, 2020 | 0.16 | 0.16 |
| Depreciation during the year | 0.51 | 0.51 |
| Disposals/ Other Adjustments | - | - |
| **Closing Accumulated Depreciation** | **0.67** | **0.67** |
| **Net carrying amount as at March 31, 2021** | **0.86** | **0.86** |
| **For Yr ended March 31, 2022** | | |
| **Gross carrying amount** | | |
| As at April 01, 2021 | 1.53 | 1.53 |
| Additions | - | - |
| Disposals/ Other Adjustments | - | - |
| **Closing Gross carrying amount** | **1.53** | **1.53** |
| **Accumulated Depreciation** | | |
| As at April 01, 2021 | 0.67 | 0.67 |
| Depreciation during the year | 0.50 | 0.50 |
| Disposals/ Other Adjustments | - | - |
| **Closing Accumulated Depreciation** | **1.17** | **1.17** |
| **Net carrying amount as at March 31, 2022** | **0.36** | **0.36** |
| **For Yr ended March 31, 2023** | | |
| **Gross carrying amount** | | |
| As at April 01, 2022 | 1.53 | 1.53 |
| Additions | - | - |
| Disposals/ Other Adjustments | - | - |
| **Closing Gross carrying amount** | **1.53** | **1.53** |
| **Accumulated Depreciation** | | |
| As at April 01, 2022 | 1.17 | 1.17 |
| Depreciation during the year | 0.30 | 0.30 |
| Disposals/ Other Adjustments | - | - |
| **Closing Accumulated Depreciation** | **1.47** | **1.47** |
| **Net carrying amount as at March 31, 2023** | **0.06** | **0.06** |

JYOTI CNC AUTOMATION LIMITED

NOTES TO RESTATED CONSOLIDATED FINANCIAL STATEMENTS

(All amount in Rs. millions, except for share data and if otherwise stated)

**4c Intangible Assets**

| Particulars | Development Rights | Software | Technical Know-how | Trademark | Total | Intangible Asset Under Development |
|---|---|---|---|---|---|---|
| **For Yr ended March 31, 2021** | | | | | | |
| **Gross carrying amount** | | | | | | |
| As at April 01, 2020 | 709.20 | 204.12 | | | **913.32** | **10.77** |
| Additions | 26.47 | - | 7.00 | 0.21 | **33.68** | **15.79** |
| Disposals/ Other Adjustments | (7.15) | (0.01) | - | - | **(7.16)** | **(0.21)** |
| **Closing Gross carrying amount** | **742.82** | **204.13** | **7.00** | **0.21** | **954.16** | **26.37** |
| **Accumulated Depreciation** | | | | | | |
| As at April 01, 2020 | 520.38 | 131.23 | - | - | **651.61** | **-** |
| Amortisation during the year | 70.90 | 11.90 | - | | **82.80** | **-** |
| Disposals/ Other Adjustments | | - | - | - | **-** | **-** |
| **Closing Accumulated Depreciation** | **591.28** | **143.13** | **-** | **-** | **734.41** | **-** |
| **Net carrying amount as at March 31, 2021** | **151.54** | **61.00** | **7.00** | **0.21** | **219.75** | **26.37** |
| **For Yr ended March 31, 2022** | | | | | | |
| **Gross carrying amount** | | | | | | |
| As at April 01, 2021 | 742.82 | 204.13 | 7.00 | 0.21 | **954.16** | **26.37** |
| Additions | 39.13 | - | 0.90 | - | **40.03** | **19.44** |
| Disposals/ Other Adjustments | (69.27) | (0.00) | - | - | **(69.27)** | **-** |
| **Closing Gross carrying amount** | **712.68** | **204.13** | **7.90** | **0.21** | **924.92** | **45.81** |
| **Accumulated Depreciation** | | | | | | |
| As at April 01, 2021 | 591.28 | 143.13 | - | - | **734.41** | **-** |
| Amortisation during the year | 67.17 | 11.50 | 0.08 | | **78.75** | **-** |
| Disposals/ Other Adjustments | (67.36) | - | - | - | **(67.36)** | **-** |
| **Closing Accumulated Depreciation** | **591.09** | **154.63** | **0.08** | **-** | **745.80** | **-** |
| **Net carrying amount as at March 31, 2022** | **121.59** | **49.50** | **7.82** | **0.21** | **179.12** | **45.81** |
| **For Yr ended March 31, 2023** | | | | | | |
| **Gross carrying amount** | | | | | | |
| As at April 01, 2022 | 712.68 | 204.13 | 7.90 | 0.21 | **924.92** | 45.81 |
| Additions | 30.51 | 0.45 | 3.89 | - | **34.85** | **25.20** |
| Disposals/ Other Adjustments | (34.11) | (2.85) | - | - | **(36.94)** | **-** |
| **Closing Gross carrying amount** | **777.30** | **207.43** | **11.79** | **0.21** | **996.73** | **71.01** |
| **Accumulated Depreciation** | | | | | | |
| As at April 01, 2022 | 591.09 | 154.63 | 0.08 | - | **745.80** | **-** |
| Amortisation during the year | 65.95 | 10.00 | 1.02 | | **76.97** | **-** |
| Disposals/ Other Adjustments | (29.51) | (2.85) | - | - | **(32.36)** | **-** |
| **Closing Accumulated Depreciation** | **686.55** | **167.48** | **1.10** | **-** | **855.13** | **-** |
| **Net carrying amount as at March 31, 2023** | **90.75** | **39.95** | **10.69** | **0.21** | **141.60** | **71.01** |

**Ageing of Intangible asset under development**

**As at March 31, 2023**

| **Particular** | **Less than 1 yr** | **1-2 Year** | **2-3 Year** | **More than 3 yr** | **Total** |
|---|---|---|---|---|---|
| Intangible Asset Under Development | 25.20 | 18.19 | 15.79 | 11.81 | 71.01 |

**As at March 31, 2022**

| **Particular** | **Less than 1 yr** | **1-2 Year** | **2-3 Year** | **More than 3 yr** | **Total** |
|---|---|---|---|---|---|
| Intangible Asset Under Development | 18.20 | 15.80 | 10.70 | 1.09 | 45.81 |

**As at March 31, 2021**

| **Particular** | **Less than 1 yr** | **1-2 Year** | **2-3 Year** | **More than 3 yr** | **Total** |
|---|---|---|---|---|---|
| Intangible Asset Under Development | 15.79 | 10.58 | - | - | 26.37 |

JYOTI CNC AUTOMATION LIMITED

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

**5 Investments**

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|---|
| | **Nos.** | **Amount** | **Nos.** | **Amount** | **Nos.** | **Amount** |
| **Other Investments** | | | | | | |
| **Unquoted** | | | | | | |
| Investment in shares of Kalupur Bank | - | - | - | - | 8,000 | 0.20 |
| | **-** | **-** | **-** | **-** | **8,000** | **0.20** |
| **Investments at fair value through profit or loss** | | | | | | |
| **Unquoted** | | | | | | |
| Investment in BOI Sovereign Gold bonds | 500 | 2.98 | 500 | 2.59 | 500 | 2.22 |
| | **500** | **2.98** | **500** | **2.59** | **500** | **2.22** |
| **Quoted** | | | | | | |
| Investment in Union Corporate Bond Fund Regular Plan | 14,38,391 | 18.53 | 12,58,442 | 15.74 | 12,58,442 | 15.11 |
| Investment in Union Flexi Cap Fund Growth | 5,464 | 0.18 | 5,464 | 0.18 | - | - |
| Investment in Union Medium Duration Fund Regular Plan | 99,995 | 1.09 | 99,995 | 1.07 | 99,995 | 1.02 |
| Investment in Union Gilt Fund - Regular Growth | 10,73,946 | 11.10 | | | | |
| | **26,17,796** | **30.90** | **13,63,901** | **16.99** | **13,58,437** | **16.13** |
| **Total Non-current investment** | **26,18,296** | **33.88** | **13,64,401** | **19.58** | **62,73,937** | **18.55** |
| Market Value of quoted investments | 26,17,796 | 30.90 | 13,63,901 | 16.99 | 13,58,437 | 16.13 |
| Aggregate amount of unquoted investments | 500 | 2.98 | 500 | 2.59 | 49,15,500 | 2.42 |

(All amount in Rs. millions, except for share data and if otherwise stated)

**6 Other Non Current Financial Assets**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| **( Unsecured, considered good )** | | | |
| Banks Term Deposits having maturity period more than 12 months from the Balance Sheet date | 99.53 | 49.76 | 118.92 |
| Cash Colletral for Unsecured Loan having Maturity more than 12 Months from Balance Sheet date | 0.94 | - | - |
| **Total** | **100.47** | **49.76** | **118.92** |

**7 Other Non-Current Assets**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| **( Unsecured, considered good unless otherwise stated )** | | | |
| Security Deposit* | 185.62 | 202.51 | 51.19 |
| Capital Advances | 10.21 | - | 8.55 |
| Other Advances | 40.70 | 38.50 | 39.85 |
| Prepaid Expense* | 4.25 | 2.88 | 8.17 |
| **Total** | **240.78** | **243.89** | **107.76** |

* ( For Related Party Transactions Refer Note No. 36 )

**8 Inventories**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Raw materials (including in Transit)/Manufactured Components | 2,706.65 | 2,119.49 | 2,263.24 |
| Work-in-progress | 4,966.34 | 3,692.00 | 3,600.32 |
| Finished goods | 395.30 | 170.83 | 284.45 |
| Stores and spares | 130.90 | 358.09 | 299.05 |
| **Total** | **8,199.19** | **6,340.41** | **6,447.06** |

**9 Trade Receivables**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Unsecured, considered good* | 1,483.98 | 2,016.40 | 2,168.40 |
| Credit Impaired | 10.50 | 10.50 | 10.50 |
| | **1,494.48** | **2,026.90** | **2,178.90** |
| Less: Expected Credit Loss | (35.70) | (25.00) | (12.50) |
| **Total** | **1,458.78** | **2,001.90** | **2,166.40** |

* ( For Related Party Transactions Refer Note No. 36 )

(All amount in Rs. millions, except for share data and if otherwise stated)

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| | | | |
| Included in the financial statements above: | | | |
| - Undisputed trade receivables considered good | | | |
| Less than 6 months | 889.74 | 1521.44 | 930.52 |
| 6 months - 1 year | 4.16 | 178.65 | 301.80 |
| 1-2 years | 71.90 | 106.40 | 386.63 |
| 2-3 years | 139.47 | 39.47 | 238.15 |
| More than 3 years | 378.71 | 170.44 | 311.30 |
| | | | |
| Less Expected Credit Loss adjusted for credit impaired | (25.20) | (14.50) | (2.00) |
| | | | |
| **Total** | **1,458.78** | **2,001.90** | **2,166.40** |
| | | | |
| - Disputed trade receivables | | | |
| Less than 6 months | - | - | - |
| 6 months - 1 year | - | - | - |
| 1-2 years | - | - | - |
| 2-3 years | - | - | - |
| More than 3 years | 10.50 | 10.50 | 10.50 |
| | | | |
| Less Credit Impaired | (10.50) | (10.50) | (10.50) |
| | | | |
| **Total** | **-** | **-** | **-** |

**10 Cash and Cash Equivalents**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| **Cash and cash equivalents** | | | |
| Cash on hand | 1.34 | 1.32 | 3.21 |
| Balances with banks | 159.58 | 23.12 | 97.94 |
| | | | |
| **Total** | **160.92** | **24.44** | **101.15** |

**11 Other balances with bank**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| **Bank balances other than cash and cash equivalents** | | | |
| Balances with Banks in Term Deposit Accounts to the extent held as Margin Money Deposits | 121.97 | 201.21 | 123.47 |
| | | | |
| **Total** | **121.97** | **201.21** | **123.47** |

**12 Loans- Current**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| **Unsecured, considered good** | | | |
| Loans to Employees* | 59.30 | 48.51 | 47.22 |
| | | | |
| **Total** | **59.30** | **48.51** | **47.22** |

* ( For Related Party Transactions Refer Note No. 36 )

(All amount in Rs. millions, except for share data and if otherwise stated)

**13 Other Financial Assets- Current**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Interest Accrued on Banks Term Deposits | - | - | 3.86 |
| Unbilled Revenue Recievable | 1310.13 | 239.80 | 476.54 |
| Cash Colletral | 63.67 | - | - |
| Other Receivable* | 36.92 | 91.60 | 32.91 |
| **Total** | **1410.72** | **331.40** | **513.31** |

* ( For Related Party Transactions Refer Note No. 36 )

**14 Other Current Assets**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Prepaid Expense | 53.42 | 392.96 | 207.74 |
| Balance with Statutory Authorities | 36.50 | 29.84 | 156.48 |
| Advances To Suppliers | 246.46 | 164.45 | 124.44 |
| **Total** | **336.38** | **587.25** | **488.66** |

**16 Other Equity**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| **Securities Premium** | | | |
| As Per Last Balance Sheet | 984.79 | 984.79 | 984.79 |
| Add : Receipts on Allotment of Shares | 465.75 | - | - |
| | **1,450.54** | **984.79** | **984.79** |
| (Amounts received on issue of shares in excess of the par value has been classified as securities premium) | | | |
| **Capital Reserve on Consolidation** | 390.96 | 369.38 | 346.10 |
| Capital Reserve on Consolidation arises when value of net assets acquired exceeds the cost of investment made | | | |
| **Retained Earnings** | | | |
| As Per Last Balance Sheet | (1576.33) | (1092.93) | (390.39) |
| Add : Net Profit For The Year | 150.60 | (483.00) | (700.29) |
| Add/(Less): Remeasurement of the net defined benefit liability/asset (net of tax effect) | 8.20 | (0.40) | (2.25) |
| | **(1417.53)** | **(1576.33)** | **(1092.93)** |
| (Retained Earnings comprise of the company's undistributed earnings after taxes and other comprehensive income. The items of Other Comprehensive income consists of remeasurement of net defined benefit liability/ asset) | | | |
| **Other Comprehensive Income** | | | |
| **Foreign Currency Translation Reserve** | | | |
| As per Last Balance Sheet | 338.91 | 593.11 | 638.50 |
| Add: Changes (Net) for current year | (271.53) | (254.20) | (45.39) |
| | **67.38** | **338.91** | **593.11** |
| Exchange differences arising on translation of assets, liabilities, income and expenses of the Group's foreign subsidiaries are recognised in other comprehensive income and accumulated separately in foreign currency translation reserve. | | | |
| **Total** | **491.35** | **116.74** | **831.07** |

(All amount in Rs. millions, except for share data and if otherwise stated)

## 15 Share capital

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|---|
| | Nos. | Amount | Nos. | Amount | Nos. | Amount |
| **Authorised capital** | | | | | | |
| Equity shares of ₹ 10 each | 4,50,00,000 | 450.00 | 4,50,00,000 | 450.00 | 4,50,00,000 | 450.00 |
| Preference shares of ₹ 10 each | 20,00,000 | 20.00 | 20,00,000 | 20.00 | 20,00,000 | 20.00 |
| | **4,70,00,000** | **470.00** | **4,70,00,000** | **470.00** | **4,70,00,000** | **470.00** |
| **Issued, subscribed and paid up** | | | | | | |
| Equity shares of ₹ 10 each fully paid up | 3,29,29,366 | 329.29 | 2,94,79,366 | 294.79 | 2,94,79,366 | 294.79 |
| | **3,29,29,366** | **329.29** | **2,94,79,366** | **294.79** | **2,94,79,366** | **294.79** |

### 15.1 Right, Preferences & Restrictions Attached to the Shares:

The Company have two Classes of Shares referred to as Ordinary Equity Shares having a par value of ₹10/- each & Preference Shares having a par value of ₹10/- each. Each holder of Ordinary Equity Shares is entitled to one vote per share.

In the event of the Liquidation of the company, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amounts including Preference shareholders. The distribution will be in the proportion to the number of the equity shares held by the shareholders.

(All amount in Rs. millions, except for share data and if otherwise stated)

### 15.2 Reconciliation of number of shares outstanding is set out below:

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| Number of Shares at the beginning of the year | 2,94,79,366 | 2,94,79,366 | 2,94,79,366 |
| Shares Issued during the year | 34,50,000 | - | - |
| Issue of Bonus Shares | - | - | - |
| Number of Shares at the end of the year | **3,29,29,366** | **2,94,79,366** | **2,94,79,366** |

### 15.3 List of Shareholders holding more than 5% of the aggregate Ordinary Equity Shares in the Company:

| Name of the Shareholder | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|---|
| | No of Shares | % to total | No of Shares | % to total | No of Shares | % to total |
| Parakramsinh G. Jadeja | 97,77,196 | 29.69% | 75,77,196 | 25.70% | 75,77,196 | 25.70% |
| Eknath Infracon LLP | 1,34,10,750 | 40.73% | 1,34,10,750 | 45.49% | 1,34,10,750 | 45.49% |
| Jyoti International LLP | 54,44,200 | 16.53% | 41,94,200 | 14.23% | 41,94,200 | 14.23% |

### 15.4 List of Shareholders holding by Promoters

| Name of the Shareholder | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|---|
| | No of Shares | % to total | No of Shares | % to total | No of Shares | % to total |
| Parakramsinh G. Jadeja | 97,77,196 | 29.69% | 75,77,196 | 25.70% | 75,77,196 | 25.70% |
| Jyoti International LLP | 54,44,200 | 16.53% | 41,94,200 | 14.23% | 41,94,200 | 14.23% |
| Sahdevsinh Lalubha Jadeja | 13,37,080 | 4.06% | 13,37,080 | 4.54% | 13,37,080 | 4.54% |
| Vikramsinh Raghuvirsinh Rana | 9,09,500 | 2.76% | 9,09,500 | 3.09% | 9,09,500 | 3.09% |

(All amount in Rs. millions, except for share data and if otherwise stated)

## 17 Borrowings

### A Non Current

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| **Secured - At amortised cost** | | | |
| Term Loans- from Banks | 1,119.22 | 1,395.28 | 1,185.14 |
| (Term loans are secured by first charge on pari passu basis on the Company's immovable & movable assets and second charge on inventory, receivables & other current assets, both present and future) | | | |
| Vehicle loans | 1.52 | 2.83 | 0.62 |
| (Vehicle loans are secured by way of hypothecation of vehicles) | | | |
| Long Term Maturity of Finance lease obligation | 0.59 | 4.52 | 8.52 |
| Loans and Advance Others | 19.84 | | |
| (Secured Against Plant & Machinery) | | | |
| | **1,141.17** | **1,402.63** | **1,194.28** |
| **Unsecured - At amortised cost** | | | |
| Loans and Advances From Others* | 133.47 | - | - |
| | - | - | - |
| | **133.47** | **-** | **-** |
| **Total** | **1,274.65** | **1,402.63** | **1,194.28** |

* ( For Related Party Transactions Refer Note No. 36 )

### B Current

| Particulars | As at the March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| **Secured - At amortised cost** | | | |
| **Loan Repayable on Demand** | | | |
| **From Banks** | | | |
| Rupee Loans - Cash Credit & Overdraft | 4,675.93 | 4,592.21 | 4,518.03 |
| Foreign Currency Loans - Packing Credit Arrangement | 260.11 | 266.91 | 283.47 |
| Foreign Currency Loans - Buyer's Credit Arrangement | 206.71 | 66.71 | 66.59 |
| (The Parent Company's loans repayable on demand (Working Capital Limits) are secured by first charge on pari passu basis over Parent Company's stock & book debts and second charge on pari passu basis over Parent Company's immovable and movable assets) | | | |
| (The borrowings of subsidiary is secured by pledge on its current assets including stock and book debts/ receivables/invoices and business pledge of Euro 10 Million and first rank mortgage on Factory Building. The same is also secured by corporate guarantee of Parent Company and personal guarantee of Promoter Directors of Parent Company) | | | |
| Current Maturity of Long Term Borrowings - Secured | 477.88 | 392.54 | 400.06 |
| Current Maturity of Long Term Borrowings - Unsecured | 13.17 | - | 62.31 |
| Current Maturity of Finance Lease Obligations | 4.57 | 6.82 | 18.20 |
| Interest Accrued but not due | 11.63 | 45.01 | 32.70 |
| Loans and Advance From Other (Current) | 5.02 | - | - |
| (Secured Against Plant & Machinery) | | | |
| **Unsecured - At amortised cost** | | | |
| Loans and Advances From Others (Current) | 812.09 | 160.83 | 67.96 |
| Deposits from Inter-corporate bodies | 353.68 | 776.43 | 600.62 |
| Loans and Advances From Related Parties* | 254.30 | 211.48 | 6.95 |
| **Total** | **7,075.09** | **6,518.94** | **6,056.89** |

* ( For Related Party Transactions Refer Note No. 36 )

**1)** As at March 31, 2023, Rs. 6,771.33 Million (March 31, 2022: Rs. 6,772.83 Million) & (March 31, 2021 Rs. 6,575.63 Million) of the total outstanding borrowings were secured by a charge on property, plant and equipment, inventories, receivables and other current assets.

**2)** As at March 31, 2023, the register of charges of the Company as available in records of the Ministry of Corporate Affairs (MCA) includes charges that were created/modified since the inception of the Company. There are certain charges which are historic in nature and it involves practical challenges in obtaining no-objection certificates (NOCs) from the charge holders of such charges, despite repayment of the underlying loans. The Company is in the continuous process of filing the charge satisfaction e-form with MCA, within the timelines, as and when it receives NOCs from the respective charge holders.

**3)** Details of Borrowing as at March 31, 2023 is as below :-

**Term Loan from Bank**

(i) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. Nil. (Rs. 16.9 Million on 31st March, 2022) & (Rs. 44.5 Million on 31st March, 2021) by Punjab National Bank is repayable in Monthly Installment and Last Installment was paid on 08th Nov, 2022 having interest rate of MCLR 1 yr + 3.50%.

(ii) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 113.2 Million (Rs. 138.7 Million on 31st March, 2022) & (Rs. 172.5 Million on 31st March, 2021) by Punjab National Bank is repayable in Quaterly Installment and Last Installment will be on 9th Sep, 2027 having interest rate of MCLR 1 yr + 3.50%.

(iii) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. Nil. (Rs. 3.5 Million on 31st March, 2022) & (Rs. 17.9 Million on 31st March, 2021) by Punjab National Bank is repayable in Monthly Installment and Last Installment was paid on 17th June, 2022 having interest rate of 1 Yr MCLR + 0.5%.

(iv) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 68.0 Million (Rs. 86.0 Million on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by Punjab National Bank is repayable in Monthly Installment and Last Installment will be on 31st May, 2026 having interest rate of MCLR 1 yr + 1% with 9.25% ceiling.

(v) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 42.8 Million (Rs. 42.8 Million on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by Punjab National Bank is repayable in Monthly Installment and Last Installment will be on 30th Nov, 2027 having interest rate of MCLR 1 yr + 1% with 9.25% ceiling.

(vi) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 32.0 Million (Rs. 32.0 Million on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by Bank of Baroda is repayable in Monthly Installment and Last Installment will be on 19th Feb, 2028 having interest rate of MCLR 1 yr + 1%with 9.25% ceiling .

(vii) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 46.6 Million (Rs. 62.6 Million on 31st March, 2022) & (Rs. 64.0 Million on 31st March, 2021) by Bank of Baroda is repayable in Monthly Installment and Last Installment will be on 25th Mar, 2026 having interest rate of MCLR 1 yr + 1% .

(viii) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. Nil. (Rs. 3.5 Million on 31st March, 2022) & (Rs. 44.7 Million on 31st March, 2021) by Bank of India is repayable in Monthly Installment and Last Installment was paid be on 30th Apr, 2022 having interest rate of MCLR 1 yr + 1% .

(ix) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 68.2 Million (Rs. 93.0 Million on 31st March, 2022) & (Rs. 99.8 Million on 31st March, 2021) by Bank of India is repayable in Monthly Installment and Last Installment will be on 29th Jan, 2026 having interest rate of MCLR 1 yr + 1% .

(x) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 118.7Million (Rs. 150.0 Million on 31st March 2022) & (Rs. Nil on 31st March, 2021) by Bank of India is repayable in Monthly Installment and Last Installment will be on 08th Jul, 2026 having interest rate of MCLR 1 yr + 1% .

(xi) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. Nil (Rs. 11.0 Million on 31st March, 2022) & (Rs. 76.7 Million on 31st March, 2021) by Union Bank of India is repayable in Monthly Installment and Last Installment was paid on 15th May, 2022 having interest rate of 8% .

(xii) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 96.2 Million (Rs. 96.2 Million on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by Union Bank of India is repayable in Monthly Installment and Last Installment will be on 02nd Dec, 2027 having interest rate of MCLR 1 yr + 0.6 % .with 9.25% Ceiling.

(xiii) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 160.9 Million (Rs. 191.3 Million on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by Union Bank of India is repayable in Monthly Installment and Last Installment will be on 05th Jul, 2026 having interest rate of MCLR 1 yr + 0.6 % .with 9.25% Ceiling .

(ivx) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. Nil (Rs. 2.2 Million on 31st March, 2022) & (Rs. 56.7 Million on 31st March, 2021) by State Bank of India is repayable in Monthly Installment and Last Installment was paid on 6th April, 2022 having interest rate of MCLR 1 yr .

(xv) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 48.9 Million (Rs. 65.6 Million on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by IDBI Bank is repayable in Monthly Installment and Last Installment will be on 31st March, 2026 having interest rate of MCLR 1 yr with 9.25% Ceiling .

(xvi) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 47.6 Million (Rs. 47.6 Million on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by IDBI Bank is repayable in Monthly Installment and Last Installment will be on 21st January, 2028 having interest rate of MCLR 1 yr with 9.25% Ceiling .

(xvii) USD Loan outstanding as at 31st March, 2023 Amounting to Rs. 654.17 Million (Pertaining to 7.2 Million USD) (Rs. 812.74 Million on 31st March 2022 Pertaining to 9.6 Million USD) & (Rs. 981.53 Million on 31st March 2021 Pertaining to 11.4 Million USD) by EXIM Bank is repayable in Monthly Installment and Last Installment will be on 30th September, 2025 having interest rate of 3M SOFR + 445bps .

(xviii) USD Loan outstanding as at 31st March, 2023 Amounting to Rs. 11.74 Million (Pertainig to 0.131 Million USD) (Rs. Nil on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by EXIM Bank is repayable in Monthly Installment and Last Installment will be on 30th September, 2025 having interest rate of 3M SOFR + 445bps .

(xix) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 49.6 Million (Rs. Nil on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by Bank of India is repayable in Monthly Installment and Last Installment will be on 01st May, 2028 having interest rate of MCLR 1 yr with 8.25% Ceiling .

(xx) Rupee Loan outstanding as at 31st March, 2023 Amounting to Rs. 100.0 Million (Rs. Nil on 31st March, 2022) & (Rs. Nil on 31st March, 2021) by Saurashtra Grahmin Bank is repayable in Monthly Installment and Last Installment will be on 01st September, 2028 having interest rate of 9.25% .

**Vehicle Loan from Bank & Financial Institution**

(i) Rupee Loan outstanding as at 31st March, 2023 is 0.2 Million. (31st March, 2022 Amounting to Rs. 0.6 Million) & (Rs. Nil on 31st March, 2021) by HDFC Bank is repayable in Monthly Installment and Last Installment will be on 05th August, 2023 having interest rate of MCLR 1 yr with 8.86% Ceiling .

(ii) Rupee Loan outstanding as at 31st March, 2023 is 2.9 Million. (31st March, 2022 Amounting to Rs. 4.2 Million) & (Rs. Nil on 31st March, 2021) by Chola Mandalam is repayable in Monthly Installment and Last Installment will be on 15th March, 2025 having interest rate of MCLR 1 yr with 9.51% Ceiling .

(ii) Rupee Loan outstanding as at 31st March, 2023 is 4.59 Million. (31st March, 2022 Amounting to Rs. Nil) & (Rs. Nil on 31st March, 2021) by Electronica Finance Limited is repayable in Monthly Installment and Last Installment will be on 5th April, 2027 having interest rate of 12.5%.

(ii) Rupee Loan outstanding as at 31st March, 2023 is 20.27 Million. (31st March, 2022 Amounting to Rs. Nil) & (Rs. Nil on 31st March, 2021) by Chola Mandalam is repayable in Monthly Installment and Last Installment will be on 1st January, 2027 having interest rate of 12.5%.

**Loan Repayable on Demand**

(i) Working Capital Limits of Rs. 986.8 Million provided by Union Bank of India which is to be renewed every year is having Interest Rate of MCLR 1yr +4.25%. Less 2.60% Concession

(ii) Working Capital Limits of Rs. 830.0 Million provided by State Bank of India which is to be renewed every year is having Interest Rate of MCLR 6M+2.00%.

(iii) Working Capital Limits of Rs. 496.0 Million provided by Bank of India which is to be renewed every year is having Interest Rate of MCLR 1yr+3.30%.

(iv) Working Capital Limits of Rs. 385.0 Million provided by IDBI Bank which is to be renewed every year is having Interest Rate of MCLR 1yr+4.45%.

(v) Working Capital Limits of Rs. 320.0 Million provided by Bank of Baroda which is to be renewed every 6 Months is having Interest Rate of MCLR 1yr+7.00%.

(vi) Working Capital Limits of Rs. 200.0 Million provided by Oriental Bank of Commerce which is to be renewed every year is having Interest Rate of MCLR 1yr+3.50%.

(vi) Working Capital Demand Loan Limits of Rs. 400.0 Million provided by Saurashtra Grahmin Bank which is to be renewed every year is having Interest Rate of 10.65% Card Rate.

(vii) Working Capital Demand Loan Limits of Rs. 1344.14 Million (Pertaining to 15 Million Euro) provided by State Bank of India Antwerp Branch which is to be renewed every year is having Interest Rate of 3.50% Card Rate.

(All amount in Rs. millions, except for share data and if otherwise stated)

4) **Interest Exposure of Borrowing**

| | As at the March 31, 2023 | | |
|---|---|---|---|
| **Particular** | **Fixed** | **Floating** | **Non Interest Bearing** |
| INR | 1,104.60 | 3,879.40 | 190.52 |
| USD | - | 814.40 | - |
| Euro | - | 2,360.82 | - |
| **Total** | **1,104.60** | **7,054.62** | **190.52** |
| | **As at the March 31, 2022** | | |
| **Particular** | **Fixed** | **Floating** | **Non Interest Bearing** |
| INR | 448.51 | 4,393.58 | 101.89 |
| USD | - | 809.65 | - |
| Euro | - | 2,167.94 | - |
| **Total** | **448.51** | **7,371.17** | **101.89** |

(INR - Indian Rupee, USD - US Dollar)

| | As at the March 31, 2021 | | |
|---|---|---|---|
| **Particular** | **Fixed** | **Floating** | **Non Interest Bearing** |
| INR | 369.83 | 3,945.25 | 7.00 |
| USD | - | 934.32 | - |
| Euro | - | 1,994.77 | - |
| **Total** | **369.83** | **6,874.34** | **7.00** |

5) **Maturity profile of Secured borrowings including current maturities is as below :-**

| **Particular** | **As at the March 31, 2023** | **As at the March 31, 2022** | **As at the March 31, 2021** |
|---|---|---|---|
| Not Later than 1 year or on Demand | 7,066.51 | 5,531.10 | 5,435.93 |
| Later than one year but not more than Five years | 1,233.60 | 1,763.23 | 1,390.18 |
| Greater than 5 Year | 49.63 | 627.24 | 425.06 |
| **Total** | **8,349.74** | **7,921.57** | **7,251.17** |

(All amount in Rs. millions, except for share data and if otherwise stated)

**18 Provisions- Non Current**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Provision for Employee benefits | 127.78 | 121.67 | 233.02 |
| **Total** | **127.78** | **121.67** | **233.02** |

**19 Deferred Tax Liabilities (Net)**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Opening Balance of Net Timing Difference | 825.50 | 812.90 | 874.30 |
| Current Year Change | (22.58) | 12.60 | (61.40) |
| | **802.92** | **825.50** | **812.90** |
| Opening Balance Deferred Tax Liability (Net) | 207.78 | 207.20 | 223.40 |
| Current Year Change | (8.40) | 0.50 | (15.44) |
| Remeasurement of defined benefit plans | 2.73 | 0.10 | (0.80) |
| **Total** | **202.11** | **207.80** | **207.16** |

**20 Trade payables**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Trade payable - Micro and small enterprise* | 17.90 | 7.28 | 12.13 |
| Trade payable - Other than Micro and small enterprise# | 4,112.01 | 2,946.33 | 3,107.08 |
| **Total** | **4,129.91** | **2,953.61** | **3,119.21** |

* The company has requested the suppliers to give information about their status as Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006. Details to the extent available has been reported. (Refer Note No. 33)

( # For Related Party Transactions Refer Note No. 36 )

| Included in the financial statements above: | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Trade payables | | | |
| Trade payable - Other than Micro and small enterprise# | | | |
| Less than 1 year | 3,756.60 | 2,770.48 | 2,598.68 |
| 1-2 years | 41.23 | 144.79 | 254.77 |
| 2-3 years | 105.54 | 0.00 | 59.05 |
| More than 3 years | 208.64 | 31.06 | 194.58 |
| | | | |
| **Total** | **4,112.01** | **2,946.33** | **3,107.08** |

| | | | |
|---|---|---|---|
| Trade payable - Micro and small enterprise* | | | |
| Less than 1 year | 17.90 | 7.26 | 10.83 |
| 1-2 years | - | 0.02 | 1.30 |
| 2-3 years | - | - | - |
| More than 3 years | - | - | - |
| | | | |
| **Total** | **17.90** | **7.28** | **12.13** |

* The company has requested the suppliers to give information about their status as Micro, Small and Medium Enterprises as defined under the MSMED Act, 2006. Details to the extent available has been reported. (Refer Note No. 33)

( # For Related Party Transactions Refer Note No. 36 )

(All amount in Rs. millions, except for share data and if otherwise stated)

**21 Other financial liabilities**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Expenses Payable | 337.23 | 84.44 | 204.10 |
| Payables for Capital Expenditure | 60.35 | 224.36 | 424.91 |
| **Total** | **397.58** | **308.80** | **629.01** |

**22 Other Current Liabilities**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Advances against Sales | 625.00 | 184.57 | 565.12 |
| Statutory Dues | 305.42 | 569.56 | 403.76 |
| Income Received in Advance | 47.90 | 103.22 | 330.80 |
| **Total** | **978.32** | **857.35** | **1,299.68** |

**23 Provisions- Current**

| Particulars | As at the March 31, 2023 | As at the March 31, 2022 | As at the March 31, 2021 |
|---|---|---|---|
| Provision for Employee benefits | 17.40 | 18.14 | 16.81 |
| **Total** | **17.40** | **18.14** | **16.81** |

(All amount in Rs. millions, except for share data and if otherwise stated)

**24 Revenue from operations**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| Sale of product* | 9,012.46 | 7,244.36 | 5,614.51 |
| Sale of services | 246.36 | 209.29 | 178.86 |
| Other operating income # | 33.77 | 11.22 | 7.22 |
| **Total** | **9,292.59** | **7,464.87** | **5,800.59** |

* ( For Related Party Transactions Refer Note No. 36 )

# Other Operative income primarily includes income from export & other incentive schemes

**24.1 Details Of Sale of Product**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| Sale of Machinery | 8,517.10 | 6,815.65 | 5,142.07 |
| Sale of Machinery Parts | 495.36 | 428.71 | 472.44 |
| **Total** | **9,012.46** | **7,244.36** | **5,614.51** |

**24.2 Details Of Services Rendered**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| Annual Maintenance Contract Income | 103.10 | 159.86 | 130.55 |
| Machine Service Income | 107.65 | 31.20 | 29.10 |
| Job Work Income | 11.13 | 0.20 | 0.50 |
| Calibration Income | 0.36 | 0.40 | 0.50 |
| Installation & Commissioning Income | 24.12 | 17.63 | 18.21 |
| **Total** | **246.36** | **209.29** | **178.86** |

**25 Other income**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| Interest Income * | 8.99 | 14.87 | 13.43 |
| Gain on sale of property, plant & Equipments | 0.17 | 4.43 | - |
| Foreign Exchange Fluctuation Gain ( Net of Loss ) | 222.99 | - | 84.22 |
| Gain on Investment/ Sale of Investment | 1.26 | 1.23 | |
| Others | - | 15.21 | 2.68 |
| **Total** | **233.41** | **35.74** | **100.33** |

* ( For Related Party Transactions Refer Note No. 36 )

**26 Cost of material consumed**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| Opening Stock | 2,398.61 | 2,481.46 | 3,760.44 |
| Add: Purchases* | 7,073.20 | 4,114.70 | 3,366.77 |
| | **9,471.81** | **6,596.16** | **7,127.21** |
| Less: Closing stock | (2,706.65) | (2,398.57) | (2,481.46) |
| Foreign Currency Translation Reserve | 30.14 | (9.79) | (7.18) |
| **Total** | **6,795.30** | **4,187.80** | **4,638.57** |

* ( For Related Party Transactions Refer Note No. 36 )

(All amount in Rs. millions, except for share data and if otherwise stated)

**27 Changes in inventories of finished goods and work-in-progress**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| Opening stock: | | | |
| Finished goods | 170.83 | 284.45 | 264.75 |
| Work-in-progress | 3,692.00 | 3,600.32 | 2,145.21 |
| | **3,862.83** | **3,884.77** | **2,409.96** |
| Less: Closing stock | | | |
| Finished goods | 395.30 | 170.83 | 284.45 |
| Work-in-progress | 4,966.34 | 3,692.00 | 3,600.32 |
| | **5,361.64** | **3,862.83** | **3,884.77** |
| Foreign Currency Translation Reserve | 29.64 | **(12.89)** | **25.79** |
| **Net (increase)/decrease in inventory** | **(1,469.17)** | **9.05** | **(1,449.02)** |

**28 Employee Benefits Expenses**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| Salary and Wages* | 1,397.76 | 1,162.63 | 1,065.39 |
| Contribution to Provident & Other Funds | 225.21 | 224.34 | 223.23 |
| Other Employee Benefit Expenses | 39.43 | 31.39 | 25.24 |
| **Total** | **1,662.40** | **1,418.36** | **1,313.86** |

* ( For Related Party Transactions Refer Note No. 36 )

**29 Finance Costs**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **Interest Expenses** | | | |
| On Borrowings | 706.79 | 616.56 | 632.92 |
| On Lease Obligation | 1.15 | 2.22 | - |
| On Others | 85.70 | 101.00 | 18.33 |
| On MSME Trade Payables | 1.60 | 0.26 | - |
| On Delayed Payment of Income Tax | 6.29 | 10.22 | - |
| **Other Borrowing Cost** | | | |
| Bank & Other Financial Charges | 95.49 | 90.47 | 103.87 |
| Forex Fluctuation on Loan | - | 1.26 | - |
| **Total** | **897.02** | **821.99** | **755.12** |

* ( For Related Party Transactions Refer Note No. 36 )

(All amount in Rs. millions, except for share data and if otherwise stated)

**30 Other Expenses**

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **Manufacturing & Other Direct Expenses** | | | |
| Consumption of Stores & Spares | 29.42 | 166.63 | 106.54 |
| Job Work Charges | 187.95 | 91.66 | 85.56 |
| Power & Fuel Expenses | 167.28 | 135.99 | 107.96 |
| Factory Expenses | 34.18 | 34.30 | 22.56 |
| Transportation Expenses - Inward | 140.37 | 131.77 | 85.19 |
| Clearing, Forwarding & Agency Expenses - Import | 15.27 | 11.66 | 10.87 |
| Repairs & Maintenance - Machinery* | 42.88 | 24.34 | 23.36 |
| | **617.35** | **596.35** | **442.04** |
| **Administrative & Selling Expenses** | | | |
| Advertisement, Marketing Expenses & Exhibition Exp | 71.39 | 2.73 | 42.66 |
| AMC Expenses | 26.14 | 26.11 | 30.45 |
| Clearing & Forwarding Expenses - Exports | 7.40 | 5.62 | 4.78 |
| Donation | 4.06 | - | 1.20 |
| Transportation Expense - Outward | 99.84 | 77.10 | 70.24 |
| Legal & Professional Charges | 27.72 | 25.99 | 18.88 |
| Office Expenses | 9.63 | 17.75 | 20.71 |
| Postage, Stationary & Telephone Expenses | 16.15 | 14.21 | 11.56 |
| Remuneration to Auditor | | | |
| - Audit Fees | 5.08 | 2.21 | 1.65 |
| Commission Expense | 51.32 | 50.14 | 20.82 |
| Travelling, Conveyance & Vehicle Expenses* | 153.74 | 125.31 | 78.66 |
| Corporate Social Responsibility Expenses# | 0.53 | 2.47 | 6.04 |
| Foreign Exchange Fluctuation Loss ( Net of gain ) | - | 31.30 | - |
| Expected Credit Loss | 10.70 | 12.50 | 12.50 |
| Warranty Expense | 7.25 | 1.80 | 13.80 |
| Misc Expense | 221.98 | 131.45 | 204.29 |
| | **712.93** | **526.69** | **538.24** |
| **Total** | **1,330.28** | **1,123.04** | **980.28** |

* ( For Related Party Transactions Refer Note No. 36 )

(# Refer note no. 41 of Notes to Restated Summary Statements)

(All amount in Rs. millions, except for share data and if otherwise stated)

### 31 Tax Expense

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **a) Income Tax Expense** | | | |
| Current tax | 135.80 | 65.00 | - |
| Prior Year Tax | 0.50 | - | - |
| Deferred Tax | (8.40) | 0.50 | (15.44) |
| | **127.90** | **65.50** | **(15.44)** |
| **b) Reconciliation of Tax Expense and the accounting Profit multiplied by the Indian Tax Rate** | | | |
| Profit before Tax | 150.60 | (417.50) | (715.73) |
| Less: Income / Loss attributable to foreign subsidiaries | (370.55) | (675.50) | (501.53) |
| Profit before Tax - Indian Company | 521.14 | 258.00 | (214.20) |
| Applicable Tax Rate | 0.25 | 0.25 | 0.25 |
| Computed Tax Expense | 131.16 | 64.94 | (53.91) |
| Tax effect of: | | | |
| Income exempt from tax/items not deductible | 27.72 | (55.90) | 61.77 |
| Additional Tax benefit for Research & Development Expenditure | (29.56) | - | - |
| Depreciation | 13.91 | 55.96 | (7.86) |
| Others (including MAT Credit Availed) | (7.43) | - | - |
| **Income Tax recognised in Profit and Loss** | **135.80** | **65.00** | **-** |

### 32 Earnings Per Share

| Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|
| **Basic & Diluted Earnings Per Share - EPS** | | | |
| Profit available for Equity Shareholder | 151 | (483.00) | (700.29) |
| Shares Issued on 31st March, 2023 | 34,50,000 | - | - |
| No of Days for which outstanding | 1 | - | - |
| Increase in no of Weighted Average share outstanding | 47,260 | - | - |
| Weighted Average Number of Shares Outstanding | 14,74,44,090 | 14,73,96,830 | 14,73,96,830 |
| Basic & Diluted Earnings Per Share - of ₹ 2/- each | **0.10** | **(0.33)** | **(0.48)** |

(All amount in Rs. millions, except for share data and if otherwise stated)

**33** According to information available with the Management, on the basis of information received from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'), the Company has amounts due to Micro, Small and Medium Enterprises under the said Act as follows:

| Particulars | As at March 31, 2023 | As at March 31, 2022 | As at March 31, 2021 |
|---|---|---|---|
| (a) Principal amount remaining unpaid to any supplier at the end of the year | 17.91 | 7.28 | 10.66 |
| (b) Interest due thereon remaining unpaid to any supplier at the end of the year | 1.61 | 0.26 | 0.47 |
| (a) The amount of principal paid beyond the appointed date | - | - | 15.35 |
| (b) The amount of interest paid beyond the appointed date | - | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006 | - | - | 1.00 |
| The amount of interest accrued and remaining unpaid at the end of each accounting year | 1.61 | 0.26 | 1.47 |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. | - | - | - |

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

**34 Contingent Liabilities & Commitments - To The Extent Not Provided For**

| | Particulars | For the year ended March 31, 2023 | For the year ended March 31, 2022 | For the year ended March 31, 2021 |
|---|---|---|---|---|
| **A** | **Contingent Liabilities** | | | |
| **i** | **Letter of Credit, Standby Letter of Credit, Letter of Comfort & Bank Guarantee** | | | |
| | Outstanding Letter of Credits & Bank Guarantee | 941.42 | 1,025.70 | 1,066.80 |
| | Outstanding Standby Letter of Credit & Letter of Comfort * | 537.65 | 507.96 | 516.59 |
| **ii** | **Corporate Guarantee** | | | |
| | Guarantees given by the Company to banks on behalf of step down subsidiary* | 806.47 | 761.94 | 774.89 |
| **iii** | **Claim Against the Company not Acknowledged as Debt** | | | |
| | Vendor | 0.61 | 0.61 | 0.61 |
| | Customer | | | |
| | Compensation Claim | 5.84 | 5.84 | 5.84 |
| | Amount paid under protest | 3.61 | 3.61 | 3.58 |
| | Bank | - | 25.59 | - |
| **iv** | **Disputed Excise Duty, Service Tax & Other Liabilities** | | | |
| | Disputed Excise Duty, Service Tax, & other Liabilities in respect of Pending Litigations before Appellate Authority & Against which amount paid Under Protest are as follows : | | | |
| | Disputed Excise Duty Liabilities | 27.26 | 27.26 | 25.42 |
| | Disputed Income Tax Liabilities | 4.32 | 4.32 | 13.09 |
| | Disputed CST Liabilities | 166.59 | 207.58 | 81.74 |
| | Disputed VAT Liabilities | 28.54 | 28.54 | 4.73 |
| | Disputed GST Liabilities | - | 86.02 | - |
| | Amount Paid Under Protest - Excise Duty | 4.43 | 4.43 | 2.38 |
| | Amount paid Under Protest - GIDC Charges | | | |
| | Amount paid Under Protest - CST | 14.00 | 22.20 | 22.20 |
| | Amount paid Under Protest - VAT | 2.65 | 2.65 | 0.58 |
| | **Total** | **2,543.37** | **2,714.24** | **2,518.45** |
| **B** | **Commitments** | | | |
| **i** | Capital Commitments - Estimated amount of Capital Contracts Remaining to be executed & not provided as on Balance Sheet | 66.06 | - | - |
| **ii** | Other Commitments - Export Obligation Against Advance License | - | 21.29 | 115.72 |
| **iii** | Other Commitments- Subsidiary | 1,136.10 | 765.33 | 778.34 |

( * For Related Party Transactions Refer Note No. 36 )

(All amount in Rs. millions, except for share data and if otherwise stated)

**35 Disclosure Pursuant To Ind Accounting Standard - 19 - Employee Benefits**

**35.1 Defined Contribution Plan**

The Company has recognized ₹ 25.50 Million, ₹ 34.80 Million & ₹ 34.20 Million in the Statement of Profit & Loss for the year ended March 31, 2023 , March 31, 2022 & March 31, 2021 respectively under Defined Contribution Plan.

**35.2 Defined Benefit Plan**

The following table summaries the component of Net Benefit Expenses recognized in the Statement of Profit & Loss and amounts recognized in the Balance Sheet as per Actuarial Valuation Report.

| Particulars | As at March 31, 2023 | | As at March 31, 2022 | | As at March 31, 2021 | |
|---|---|---|---|---|---|---|
| | Gratuity | Compensated Expenses | Gratuity | Compensated Expenses | Gratuity | Compensated Expenses |
| **Net Asset / ( Liability ) Recognized in Balance Sheet** | | | | | | |
| Present Value of Funded Defined Benefit Obligations | 126.08 | - | 116.74 | - | 103.54 | - |
| Fair Value of Plan Assets | (15.65) | - | (12.26) | - | (11.47) | - |
| Present Value of Unfunded Obligation | 110.43 | 34.75 | 104.48 | 35.33 | 92.07 | 36.32 |
| Unrecognized Past Service Cost | - | - | - | - | - | - |
| Unrecognized Actuarial Loss | - | - | - | - | - | - |
| **Net Asset / ( Liability ) Recognized in the Balance Sheet** | **(110.43)** | **(34.75)** | **(104.47)** | **(35.33)** | **(92.07)** | **(36.32)** |
| **Components of Employer Expenses** | | | | | | |
| Current Service Cost | 13.61 | 4.76 | 12.25 | 4.01 | 11.49 | 4.07 |
| Adjustment to the Opening Fund | - | - | - | - | - | - |
| Interest Cost on Defined Benefit Obligation | 7.97 | 2.40 | 6.69 | 2.33 | 5.68 | 2.16 |
| Expected Return on Plan Assets | (0.89) | (4.96) | (0.81) | (3.79) | (0.93) | - |
| Past Service Cost | - | - | - | - | - | - |
| Net Actuarial Loss / ( Gain ) Recognized in year | - | - | - | - | - | (1.90) |
| **Expense Recognized in The Statement of Profit & Loss** | **20.69** | **2.19** | **18.14** | **2.56** | **16.23** | **4.33** |
| **Change in Defined Benefit Obligations - DBO during the year ended** | | | | | | |
| Opening Defined Benefit Obligation | 116.74 | 35.33 | 103.54 | 36.32 | 87.89 | 33.82 |
| Current Service Cost | 13.61 | 4.76 | 12.25 | 4.01 | 11.49 | 4.07 |
| Interest Cost On Defined Benefit Obligation | 7.97 | 2.40 | 6.69 | 2.33 | 5.68 | 2.16 |
| Other Adjustment | - | - | - | - | - | |
| Actuarial Loss / ( Gain ) | (5.85) | (4.96) | 0.47 | (3.79) | 0.65 | (1.90) |
| Past Service Cost | | - | - | - | - | - |
| Benefits Paid | (6.40) | (2.77) | (6.22) | (3.55) | (2.17) | (1.82) |
| **Closing Defined Benefit Obligation** | **126.08** | **34.75** | **116.74** | **35.33** | **103.54** | **36.32** |
| **Change in Fair Value of Plan Assets during the year ended** | | | | | | |
| Opening Fair Value of Plan Assets | 12.21 | - | 11.53 | - | 12.90 | - |
| Adjustment to Fund | - | - | - | - | - | - |
| Interest Income | 0.34 | - | 0.81 | - | 0.93 | - |
| Expected Return on Plan Assets | (0.00) | - | (0.13) | - | (2.36) | - |
| Actuarial Gain / ( Loss ) | - | - | - | - | - | - |
| Employer Contribution | - | - | - | - | 0.07 | - |
| Exchange Differences on Foreign Plans | - | - | - | - | - | - |
| Benefits Paid | - | - | - | - | - | - |
| **Closing Fair Value of Plan Assets** | **12.54** | **-** | **12.21** | **-** | **11.53** | **-** |

(All amount in Rs. millions, except for share data and if otherwise stated)

| | | | | | | |
|---|---|---|---|---|---|---|
| **Other Comprehensive Income for the Period** | | | | | | |
| Components of actuarial gain/losses on obligations: | | | | | | |
| Due to Change in financial assumptions | - | - | - | - | - | - |
| Due to change in demographic assumption | - | - | - | - | - | - |
| Due to experience adjustments | (5.85) | - | 0.47 | - | 0.65 | - |
| Return on plan assets excluding amounts included in interest income | 0.00 | - | 0.13 | - | 2.36 | - |
| **Amounts recognized in Other Comprehensive Income** | **(5.85)** | **-** | **0.61** | **-** | **3.01** | **-** |
| **Investment Details** | | | | | | |
| Government of India Securities | - | - | - | - | - | - |
| Corporate Bonds | - | - | - | - | - | - |
| Special Deposit Scheme | - | - | - | - | - | - |
| Policy of Insurance | 100% | 0% | 100% | 0% | 100% | 0% |
| Insurer Managed Funds | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| **Principal Actuarial Assumptions** | | | | | | |
| Discount Rate | 7.50% | 7.50% | 7.25% | 6.85% | 6.85% | 6.85% |
| Expected Rate Of Return | - | - | - | - | - | - |
| Interest Rate | - | - | - | - | - | - |
| Salary Escalation | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Retirement Age | 60 Yrs | | 60 Yrs | 60 Yrs | | |
| Proportion of Employees opting for Early Retirement | - | - | - | - | - | - |
| Attrition - Withdrawal Rates | 1% to 15% | 1% to 15% | 1% to 15% | 1% to 15% | 1% to 15% | 1% to 15% |
| | | | | | | |
| **Expected Future Cash Flow (Undiscounted)** | | | | | | |
| Year 1 | 194 | 37 | 135 | 45 | 116 | 46 |
| Year 2 | 77 | 31 | 88 | 35 | 64 | 32 |
| Year 3 | 87 | 32 | 75 | 29 | 76 | 34 |
| Year 4 | 83 | 31 | 82 | 30 | 63 | 27 |
| Year 5 | 96 | 32 | 81 | 29 | 70 | 28 |
| Year 6 and Year 10 | 400 | 128 | 383 | 127 | 327 | 127 |

The estimates of rate of escalation in future salary considered in Actuarial Valuation, take into account inflation, seniority, promotion and other relevant factors including supply & demand in the Employement Market. The above information is certified by The Actuary.

**JYOTI CNC AUTOMATION LIMITED**

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

**36 Related Party Disclosures**

As per Ind AS- 24, the disclosures of Party List, Relationship, Nature of Transactions, Transaction Amount & Outstanding Balances with Related Parties are given below :

**36.1 List of Related Parties & Relationships**

| Related Party | Nature of Relationship |
|---|---|
| Parakramsinh G. Jadeja | Chairman & Managing Director |
| Sahdevsinh L. Jadeja<br>Vikramsinh R. Rana | Whole Time Director |
| Kamlesh S. Solanki | Chief Financial Officer |
| Maulik B. Gandhi | Company Secretary |
| Rajshriba P. Jadeja | Non Executive Women Director |
| Vijay Paranjape<br>Yogesh Kathrecha | Independent Director |
| Rikesh Chand | Nominee Director |
| Bhaveshsinh L. Jadeja<br>Jagdishsinh L. Jadeja<br>Bhavesh S. Solanki<br>Hitesh S. Solanki<br>Shreepal Sinh Jadeja<br>Prarthana P. Jadeja<br>Jeet V. Rana | Relative of Key Management Personnel |
| Jyoti International LLP<br>Jyoti Enterprise | Enterprise influenced by Key Management Personnel |
| Spectre<br>Favourite Engineering<br>Favourite Fabtech Private Limited<br>Ignite Inc<br>Nextn Equipments | Enterprise influenced by Relative of Key Management Personnel |

**36.2 Details of Related Party Transactions during the year & Outstanding Balances as at March 31, 2023 , March 31, 2022 & March 31, 2021**

| Nature of Transaction | Subsidiaries | KMP | Relatives of KMP | Independent Director | Enterprise Influenced By KMP | Enterprise Influenced By Relative of KMP | Total |
|---|---|---|---|---|---|---|---|
| **Transactions Carried Out With Related Parties referred in 36.1 Above, in Ordinary Course of Business** | | | | | | | |
| Loans & Advances Taken (Net) | - | 328.83 | - | - | 168.42 | - | 497.25 |
| | - | *210.59* | - | - | *334.49* | - | *545.08* |
| | **-** | **6.95** | **-** | **-** | **-** | **-** | **6.95** |
| Loans & Advances Repaid (Net) | - | - | - | - | - | - | - |
| | *14.56* | *115.65* | - | - | *233.71* | - | *363.93* |
| | - | - | - | - | - | - | - |
| Revenue From Operations (net of Returns) | 212.16 | - | - | - | - | 52.89 | 265.04 |
| | *274.33* | - | - | - | - | *43.54* | *317.86* |
| | **212.00** | **-** | **-** | **-** | **-** | **2.00** | **214.00** |
| Conversion of Loan to Equity | - | 319.00 | - | - | 181.25 | - | 500.25 |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| Conversion of Loan & Advance to Equity | 1,523.56 | - | - | - | - | - | 1,523.56 |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| Other Income | 88.27 | - | - | - | - | 0.36 | 88.63 |
| | *63.67* | - | - | - | - | *0.18* | *63.85* |
| | **68.00** | **-** | **-** | **-** | **-** | **-** | **68.00** |

**JYOTI CNC AUTOMATION LIMITED**

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

| Nature of Transaction | Subsidiaries | KMP | Relatives of KMP | Independent Director | Enterprise Influenced By KMP | Enterprise Influenced By Relative of KMP | Total |
|---|---|---|---|---|---|---|---|
| Purchase of Raw Materials | 11.86 | - | - | - | - | 66.10 | 77.96 |
| | *27.20* | - | - | - | - | *26.13* | *53.32* |
| | **39.00** | **-** | **-** | **-** | **-** | **0.20** | **39.20** |
| Interest Expense | - | - | - | - | 45.82 | - | 45.82 |
| | - | - | - | - | 8.88 | - | 8.88 |
| | - | - | - | - | - | - | - |
| Loans & Advance Given | - | - | - | - | - | - | - |
| | - | - | *2.16* | - | - | - | *2.16* |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Employee Benefit Expenses | - | 25.91 | 2.18 | - | - | - | 28.09 |
| | - | *26.49* | *2.53* | - | - | - | *29.02* |
| | **-** | **23.00** | **2.00** | **-** | **-** | **-** | **25.00** |
| **Transactions Carried Out With Related Parties referred in 36.1 Above, in Ordinary Course of Business** | | | | | | | |
| Sitting Fees | - | - | - | 0.30 | - | - | 0.30 |
| | - | - | - | *0.14* | - | - | *0.14* |
| | **-** | **-** | **-** | **0.12** | **-** | **-** | **0.12** |
| Purchase of Fixed Asset | 0.71 | - | - | - | - | 2.00 | 2.71 |
| | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - |
| Other Expenses | 3.49 | - | - | - | - | - | 3.49 |
| | *0.53* | - | - | - | - | *3.76* | *4.29* |
| | ***3.82*** | **-** | **-** | **-** | **-** | ***0.03*** | ***3.85*** |

| Nature of Transaction | Subsidiaries | KMP | Relatives of KMP | Independent Director | Enterprise Influenced By KMP | Enterprise Influenced By Relative of KMP | Total |
|---|---|---|---|---|---|---|---|
| **Outstanding Balances at the end of the year with Related Parties referred in 36.1 Above, in Ordinary Course of Business** | | | | | | | |
| Investment | 1,811.85 | - | - | - | - | - | 1,811.85 |
| | *288.29* | - | - | - | - | - | *288.29* |
| | **288.29** | **-** | **-** | **-** | **-** | **-** | ***288.29*** |
| Trade Receivables | 438.47 | - | - | - | - | 45.65 | 484.12 |
| | *508.12* | - | - | - | - | - | *508.12* |
| | **487.00** | **-** | **-** | **-** | **-** | **-** | **487.00** |
| Advance from customer | 1.09 | - | - | - | - | - | 1.09 |
| | *1.26* | - | - | - | - | - | *1.26* |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** |

## JYOTI CNC AUTOMATION LIMITED

### Notes to Restated Consolidated Statements

(All amount in Rs. millions, except for share data and if otherwise stated)

**Outstanding Balances at the end of the year with Related Parties referred in 36.1 Above, in Ordinary Course of Business**

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Security Deposit | - | - | - | - | 17.98 | - | 17.98 |
| | - | - | - | - | *17.98* | - | *17.98* |
| | **-** | **-** | **-** | **-** | **17.98** | **-** | **17.98** |
| Loans & Advances Taken | - | 111.73 | - | - | 142.58 | - | 254.32 |
| | - | *101.89* | - | - | *109.59* | - | *211.48* |
| | - | **6.96** | - | - | - | - | **6.96** |
| Loans & Advances Given | 95.33 | - | - | - | - | - | 95.33 |
| | *1,533.06* | - | *4.95* | - | - | - | *1,538.01* |
| | **1,559.00** | **-** | **3.00** | **-** | **-** | **-** | **1,562.00** |
| Other Financial Assets - Current | 648.71 | - | - | - | - | - | 648.71 |
| | *529.56* | - | - | - | - | - | *529.56* |
| | **483.00** | **-** | **-** | **-** | **-** | **-** | **483.00** |
| *Employee Benefits Payable* | - | 0.16 | 0.16 | - | - | - | 0.33 |
| | - | *0.16* | *0.19* | - | - | - | *0.35* |
| | **-** | **0.25** | **0.31** | **-** | **-** | **-** | **0.56** |
| Advance to suppliers | 329.95 | - | - | - | - | 7.60 | 337.56 |
| | - | - | - | - | - | *0.35* | *0.35* |
| | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Trade Payables | 0.49 | - | - | - | - | 2.77 | 3.26 |
| | *17.95* | - | - | - | - | *4.64* | *22.59* |
| | ***83.08*** | **-** | **-** | **-** | **-** | ***0.30*** | ***83.38*** |
| Guarantees and Collateral Security Given | 1,344.11 | - | - | - | - | - | 1,344.11 |
| | 1,269.90 | - | - | - | - | - | 1,269.90 |
| | **1,291.49** | **-** | **-** | **-** | **-** | **-** | 1,291.49 |

*Figures in Italics represents Previous Year's Figures.*

***Figures in Bold represents March 21 Figures***

**JYOTI CNC AUTOMATION LIMITED**

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

(In Continuation)

**Details Regarding Transaction with KMP & Independent Director**

| Name of Party | Nature 22-23 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars | Employee Benefit Expense | Employee Benefit Expense Payable | Sitting Fees | Loans & Advance (Net) | Loans & Advances Taken (Net) | Loans & Advances Repaid (Net) | Conversion of Loan to Equity | Loans & Advances Taken (Balance) |
| Parakramsinh G. Jadeja | 12.00 | 0.01 | - | 327.02 | - | - | 319.00 | 104.82 |
| Sahdevsinh L. Jadeja | 7.20 | - | - | 4.89 | - | - | - | 6.49 |
| Vikramsinh R. Rana | 4.20 | - | - | (3.08) | - | - | - | 0.42 |
| Kamlesh S. Solanki | 1.59 | 0.10 | - | - | - | - | - | - |
| Maulik B. Gandhi | 0.93 | 0.06 | - | - | - | - | - | - |
| Vijay Paranjape | - | - | 0.14 | - | - | - | - | - |
| Yogesh Kathrecha | - | - | 0.16 | - | - | - | - | - |

| Name of Party | Nature 21-22 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars | Employee Benefit Expense | Employee Benefit Expense Payable | Sitting Fees | Loans & Advance (Net) | Loans & Advances Taken (Net) | Loans & Advances Repaid (Net) | Conversion of Loan to Equity | Loans & Advances Taken (Balance) |
| Parakramsinh G. Jadeja | 12.00 | 0.01 | - | - | 202.49 | 89.84 | - | 96.79 |
| Sahdevsinh L. Jadeja | 7.80 | - | - | - | 5.35 | 3.50 | - | 3.50 |
| Vikramsinh R. Rana | 4.50 | - | - | - | 2.75 | 1.60 | - | 1.60 |
| Kamlesh S. Solanki | 1.35 | 0.09 | - | - | - | - | - | - |
| Maulik B. Gandhi | 0.85 | 0.06 | - | - | - | - | - | - |
| Vijay Paranjape | - | - | 0.06 | - | - | - | - | - |
| Yogesh Kathrecha | - | - | 0.08 | - | - | - | - | - |

| Name of Party | Nature 20-21 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Particulars | Employee Benefit Expense | Employee Benefit Expense Payable | Sitting Fees | Loans & Advance (Net) | Loans & Advances Taken (Net) | Loans & Advances Repaid (Net) | Conversion of Loan to Equity | Loans & Advances Taken (Balance) |
| Parakramsinh G. Jadeja | 12.00 | - | - | - | 6.95 | - | - | 6.95 |
| Sahdevsinh L. Jadeja | 4.20 | 0.10 | - | - | - | - | - | - |
| Vikramsinh R. Rana | 4.90 | - | - | - | - | - | - | - |
| Kamlesh S. Solanki | 1.10 | 0.09 | - | - | - | - | - | - |
| Maulik B. Gandhi | 0.65 | 0.05 | - | - | - | - | - | - |
| Vijay Paranjape | - | - | 0.06 | - | - | - | - | - |
| Yogesh Kathrecha | - | - | 0.06 | - | - | - | - | - |

(All amount in Rs. millions, except for share data and if otherwise stated)

**37 Fair Value Measurements**

**Financial instruments by category**

| Particulars | As at March 31, 2023 | | | As at March 31, 2022 | | | As at March 31, 2021 | | |
|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost | FVTPL | FVTOCI | Amortised Cost |
| **Financial Assets** | | | | | | | | | |
| Investments | | | | | | | | | |
| Bonds | 2.98 | - | - | 2.59 | - | - | 2.22 | - | - |
| Mutual Fund | 30.90 | - | - | 16.99 | - | - | 16.13 | - | - |
| Shares | - | - | - | - | - | - | - | - | 0.20 |
| Other Non-Current Financial Assets | - | - | 100.47 | | | 49.76 | - | - | 118.92 |
| Trade receivables | - | - | 1,458.78 | | | 2,001.90 | - | - | 2,166.40 |
| Cash & Cash Equivalents | - | - | 160.92 | | | 24.44 | - | - | 101.15 |
| Other Balances with banks | - | - | 121.97 | | | 201.21 | - | - | 123.47 |
| Loans | - | - | 59.30 | | | 48.51 | - | - | 47.22 |
| Other Current Financial Assets | - | - | 1,410.72 | | | 331.40 | - | - | 513.31 |
| **Total Financial Assets** | **33.88** | **-** | **3,312.16** | **19.58** | **-** | **2,657.22** | **18.35** | **-** | **3,068.67** |
| **Financial Liabilities** | | | | | | | | | |
| Borrowings (including current maturities and interest accrued but not due) | - | - | 8,349.74 | - | - | 7,921.57 | - | - | 7,251.17 |
| Trade Payables | - | - | 4,129.91 | - | - | 2,953.61 | - | - | 3,119.21 |
| Other Financial Liabilities | - | - | 397.58 | - | - | 308.80 | - | - | 629.01 |
| **Total Financial Liabilities** | **-** | **-** | **12,878.23** | **-** | **-** | **11,184.98** | **-** | **-** | **10,999.39** |

**I. Fair value hierarchy**

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

Quoted prices in an active market (Level 1): This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

Valuation techniques with observable inputs (Level 2): This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices). This level of hierarchy includes the Group's investments in Gold Funds; prices of which have been derived from MCX.

Valuation techniques with significant unobservable inputs (Level 3): This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or inpart, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. This level includes investment in unquoted equity shares.

(All amount in Rs. millions, except for share data and if otherwise stated)

**37 Fair Value Measurements (Contd.)**

| Particulars | As at March 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | |
| Investment in Mutual Fund | 30.90 | - | - | 30.90 |
| Investments in Gold Bonds | | 2.98 | - | 2.98 |
| | **30.90** | **2.98** | **-** | **33.88** |
| **Financial Liabilities** | - | - | - | - |
| | **-** | **-** | **-** | **-** |

| Particulars | As at March 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | |
| Investment in Mutual Fund | 16.99 | - | - | 16.99 |
| Investments in Gold Bonds | | 2.59 | | 2.59 |
| | **16.99** | **2.59** | **-** | **19.58** |
| **Financial Liabilities** | - | - | - | - |
| | **-** | **-** | **-** | **-** |

| Particulars | As at March 31, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial Assets** | | | | |
| Investments in Gold Bonds | - | 2.22 | - | 2.22 |
| Investment in Share | - | - | 0.20 | 0.20 |
| Investment in Mutual Fund | 16.13 | - | - | 16.13 |
| | **16.13** | **2.22** | **0.20** | **18.55** |
| **Financial Liabilities** | - | - | - | - |
| | **-** | **-** | **-** | **-** |

> **Financial Assets:**
The Carrying amounts of trade receivables, loans and advances to related parties and other financial assets, cash and cash equivalents are considered to be the approximately equal to the fair values.

> **Financial Liabilities**
Fair values of Loans from banks, other financial liabilities and trade payables are considered to be approximately equal to the carrying values.

> Investments carried at fair value are generally based on market price quotations. The investments included in the level 3 of the fair value hierarchy have been valued using the cost approach to arrive at their fair value. Cost of unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

> Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(All amount in Rs. millions, except for share data and if otherwise stated)

38 **Financial risk management objectives and policies**

The risk management policies of the Group are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Management has overall responsibility for the establishment and oversight of the Group's risk management framework.

In performing its operating, investing and financing activities, the Group is exposed to the Credit risk, Liquidity risk and Market risk.

38 (a) **Credit Risk**

Group have provided details of revenue from single largest customer, revenue from top 5 Customer below:

a) The following table gives details in respect of revenues generated from top customer and top 5 customers:

| Particulars | For the financial year | | |
|---|---|---|---|
| | 2022-23 | 2021-22 | 2020-21 |
| Revenue from top customer | 892.64 | 601.56 | 475.20 |
| Revenue from top 5 customers | 1,499.53 | 1,274.88 | 1,308.84 |

**Exposure to credit risk**

Financial asset for which loss allowance is measured using expected credit loss model

| Particulars | As at 31 March 23 | As at 31 March 22 | As at 31 March 21 |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalent | 160.92 | 24.44 | 101.15 |
| Trade receivables | 1,458.78 | 2,026.90 | 2,178.90 |
| Loans | 59.30 | 48.51 | 47.22 |
| Other financial assets | 1,511.19 | 381.16 | 632.23 |
| **At end of the year** | **3,190.19** | **2,481.01** | **2,959.50** |

38 (b) **Foreign currency risk**

The Group operates internationally and the major portion of business is transacted in USD, EURO & Other Currencies. The Group has sales, purchase, borrowing (etc.) in foreign currency. Consequently, the Group is exposed to foreign exchange risk.

Foreign exchange exposure is partially balanced by purchasing in goods, commodities and services in the respective currencies.

The Group evaluate exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

Foreign currency exposures (relating to Parent Company) not specifically covered by forward exchange contracts as at year end are as follows:

| Particulars | | Currency type | As at March 31 2023 | | As at March 31 2022 | | As at March 31 2021 | |
|---|---|---|---|---|---|---|---|---|
| | | | Foreign currency | Indian Rupees | Foreign currency | Indian Rupees | Foreign currency | Indian Rupees |
| Borrowing | | | - | - | - | - | - | - |
| | | Euro | 29,02,787 | 260.30 | 31,52,365 | 266.91 | 32,92,354 | 283.47 |
| | | USD | 98,45,062 | 814.40 | 1,06,79,928 | 809.65 | 1,27,10,988 | 934.32 |
| Trade payables | | | | | | | | |
| | | Euro | 16,14,341 | 144.66 | 15,98,164 | 135.32 | 24,84,575 | 213.92 |
| | | USD | 7,50,240 | 61.68 | 2,69,490 | 20.43 | 6,35,812 | 46.74 |
| | | JPY | - | - | 7,50,000 | 0.47 | - | - |
| | | GBP | - | - | 1,612 | 0.16 | - | - |
| | | CHF | - | - | - | - | 39,383 | 3.05 |
| Trade receivables | | USD | 48,93,195 | 438.47 | 12,98,780 | 98.46 | 11,99,118 | 88.14 |
| | | EURO | 20,14,179 | 165.60 | 60,01,207 | 508.12 | 54,15,492 | 466.27 |
| Loans & Advance Given | | EURO | 83,03,269 | 744.04 | 2,43,60,695 | 2,062.62 | 2,37,41,671 | 2,044.13 |

Foreign currency sensitivity
0.5 % increase or decrease in foreign exchange rates will have the following impact on profit before tax

| Particulars | As at March 31 2023 | | As at March 31 2022 | | As at March 31 2021 | |
|---|---|---|---|---|---|---|
| | 0.5 % increase | 0.5 % decrease | 0.5 % increase | 0.5 % decrease | 0.5 % increase | 0.5 % decrease |
| Borrowing | (5.37) | 5.37 | (5.38) | 5.38 | (6.09) | 6.09 |
| Trade payables | (1.03) | 1.03 | (0.78) | 0.78 | (1.32) | 1.32 |
| Trade receivables | 3.02 | (3.02) | 3.03 | (3.03) | 2.77 | (2.77) |
| Loans & Advance Given | 3.72 | (3.72) | 10.31 | (10.31) | 10.22 | (10.22) |

38 (c) **Interest rate risk**

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 Group has interest rate risk exposure mainly from changes in rate of interest on borrowing & on deposit with bank. The interest rate are disclosed in the respective notes to the financial statements. The following table analyse the breakdown of the financial assets and liabilities by type of interest rate:

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| **Financial assets** | | | |
| Interest bearing | | | |
| - fixed interest rate | | | |
| Other bank balances | 121.97 | 201.21 | 123.47 |
| | | | |
| Non interest bearing | | | |
| Loans | 59.30 | 48.51 | 47.22 |
| Other non current assets | 240.78 | 243.89 | 107.76 |
| Cash and cash equivalents | 160.92 | 24.44 | 101.15 |
| Other current financial assets | 1,410.72 | 331.40 | 513.31 |
| Trade receivables | 1,458.78 | 2,001.90 | 2,166.40 |
| | | | |
| **Financial Liabilities** | | | |
| Interest bearing | | | |
| - floating interest rate borrowings | 7,054.62 | 7,371.18 | 6,874.34 |
| - fixed interest rate borrowings | 1,104.60 | 448.50 | 369.83 |
| | | | |
| Non interest bearing | | | |
| Borrowings | 190.52 | 101.89 | 7.00 |
| Trade payables | 4,129.91 | 2,953.61 | 3,119.21 |
| Other financial liabilities | 397.58 | 308.80 | 629.01 |

**Interest rate sensitivity**

50 basis points increase or decrease in floating rate will have the following impact on profit before tax

| Particulars | As at 31 March 2023 | As at 31 March 2022 | As at 31 March 2021 |
|---|---|---|---|
| Increase in basis points | 50.00 | 50.00 | 50.00 |
| Effect on profit before tax | 35.27 | 36.86 | 34.37 |
| | | | |
| Decrease in basis points | 50.00 | 50.00 | 50.00 |
| Effect on profit before tax | -35.27 | -36.86 | -34.37 |

39 (a) **Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to maintain optimum levels of liquidity at all times to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt and overdraft from banks at an optimised cost.

The Group's maximum exposure to credit risk for the components of the balance sheet at 31 March 2023, 31 March 2022 and 31 March 2021 is the carrying amounts. The liquidity risk is managed on the basis of expected maturity dates of the financial liabilities. The average credit period taken to settle trade payables is about 90 days. The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair value. The following table analysis financial liabilities by remaining contractual maturities:

| Particulars | <1 Yr or on Demand | 1-5 Yr | > 5yr | Total |
|---|---|---|---|---|
| **As at 31 March 2023** | | | | |
| Borrowings | 7,066.51 | 1,233.60 | 49.63 | 8,349.74 |
| Other financial liabilities | 397.58 | - | - | 397.58 |
| Trade payables | 4,129.91 | - | - | 4,129.91 |
| | **11,594.00** | **1,233.60** | **49.63** | **12,877.24** |
| **As at 31 March 2022** | | | | |
| Borrowings | 5,531.10 | 1,763.23 | 627.24 | 7,921.57 |
| Other financial liabilities | 308.80 | - | - | 308.80 |
| Trade payables | 2,953.61 | - | - | 2,953.61 |
| | **8,793.51** | **1,763.23** | **627.24** | **11,183.98** |
| **As at 31 March 2021** | | | | |
| Borrowings | 5,435.93 | 1,390.18 | 425.06 | 7,251.17 |
| Other financial liabilities | 629.01 | - | - | 629.01 |
| Trade payables | 3,119.21 | - | - | 3,119.21 |
| | **9,184.15** | **1,390.18** | **425.06** | **10,999.39** |

At present, the Group does expects to repay all liabilities at their contractual maturity. In order to meet such cash commitments, the operating activity is expected to generate sufficient cash inflows.

39 (b) **Capital management**

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep optimum gearing ratio. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

**In Inr Millions**

| **Particulars** | **As at 31 March 2023** | **As at 31 March 2022** | **As at 31 March 2021** |
|---|---|---|---|
| Borrowings | 8,349.74 | 7,921.57 | 7,251.17 |
| Trade payables | 4,129.91 | 2,953.61 | 3,119.21 |
| Other financial liabilities | 397.58 | 308.80 | 629.01 |
| Less: cash and cash equivalents | (160.92) | (24.44) | (101.15) |
| **Net debt (A)** | **12,716.31** | **11,159.54** | **10,898.24** |
| | | | |
| Equity share capital | 329.29 | 294.79 | 294.79 |
| Other equity | 491.35 | 116.74 | 831.07 |
| Total member's capital (B) | **820.64** | **411.54** | **1,125.86** |
| **Capital and net debt (C=A+B)** | **13,536.95** | **11,571.07** | **12,024.11** |
| **Gearing ratio (%) (A/C)** | **93.94** | **96.44** | **90.64** |

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

# JYOTI CNC AUTOMATION LIMITED

**Notes to Restated Consolidated Statements**

(All amount in Rs. millions, except for share data and if otherwise stated)

**40 Analytical Ratios**

**Notes to Restated Summary Statements**

| Sr. No. | Particulars | Numerator | Denominator | March 31, 2023 | March 31, 2022 | March 31, 2021 | Deviation | Deviation | Reason |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Currrent Liabilities | 0.93 | 0.89 | 0.89 | 3.79% | 0.43% | |
| 2 | Debt - Equity Ratio | Total Liabilities | Shareholders Equity | 10.17 | 19.25 | 6.44 | -47.14% | 198.87% | Deviation is on account of Increase in Equity Balance |
| 3 | Debt Service Coverage Ratio | Earnings available for debt service | Debt Service | 0.09 | 0.06 | 0.04 | 57.09% | 36.98% | Due to Increase in Profit |
| 4 | Return on Equity | Profit After Tax | Average Shareholders Equity | 24.44% | -62.88% | -46.48% | -138.87% | 35.29% | Due to Increase in Profit |
| 5 | Inventory Turnover | Cost of Goods Sold | Average Inventory | 1.05 | 0.97 | 0.78 | 7.70% | 24.67% | |
| 6 | Trade Receivables Turnover | Net Credit Sales | Average Accounts Receivable | 5.37 | 3.58 | 2.80 | 49.94% | 27.89% | Due to increase in Sales |
| 7 | Trade Payables Turnover | Net Credit Purchase | Average Accounts Payable | 2.01 | 1.41 | 1.19 | 42.23% | 18.40% | Due to increase in Net Purchase |
| 8 | Net Capital Turnover Ratio | Net Sales | Working Capital | (9.94) | (6.50) | (4.70) | 53.09% | 38.33% | Due to improvement in working capital and increase in Turnover |
| 9 | Net Profit Ratio | Net Profit | Net Sales | 0.02 | (0.06) | (0.12) | -125.03% | -46.55% | Due to reduction in losses |
| 10 | Return on Capital Employed | Earnings Before Interest, Depreciation & Taxes | Capital Employed | 9.50% | 4.85% | 0.47% | 95.71% | 932.51% | Due to increase in EBIDTA |

(All amount in Rs. millions, except for share data and if otherwise stated)

**41 Corporate Social Responsibility Expenses**

A Gross Amount required to be spent by the Company

| **Particuar** | **As at 31 March 2023** | **As at 31 March 2022** | **As at 31 March 2021** |
|---|---|---|---|
| a) Gross Amount to be spend by the company | 0.53 | 2.47 | 6.04 |
| b) Approved by Board | 0.53 | 2.47 | 6.04 |

B Amount spent during the year on:

| **Particulars** | **As at March 31, 2023** | | |
|---|---|---|---|
| | **In Cash** | **Yet to be paid** | **Total** |
| i) Construction/ Acquisition of any Assets | - | - | - |
| ii) Purposes other than (i) above | 0.53 | - | 0.53 |

| **Particulars** | **As at March 31, 2022** | | |
|---|---|---|---|
| | **In Cash** | **Yet to be paid** | **Total** |
| i) Construction/ Acquisition of any Assets | - | - | - |
| ii) Purposes other than (i) above | 2.47 | - | 2.47 |

| **Particulars** | **As at March 31, 2021** | | |
|---|---|---|---|
| | **In Cash** | **Yet to be paid** | **Total** |
| i) Construction/ Acquisition of any Assets | - | - | - |
| ii) Purposes other than (i) above | 6.04 | - | 6.04 |

C Company has no Carry Forward Shortfall for CSR Expense for amount to be spent in CSR Expense

D The Company does not make any CSR transaction with Related party

E The nature of CSR activities undertaken by the Company as below:

| **Particular** | **Year Ended March 31, 2023** | **Year Ended March 31, 2022** | **Year Ended March 31, 2021** |
|---|---|---|---|
| 1. Promoting Education | - | 0.91 | 0.58 |
| 2. Skill Development | - | 0.54 | 4.12 |
| 3. Promoting Cleanliness | 0.53 | 1.03 | 1.34 |
| **Total** | **0.53** | **2.47** | **6.04** |

**42 Research & Development Expenditure**

| **Particular** | **Year Ended March 31, 2023** | **Year Ended March 31, 2022** | **Year Ended March 31, 2021** |
|---|---|---|---|
| **Capital Expenditure** | **147.95** | **31.48** | **26.73** |
| **Revenue Expenditure** | **277.43** | **101.64** | **107.96** |
| Purchase of Goods | 159.98 | - | 11.25 |
| Other Exp | - | - | 4.06 |
| Salary & Wages | 117.45 | 101.64 | 96.71 |

(All amount in Rs. millions, except for share data and if otherwise stated)

**43** The company started building medical devise, mainly ventilators in view of the global pandemic which struck India in March 2020 as a good Corporate measure towards social responsibility and as a goodwill gesture to fight this unknown disease. The company does not have any intention to pursue the said business in future and hence shall not form part of the overall portfolio of business going forward. Accordingly the company has not disclosed information under Segment Reporting as this has not been considered as an Operating Segment.

The Following table shows distribution of the company's net revenue by geographical market, regardless of where the goods were produced :-

| Particular | Year Ended March 31, 2023 | Year Ended March 31, 2022 | Year Ended March 31, 2021 |
|---|---|---|---|
| Within India | 6,880.64 | 6,158.91 | 3,985.38 |
| Outside India | 2,410.95 | 1,304.96 | 1,815.21 |
| **Total** | **9,291.59** | **7,463.88** | **5,800.59** |

**44** The outstanding balances as at March 31, 2023 in respect of Trade Payables, Trade Receivables, Loans & Advances and deposits are subject to confirmation from respective parties and consequential reconciliation and/or adjustments arising there from, if any. The Management, however, does not expect any material variation.

**45** According to the opinion of the Management, the value of realization of current assets, loans and advances and other receivables in the ordinary course of business would not be less than the amount at which they are stated in the Balance Sheet.

**46 Additional Regulatory Information Required by Schedule III**

**A. Details of Benami Property held**

No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

**B. Borrowing secured against current**

The Group has borrowings from banks on the basis of security of current assets. The quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of accounts.

**C. Wilful Defaulter**

None of the entities in the Group have been declared wilful defaulter by any bank or financial institution or government or any government authority.

**D. Relationship with Struck off Companies under section 248 of the Companies Act, 2013**

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956

**E. Registration of charges or satisfaction with Registrar of Companies**

The parent company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**F. Compliance with number of layers of companies**

The parent company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.

**G. Compliance with approved Scheme(s) of Arrangements**

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**H. Undisclosed Income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**I. Details of crypto currency or virtual currency**

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

**J. Valuation of PP&E, intangible asset and investment property**

The Group has not revalued its property, plant and equipment (including right-of-use assets) or intangible assets or both during the current or previous year

As per our report of even date
For M/s G.K. Choksi & Co.
Chartered Accountant

For & on behalf of the Board,

Parakramsinh G. Jadeja
Managing Director

Vikramsinh R. Rana
Whole - Time Director

Himanshu C. Vora
Partner
Membership No. 103203

Maulik B. Gandhi
Company Secretary

Kamlesh S. Solanki
Chief Financial Officer

Place : Mumbai
Date : 29/08/2023

Place : Rajkot
Date : 29/08/2023

## OTHER FINANCIAL INFORMATION

**Accounting ratios derived from the Restated Consolidated Financial Statements**

The accounting ratios derived from Restated Consolidated Financial Statements required to be disclosed under the SEBI ICDR Regulations are set forth below. The table below should be read in conjunction with the sections titled '*Risk Factors*', '*Financial Information*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*', on pages 33, 251 and 312, respectively:

| 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 |
|---|---|---|---|
| | Consolidated | Consolidated | Consolidated |
| Earnings per share (basic)[1] (in ₹) | 0.10 | (0.33) | (0.48) |
| Earnings per share (diluted)[2] (in ₹) | 0.10 | (0.33) | (0.48) |
| Return on net worth[3] (%) | 18.35% | (117.37%) | (62.20%) |
| Net asset value per Equity Share (in ₹)[4] | 5.57 | 2.79 | 7.64 |
| EBITDA[5] (in ₹ million) | 973.79 | 726.62 | 316.89 |

***Notes:***

1. *Basic EPS (₹) = Basic earnings per share are calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year after taking into consideration the sub-division.*
2. *Diluted EPS (₹) = Diluted earnings per share are calculated by dividing the profit/ (loss) for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the year as adjusted for the effects of all dilutive potential Equity Shares during the year after taking into consideration the sub-division.*
3. *Return on net worth is calculated as profit/ (loss) for the year divided by total equity.*
4. *Net asset value per equity share is calculated as total equity divided by weighted average number of equity shares after taking into consideration the sub-division.*
5. *EBITDA is calculated as profit/ (loss) for the year less exceptional items and other income plus finance costs, depreciation and amortisation, and total income tax expenses.*

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of our Company as at and for Fiscals 2023, 2022 and 2021 (collectively, the **"Audited Standalone Financial Statements**") are available on our website at www.jyoti.co.in. The financial statements of the Material Subsidiaries for Fiscals 2023, 2022 and 2021have been uploaded on our website at www.jyoti.co.in.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Standalone Financial Statements and reports thereon do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere.

The Audited Standalone Financial Statements and reports thereon should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company or any entity in which our Shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. None of the entities specified above, nor any of their advisors, nor BRLMs, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Standalone Financial Statements, or the opinions expressed therein.

**Reconciliation of non-GAAP measures**

Reconciliation for the following non-GAAP financial measures included in this section, is set out below:

***Reconciliation of Profit/ (loss) for the Year to EBITDA and EBITDA Margin***

The table below reconciles restated profit for the year to EBITDA. EBITDA is calculated as profit/ (loss) for the year minus other income exceptional items plus finance costs, depreciation and amortisation and total income tax expenses, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **Consolidated** | **Consolidated** | **Consolidated** |
| | **(₹ million, unless otherwise stated)** | | |
| **Profit for the year (I)** | 150.60 | (483.00) | (700.29) |
| Other income (II) | 233.41 | 35.74 | 100.33 |
| Finance costs (III) | 897.02 | 821.99 | 755.12 |
| Depreciation and amortization expense (IV) | 336.18 | 357.86 | 377.84 |
| Total income tax expense (V) | 127.90 | 65.50 | (15.44) |
| Exceptional Items (VI) | 304.50 | - | - |
| **EBITDA (VII = I-II+III+IV+V-VI)** | **973.79** | **726.62** | **316.89** |
| Revenue from operations (VIII) | 9,292.59 | 7,464.87 | 5,800.59 |
| **EBITDA Margin (%) (IX) = (VII/VIII)** | **10.48%** | **9.73%** | **5.46%** |

***Reconciliation of total equity to net asset value per equity share***

The table below reconciles total equity to net asset value per equity share. Net asset value per equity share is calculated as total equity divided by weighted average number of equity shares.

| **Particulars** | **As at** | | |
|---|---|---|---|
| | **March 31, 2023** | **March 31, 2022** | **March 31, 2021** |
| | **Consolidated** | **Consolidated** | **Consolidated** |
| Total equity (I) (₹ million) | 820.63 | 411.54 | 1,125.86 |
| Weighted average number of equity shares (II) | 147,444,090 | 147,396,830 | 147,396,830 |
| **Net Asset Value per equity share (III) = (I/II) (₹ per share)** | 5.57 | 2.79 | 7.64 |

**Related Party Transactions**

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e., Ind AS 24 'Related Party Disclosures' for Fiscals 2023, 2022 and 2021, read with the SEBI ICDR Regulations, and as reported in the Restated Consolidated Financial Statements, see '*Restated Consolidated Financial Statements - Note 36 - Related Party Disclosures*' on page 286.

## FINANCIAL INDEBTEDNESS

Our Company avail loans in the ordinary course of its business for the purposes of capital expenditure, working capital and other business requirements. For details of the borrowing powers of our Board, please see the chapter entitled '*Our Management - Borrowing Powers of our Board*' on page 223.

Our Company has obtained the necessary consents required under the loan agreements entered into in connection with and for undertaking activities in relation to the Issue, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents including amending the Memorandum of Association and Articles of Association of our Company, change in the management or board composition, as applicable.

The following table sets forth the details of our aggregate outstanding borrowings, on a consolidated basis, as on July 31, 2023:

*(in ₹ million)*

| Category of borrowing | Sanctioned amount | Amount outstanding as on July 31, 2023* |
|---|---|---|
| **Secured** | | |
| **Fund based borrowings** | | |
| Term loans | 2,339.37 | 1,672.94 |
| Cash credit/ Working capital demand loans (including stand by letter of credit availed by our Company) | 5,026.65 | 4,965.66 |
| **Total fund based borrowings (A)** | **7,366.02** | **6,638.60** |
| **Non fund based borrowings** | | |
| Letter of credit/Bank guarantee | 1,262.99 | 1,246.89 |
| Standby letter of credit | 507.90 | 507.90 |
| **Total Non fund based borrowings (B)** | **1,770.89** | **1,754.79** |
| **Unsecured** | | |
| Demand loan** | 3,577.14 | 1,977.14 |
| **Total unsecured borrowings (C)**** | 3,577.14 | **1,977.14** |
| **Total borrowings (A + B +C)** | **12,714.04** | **10,370.53** |

*As certified by G.K. Choksi & Co. Chartered Accountants, the Statutory Auditor of our Company through certificate dated August 30, 2023.*
**The sanctioned amount and the outstanding amount has been converted into INR at the conversion rate of Euro / USD as of July 31, 2023.*
***An amount of ₹ 899.36 million has been converted into Equity Shares after July 31, 2023. For further details, see 'Capital Structure' on page 81.*

A brief summary of the financial indebtedness of our outstanding borrowings, on a consolidated basis, as on July 31, 2023 is set out below:

*Term Loans*

i. **Our Company**

Set out below are brief details of the term loan facilities availed by our Company from its lenders:

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| **Union Bank of India** | | | | | |
| 1. | Term Loan under Covid Guarantee | 192.50 | 147.00 | 1 year MCLR + 0.60% or 9.25% | 5 years from date of first |

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| | Emergency Credit Line (GECL 2.0) for business purposes like payment of statutory dues, procurement of raw materials, payment of creditors, etc. | | | whichever is lower | disbursement / first utilization and with 1 year moratorium from first disbursement |
| 2. | Term Loan under the extension scheme of Covid Guarantee Emergency Credit Line 2.0 Term Loan (GECL 2.0 Extension) for business purpose like statutory dues, procurement of raw materials etc. | 96.20 | 96.20 | 1 year MCLR + 0.60% or 9.25% whichever is lower | 6 years from date of first disbursement / first utilization and with 2 year moratorium from first disbursement |
| **IDBI Bank Limited** | | | | | |
| 3. | Term Loan under Covid Guarantee Emergency Credit Line (GECL 2.0) to meet the working capital needs due to temporary liquidity mismatch arising out of COVID | 67.00 | 43.20 | 1 year MCLR + 1.00% p.a. subject to maximum of 9.25 % p.a. | 5 years from the date of disbursement including moratorium of 1 year for repayment of principal amount |
| 4. | Term Loan under Covid Guarantee Emergency Credit Line 2.0 (GECL 2.0 Extension) (Scheme) to meet the working capital needs due to temporary liquidity mismatch arising out of COVID | 47.60 | 47.60 | 1 year MCLR + 0.60% or 9.25% whichever is lower | 6 years from date of first disbursement including moratorium of 2 years for repayment of principal amount |
| **Bank of India** | | | | | |
| 5. | Term Loan under Star Guaranteed Emergency Credit Line (STAR GECL 2.0) to meet the temporary liquidity mismatch arising out of COVID | 240.90 | 172.60 | 1% over 1 year MCLR | 4 years after initial moratorium of 1 year |
| 6. | Term Loan under Star Guaranteed Emergency Credit Line (STAR GECL Extension) to | 49.60 | 49.60 | 1% over 1 year MCLR | 4 years after initial moratorium of 2 years |

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| | meet the temporary liquidity mismatch arising out of COVID | | | | |
| **Bank of Baroda** | | | | | |
| 7. | Term Loan under BOB Guaranteed Emergency Credit Line Scheme 2.0 (BGECL 2.0) for providing additional working capital term loan / non fund based limits to meet liquidity mismatch due to COVID | 57.20 | 41.20 | 1% over 1 Year MCLR (without SP) | 5 years from the date of disbursement including moratorium of 1 year from first disbursement |
| 8. | Term Loan under the BOB Guaranteed Emergency Credit Line Scheme 2.0 (BGECL 2.0) to meet the liquidity mismatch arising out of COVID | 32.00 | 32.00 | 1% over 1 Year MCLR subject to maximum of 9.25 % p.a. | 6 years including moratorium of 2 years from first disbursement |
| **Punjab National Bank** | | | | | |
| 9. | Term Loan under GECL 2.0 to meet operational liabilities | 77.00 | 63.20 | 1 year MCLR subject to maximum of 9.25% | 5 years including moratorium of 12 months. |
| 10. | Term Loan under GECL 2.0 (Extension) to meet operational liabilities | 42.70 | 42.70 | MCLR (1 year) + 1%, whichever is lower, subject to maximum of 9.25% | 6 years including moratorium of 24 months. |
| 11. | Term Loan for purchase of plant and machinery | 126.00 | 107.90 | 1 year MCLR + 4.50% | 8 years including moratorium of 12 months |
| **Saurashtra Gramin Bank** | | | | | |
| 12. | Term Loan (GECL) to meet operational liabilities | 100.00 | 100.00 | 9.25% per annum | 6 years including moratorium of 24 months |
| **Export-Import Bank of India** | | | | | |
| 13. | Term Loan for onward lending to Jyoti SAS and further on lending to Huron Graffenstaden SAS towards long term working capital requirements | 987.00* | 542.85* | SOFR (3M) +445 bps p.a. | 8 years including a moratorium of 3 years from the date of first disbursement |

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| **Electronica Finance Limited** | | | | | |
| 14. | Machine Loan | 4.72 | 4.38 | 12.50% | 48 Months |
| **Cholamandlam Investment and Finance Company Limited** | | | | | |
| 15. | Term Loan (Equipment Finance) | 39.90 | 29.90 | 12.50% | 12 Months |
| 16. | Term Loan (Machinery) | 7.68 | 4.74 | 12.50% | 48 Months |
| **Total** | | **2,168.00** | **1,525.07** | | |

**The sanctioned amount of USD 12 million and the outstanding amount of USD 6.6 million has been converted into INR at the conversion rate of 1 USD = ₹ 82.25 as of July 31, 2023 (Source: www.fbil.org.in).*

ii. **Huron Graffenstaden SAS**

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| **NATIXIS** | | | | | |
| 1. | Housing Loan for Employees | 39.56* | 33.84* | 3.2268% | 18 Years |
| **Total** | | **39.56** | **33.84** | | |

*****_The sanctioned amount of Euro 436,680.33/- and the outstanding amount of Euro 373,574.84/- has been converted into INR at the conversion rate of 1 Euro = ₹ 90.59 as of July 31, 2023._

iii. **Jyoti SAS**

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| **BPI France** | | | | | |
| 1. | Cash Flow Reinforcement | 90.59* | 90.59* | 2.25% | 6 Years |
| **Banque Populaire** | | | | | |
| 2. | House | 41.22** | 23.44** | 1.35% | 12 Years |
| **Total** | | **131.81** | **114.03** | | |

***** _The sanctioned amount of Euro 1 million and the outstanding amount of Euro 1 million has been converted into INR at the conversion rate of 1 Euro = ₹ 90.59 as of July 31, 2023, respectively_

****** _The sanctioned amount of Euro 4,55,000/- and the outstanding amount of Euro 2,58,710.80/- has been converted into INR at the conversion rate of 1 Euro = ₹ 90.59 as of July 31, 2023._

*Working Capital Loans and Non-Fund based Borrowings*

i. **Company**

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| **Union Bank of India** | | | | | |
| 1. | Working Capital (Cash Credit and FDBN / FDBP / FDBD / PSCFC/ RACB, PCL/PCFC, Inland / Import Letter of Credit / Standby Letter of Credit) | 2,029.20 | 2,022.90 | 1 year MCLR + 1.65 %* + 2.60% | 1 year |
| **State Bank of India** | | | | | |
| 2. | Working Capital (Cash Credit, Letter of Credit, Bank Guarantee, Letter of Credit / Standby Letter of Credit) | 1,395.50** | 1,386.40 | MCLR 6 Month + 2%<br><br>Commission of 2.30% p.a. bank guarantee charges (financial inland) and 2.20% p.a. bank guarantee charges (performance inland) | Repayable on demand |
| **IDBI Bank Limited** | | | | | |
| 3. | Working Capital (Cash Credit, Working Capital Demand Loan, Bank Guarantee with further sub-limits) | 515.00 | 511.50 | MCLR 1 year +4.45% | 1 year |
| **Bank of India** | | | | | |
| 4. | Working Capital (Cash Credit) | 496.00 | 495.90 | 1 Year MCLR 7.25% + BSS 0.30% + CRP 6.00% less concession of 3.00% | 1 year (Repayable on Demand) |
| **Bank of Baroda** | | | | | |
| 5. | Working Capital (Cash Credit) | 320.00 | 318.40 | 3.50% over 1 year MCLR + SP (0.25%) | 1 year |
| **Punjab National Bank** | | | | | |
| 6. | Working Capital (Cash Credit (Stocks and Book Debt)) | 200.00 | 200.00 | 1 year MCLR + 4.50% | 1 year |

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023)<br><br>(in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| **Saurashtra Gramin Bank** | | | | | |
| 7. | Working Capital Demand Loan | 400.00 | 400.00 | 10.25% | 1 year (Repayable on demand) |
| **Total** | | **5,355.70** | **5,335.10** | | |

**For an ad-hoc limit of ₹50 million the rate of interest is MCLR + 1.65 %* + 2.60%*
*Note: Union Bank of India, State Bank of India, Bank of India, IDBI Bank Limited, Bank of Baroda, Punjab National Bank (erstwhile, E-Oriental Bank of Commerce) and Saurashtra Garmin Bank, are part of a consortium of lenders with Union Bank of India as the lead bank.*
***While our Company has also been sanctioned a one time cash credit limited of ₹ 3,370.00 million, our Company does not intend to avail of this sanctioned limit.*

ii. **Huron Graffenstaden SAS**

| Sr. No. | Purpose | Amount Sanctioned (in ₹ million) | Amount Outstanding (as on July 31, 2023) (in ₹ million) | Rate of Interest/ Commission | Tenure / Tenor |
|---|---|---|---|---|---|
| **SBI Antwerp** | | | | | |
| 1. | Working Cap | 1,358.68* | 1,302.20* | 3M Euribor+3.25% | N.A. |
| **Total** | | **1,358.68** | **1,302.20** | | |

* *The sanctioned amount of Euro 15 million and the outstanding amount of Euro 1,43,76,465/- has been converted into INR at the conversion rate of 1 Euro = ₹ 90.59 as of July 31, 2023.*

Principal terms of the financial arrangements entered into by our Company are disclosed below:

1. ***Penal Interest***: The terms of certain financing facilities availed by our Company prescribes penalties for non-compliance of certain obligations by our Company. These include, *inter alia*, delay in payment of or non-payment of instalments or interest, irregularity in cash credit, non-submission / delay in stock statement, non-submission of renewal data, non-compliance with covenants, use of funds for anything other than the purpose for which the loan was availed, non-payment / non acceptance of demand / usance bills of exchange on presenting at due dates etc.

2. ***Pre-payment***: Some of the terms of facilities availed by our Company have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties as laid down in the facility agreements.

3. ***Events of Default***: The financing arrangements entered into by our Company contain standard events of default, including:

    i. Default in performance of covenants, conditions or agreements in respect of the loan;

    ii. Default in payment of EMIs or any other amounts due to the lender;

    iii. Any unauthorized modification in the shareholding pattern of our Company including issuance of new shares in the share capital of our Company;

    iv. Any action taken or legal proceedings initiated for winding up, dissolution, or reorganisation or for appointment of receiver, trustee or similar officer of any of Company’s assets;

v. Any information provided by our Company for financial assistance found to be misleading or incorrect in any material respect;

The details above are indicative and there are additional terms that may amount to an event of default under the financing arrangements entered into by our Company. Our Company is required to ensure that the aforementioned events of default and other events of default, as specified under the agreements relating to the financing arrangements entered into by our Company, are not triggered.

4. ***Consequences of Events of Default:*** The financing arrangements entered into by our Company set out the consequences of occurrence of events of default, including:

i. Obligation on part of the lender to make or continue to make the loan available, stands terminated;

ii. The lender may demand all or any part of the amount due together with accrued interest and all other amounts accrued shall become due and payable immediately;

iii. The lender may, without any prior notice to our Company, enforce any and/or all security created in its favour;

iv. The lender may levy additional/ default interest;

v. The lender may apply or appropriate or set off any credit balance standing on our Company's account with the lender towards satisfaction of any sum due;

vi. The lender may exercise powers to recall the advance and take recovery action including action under the Securitisation and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002;

vii. The lender may invoke guarantees of the guarantors or any other contractual comfort that may have been provided;

viii. The lender may cancel the undrawn commitment and suspend withdrawals under the facility; or

ix. The lender will have the right to appoint a nominee and/or observer on the Board.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific financing arrangements entered into by our Company.

5. ***Restrictive Covenants***: Certain financing arrangements entered into by us contain restrictive covenants. An indicative list of such restrictive covenants is disclosed below. Our Company shall not without the prior approval of the lenders:

i. Enter into borrowing arrangements either secured or unsecured with any other bank/financial institutions, or otherwise or accept deposits apart from the existing arrangement;

ii. Invest by way of share capital in or lend or advance funds to or place deposits with any concern: normal trade credit or security deposits in the normal course of business or advances to employees can, however, be extended;

iii. Mortgage, lease, surrender or alienation of property or any part thereof;

iv. Enter into any agreement or arrangement with any person, institution or local or government body for the use, occupation or disposal of the property or any part thereof during the pendency of the loan;

v. Enter into any scheme of merger, demerger, acquisition, reorganisation, scheme of arrangement or reconstruction;

vi. Declare any dividend if it fails to meet its interest payment obligations, make any investments by way of share capital or debentures and/ or advance funds to any party other than in the normal course of business;

vii. Recognize or register any transfer of shares in our Company's shareholding pattern/capital made or to be made by the promoters and their associates;

viii. Change or cause to change its shareholding pattern/ extent and nature of holding of the body corporate and/ or its directors/ partners/ designated partner and/or its constituent documents in the nature of Memorandum of Association etc.;

ix. Permit any significant change in the nature of business of our Company, ownership or control of our Company;

x. Escrow or create any charge, lien or other encumbrance in any form over future cash flows;

xi. Make any change in the credit rating agency of the Company;

xii. Repay/ prepay or service any unsecured/ secured loans from the Promoter Group/ Directors and such loans from the Promoter Group/ Directors shall, during the tenor of the credit facility availed;

xiii. Infuse additional share capital or shareholders into our Company; or

xiv. Undertake any guarantee obligations on behalf of any third party.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific financing arrangements entered into by our Company.

For further details of financial and other covenants required to be complied with in relation to our borrowings, see "*Risk Factors - We have incurred significant indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial conditions. Conditions and restrictions imposed on us by the agreements governing our indebtedness could adversely affect our ability to operate our business.*" on page 43.

For further details pertaining to our indebtedness, see '*Restated Consolidated Financial Statements*' on page 251.

## CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at March 31, 2023 on the basis of our Restated Consolidated Financial Statements. This table should be read in conjunction with '*Risk Factors*', '*Management's Discussion and Analysis of Financial Condition and Results of Operations*', '*Restated Consolidated Financial Statements*' on pages 33, 312 and 251, respectively.

*(in ₹ million, except ratios)*

| Particulars | | Pre-Issue as at March 31, 2023(1) | Post-Issue(2) |
|---|---|---|---|
| Current borrowings (excluding current maturity) | | 6,579.46 | |
| Non-current borrowings (including current maturity) | | 1,770.27 | [●] |
| **Total borrowings** | **(A)** | 8,349.74 | [●] |
| **Shareholders' funds:** | | | [●] |
| Equity Share capital | | 329.29 | |
| Other equity | | 491.35 | [●] |
| **Total Equity** | **(B)** | 820.63 | [●] |
| **Ratio: Total Borrowings/ Total Equity (in times)** | **(A)/(B)** | 10.17 | [●] |

*Notes:*

1. The above has been computed on the basis of the Restated Consolidated Summary Statements of Assets and Liabilities of the Company as on March 31, 2023.
2. Current borrowing is considered as borrowing due within 12 months from the balance sheet date.
3. Long term borrowing is considered as borrowing other than short term borrowing, as defined above and also includes the current maturities of long term borrowing.
4. Changes in the share capital of Company since March 31, 2023:

   a. Our Company has issued following securities post March 31, 2023.

| Date of Allotment | Number and type of securities* |
|---|---|
| June 27, 2023 | 131,426 Equity Shares |
| June 28, 2023 | 25,713 Equity Shares |
| July 03, 2023 | 28,909 Equity Shares |
| July 10, 2023 | 37,025 Equity Shares |
| July 24, 2023 | 42,652 Equity Shares |
| July 26, 2023 | 61,225 Equity Shares |
| August 01, 2023 | 4,082 Equity Shares |
| August 18, 2023 | 51,020 Equity Shares |
| August 19, 2023 | 58,40,000 Equity Shares |
| July 25, 2023 | 359,692 CCPS |
| July 26, 2023 | 33,163 CCPS |

**These securities were issued prior to the sub-division of Equity Shares and Preference Shares of our Company.*

   b. Our Company has sub-divided its Equity Shares of face value of ₹ 10 each into face value of ₹ 2 each and CCPS of face value of ₹ 10 each were sub-divided into CCPS of face value of ₹ 2 each authorised by our Board pursuant to the resolution at its meeting held on July 12, 2023 and the Shareholders pursuant to the special resolution at their meeting held on August 19, 2023.

The current paid-up issued Equity Share Capital of our Company comprises 195,757,090 Equity Shares of face value of ₹ 2 each and 19,64,275 CCPS of face value of ₹ 2 each.

5. The Authorised Share Capital of our Company as on March 31, 2023 was ₹ 470 million divided into 225,000,000 Equity Shares of face value of ₹ 2 each and 10,000,000 preference shares of face value of ₹ 2 each. The Authorised Share Capital of our Company subsequently changed. As on the date of this Draft Red Herring Prospectus the Authorised Share Capital of our Company is set out below.

| **Date of Change** | **Authorised Share Capital (₹)** | **Type of Share** | **No. of Share** | **Face Value Per Share** |
|---|---|---|---|---|
| August 19, 2023 | ₹ 470 million | Equity | 225,000,000 | ₹ 2 |
| | | Preference | 10,000,000 | ₹ 2 |
| August 19, 2023 | ₹ 570 million | Equity | 275,000,000 | ₹ 2 |
| | | Preference | 10,000,000 | ₹ 2 |

For further details please see '*Capital Structure - Equity Share capital history of our Company'* on page 82.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion is intended to convey the management's perspective on our financial condition and results of operations for Fiscal 2023, 2022 and 2021 and should be read in conjunction with 'Financial Statements' on page 251.*

*This Draft Red Herring Prospectus may include forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see 'Forward-Looking Statements' on page 21. Also see 'Risk Factors' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations - Principal Factors Affecting our Results of Operations and Financial Condition' on pages 33 and 315, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.*

*Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscal 2021, 2022 and 2023 included herein is derived from the Restated Consolidated Financial Statements, included in this Draft Red Herring Prospectus. For further information, see 'Financial Statements' on page 251.*

*Ind AS differs in certain respects from Indian GAAP, IFRS and U.S. GAAP and other accounting principles with which prospective investors may be familiar. Also see 'Risk Factor - Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus' on page* 61.

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled 'Assessment of the CNC Machining Centers Market' dated August 23, 2023, prepared by F&S which has been commissioned and paid for by our Company in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year, refers to such information for the relevant calendar year. F&S was appointed by our Company and is not connected to our Company, our Directors, our Promoters, our Key Managerial Personnel, Senior Management or BRLMs. A copy of the F&S Report is available on the website of our Company at www.jyoti.co.in. The data included herein includes excerpts from the F&S Report and may have been re-ordered by us for the purposes of presentation. Unless otherwise indicated, financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular calendar year/ Fiscal refers to such information for the relevant calendar year/ Fiscal. For further information, see 'Risk Factor - This Draft Red Herring Prospectus contains information from an industry report prepared by F&S which our Company has commissioned and paid for.' on page 54. Also see, 'Certain Conventions, Presentation of Financial, Industry and Market Data and Currency of Presentation' on page 18.*

### OVERVIEW

We are one of the world's leading manufacturers of CNC machines with the second and twelfth largest market share, in India and globally, respectively. In Fiscal 2022, we were the second largest CNC machine manufacturer in India and accounted for approximately 8% of the market share. We are a prominent manufacturer of simultaneous 5-Axis CNC machines in India and are a supplier of one of the most diverse portfolios of CNC machines in India *(Source: F&S Report)* including CNC Turning Centers, CNC Turn Mill Centers, CNC Vertical Machining Centers (VMCs), CNC Horizontal Machining Centers (HMCs), simultaneous 3-Axis CNC machining Centers, simultaneous 5-Axis CNC machining Centers and multi-tasking machines. We rely on our expertise built over 2 decades of presence and strong R& D capabilities to deliver customised solutions to our customers across diverse set of industries including aerospace and defence, auto and auto components, general engineering, EMS, dies and moulds, and others.

We offer solutions suited for transitioning towards 'Industry 4.0', including our flagship multifunctional solutions package viz. '*7th Sense*' – which is geared towards automating sophisticated diagnostic and analytical functions enabling seamless management of productivity, health and tool life of the CNC machine. The CNC machines market is expected to grow globally at a CAGR of 9.9% during CY 2023-2027. This growth is expected to be propelled by a growth in the manufacturing industries due to factors such as industrial automation, and integration of computer aided manufacturing. The surge in demand for high precision machinery from various industries including aerospace, defense and medical sector is expected to result in the increased demand for the machining centers market. (*Source: F&S Report*).

We have vertically integrated operations which we consider essential to our ability to provide technologically relevant and customized solutions that has helped us garner customers such as Space Applications Centre – ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited, and Aequs Private Limited. We have been awarded Best Metal Cutting Brands by Economic Times for 5 consecutive years from 2018 to 2022.

We offer over 200 variants across 44 series and during the last 3 Fiscals, our Company has supplied over 7,200 CNC machines to more than 3,000 customers in India and across Asia (excluding India), Europe, North America and rest of the world. Since April 1, 2004, we have supplied over 30,000 CNC machines globally. During the last 3 Fiscals we have sold our products in India and 16 other countries across the globe through our principal offices in India, France, Germany, Turkey and Canada. We sell our products in Romania, France, Poland, Belgium, Italy, and United Kingdom through Huron's established dealer network and also have 29 sales and service centres (including our sales offices located within the precincts of one of our Manufacturing Facilities in Rajkot, Gujrat) spread across 12 states in India. As of June 30, 2023, we had an order book of ₹ 31,430.56 million including an order of ₹ 2,602.50 million from an entity in the electronics manufacturing services (**EMS**) industry (as per the end-user industries as specified to us at the time of supply of machines).

Since, one of our Promoters, Parakramsinh Ghanshyamsinh Jadeja, acquired our Company in 2002, we have significantly expanded the range of our operations. Currently, our product portfolio comprises entry level products to sophisticated machines including high speed simultaneous 5-Axis, multi-purpose, multi-tasking machines. In November 2007, we acquired Huron Graffenstaden SAS (**Huron**, our step-down subsidiary), a pioneer for 5-Axis machining technology *(Source: F&S Report).* The acquisition of Huron was undertaken with the strategic objective of augmenting our technological capabilities, broadening the range of our operations on the global scale, increasing our geographic reach and our access, and our ability to cater, to global customers across aerospace, defence and other high end engineering application industries.

Our ability to deliver high precision multi-purpose products is also enabled by our dedicated research and development (**R&D**) facility at Rajkot, Gujarat (**R&D Centre**) and our R&D team in Strasbourg, France. R&D is key element of our ability to offer customised products to our customers. It is also a critical aspect of product development, and is integral to our process optimisation which ensures that we continue to evolve with the changing industry landscape. As of June 30, 2023, our R&D team aggregated 129 employees in Rajkot, Gujarat and Strasbourg, France. Our R&D capabilities are supported by design and development tools such as Pro/E Foundation, Pro/E advance assembly extensions, Pro/Mechanical solutions, Pro/Manufacturing UNIGR APHICS and Altair Hyperworks.

We operate out of 3 manufacturing facilities, 2 in Rajkot, Gujarat, (**Indian Manufacturing Facilities**) and 1 in Strasbourg, France, which are equipped with capabilities to design, develop and manufacture our product portfolio. Our Indian manufacturing facilities have obtained ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certification and our manufacturing facility in Strasbourg, France has obtained ISO 9001:2015 certification. As on June 30, 2023, we had the capacity to manufacture 4,400 machines p.a. in India and 121 machines p.a. in France. Our Indian manufacturing operations are fully integrated and comprise, in addition, to our production lines, a foundry, sheet metal shop, paint shop, sub-assembly and assembly lines, and we also have a repair facility in Rajkot, Gujarat. Our vertically integrated operations, for instance, enable our design and development teams work in conjunction with our R&D team in tailoring products to our customers' specifications; these teams also seek and receive inputs from the production team to determine aspects of functionality which are factored into the product design. The collaboration of our various teams enables us to adopt a structured and coordinated approach to customising products which *inter alia* reduces our delivery timelines. Additionally, our vertically integrated operations also enable us to manufacture spare parts and address after-sales aspects which are an important element of our business, in an efficacious manner since the necessary support is readily available.

Our integrated approach to our operations which is one of the cornerstones of our progress, was spearheaded by one our Promoters, Parakramsinh Ghanshyamsinh Jadeja, who is also our Chairman and Managing Director. He continues to be a driving force behind our operations and his entrepreneurial *nous* is well recognised. He has been honoured *inter alia* with the 'Premier Outstanding Entrepreneurship Award' by the Indian Machine Tools Manufacturers Association (**IMTMA**) in 2013, the 'Small Scale Entrepreneur Third Award – 2003', by the Ministry of Small Scale Industries, Government of India, and the "CII Best Entrepreneurship of the year award' for 2004-2005. He was also awarded the Hercules Award in 2013 on "Converting SSI into Indian MNC" by the Gujarat Innovation Society. He, and our Board of Directors, are also ably supported by strong and technically proficient group of KMPs and SMPs comprising Kamlesh Sureshbhai Solanki, Chief Financial Officer, Hitesh Chhaganbhai Patel, General Manager – Assembly, Hiren Mahipatsinh Jadeja – President – Marketing, Vijaysinh Pravinsinh Zala, Executive Head – Design, Marc Paul Troia, Director General of Huron Graffenstaden SAS, Maulik B Gandhi, Company Secretary and Compliance Officer, Vikas Raj Taneja President – Marketing, and Shivangi Bipinbhai Lakhani, Executive Head – Corporate Communication, who supervise various aspects of our business development, strategy and operational focus. As of June 30, 2023, our KMPs and SMPs had been with us for an average duration of over 16 years. Further, as of June 30, 2023, we had an aggregate of 2,573 employees (including employees on contract basis) on a consolidated basis.

One of the key aspects of our growth has been our continual efforts to optimise our operations – a recent example of process engineering improvement is that we are contemplating a cupola furnace, which we are in the process of implementing. The cupola furnace is expected to aid our foundry division by enabling continuous heating operations which in turn ought to augment our forging capacity in a cost efficient manner. We are also in the process of establishing a separate facility to process the sand used in our foundry operations – a separate sand processing unit would, generally, streamline sand-handling operations and improve efficiencies.

Set out below are some of our financial metrics on a consolidated basis.

| Particulars | As of and for the year ended March 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Revenue from Operations (₹ million) | 9,292.59 | 7,464.87 | 5,800.59 |
| Gross Profit (₹ million)(1) | 3,966.46 | 3,268.02 | 2,611.04 |
| Gross Margin (%)(2) | 42.68% | 43.78% | 45.01% |
| EBITDA (₹ million)(3) | 973.79 | 726.62 | 316.89 |
| EBITDA Margin (%)(4) | 10.48% | 9.73% | 5.46% |
| Profit for the Year (₹ million) | 150.60 | (483.00) | (700.29) |
| PAT Margin (%)(5) | 1.58% | (6.44%) | (11.87%) |
| Total Equity (₹ million) | 820.63 | 411.54 | 1,125.86 |
| Total Current Assets (₹ million) | 11,794.20 | 9,569.31 | 9,887.27 |
| Total Non-Current Assets (₹ million) | 3,359.61 | 3,293.04 | 3,994.65 |
| Total Assets (₹ million) | 15,153.81 | 12,862.35 | 13,881.92 |

| Particulars | As of and for the year ended March 31, | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| Return on Equity (%)[6] | 18.35% | (117.37%) | (62.20%) |
| Return on Capital Employed (%)[7] | 9.50% | 4.85% | 0.47% |
| Gross Block (i.e. cost of property, plant and equipment, right to use assets, capital work-in-progress, cost of intangible assets and intangible assets under development) (₹ million) | 7,313.29 | 6,921.46 | 7,490.69 |
| Gross Fixed Assets Turnover Ratio (in times)[8] | 1.27 | 1.08 | 0.77 |

*As certified by our Statutory Auditors pursuant to certificate dated August 30, 2023.*
*Notes:*
1. *Gross profit is calculated as revenue from operations minus cost of raw materials consumed minus (increase)/decrease in inventories of finished goods and work-in-progress.*
2. *Gross Margin is calculated as gross profit divided by revenue from operations.*
3. *EBITDA is calculated as profit/ (loss) for the year less exceptional items and other income plus finance costs, depreciation and amortisation, and total income tax expenses.*
4. *EBITDA Margin is calculated as EBITDA divided by revenue from operations.*
5. *PAT Margin is calculated as profit/ (loss) for the year divided by total income.*
6. *Return on Equity is calculated as profit/ (loss) for the year divided by total equity.*
7. *Return on Capital Employed is calculated as EBIT divided by capital employed. Capital employed is calculated as total equity plus total borrowings while EBIT is calculated as EBITDA plus other income less depreciation and amortization.*
8. *Gross Fixed Assets Turnover Ratio is calculated as revenue from operations divided by cost of property, plant and equipment; capital work in progress; right of use assets; intangible assets and intangible assets under development.*

For reconciliation in relation to the Gross Profit, Gross Margin, EBITDA, EBITDA Margin, Return on Equity, Return on Capital Employed, PAT Margin and Gross Fixed Asset Turnover Ratio, see '*Other Financial Information*' on page 300.

## PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

***Retaining our existing Customers and augmenting our customer base***

Our ability to grow our business requires us to (i) retain our Customers; (ii) deepen our relationship with our existing Customers; and (iii) expand our customer base. We constantly endeavour to engage with Customers to understand their requirements better to be able to provide more holistic solutions and to identify new business opportunities as and when they arise. Our constant endeavour is to nurture every client relationship to ensure that it translates into long term association. Some of our prominent Customers include Space Applications Centre - ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited, and Aequs Private Limited. We have also recently forayed into supplying our products such as CNC Vertical Machining Centers (Model Tachyon 5FT with RT 200 direct drive rotary table) for companies in EMS industry in Fiscal 2023. As on June 30, 2023 our order book in EMS industry was ₹ 2,602.50 million constituting around 8% of our order book of ₹ 31,430.56 million. Accordingly, our Company has set up 2 dedicated assembly lines for manufacturing of machines for EMS industry at our unit at 2839, Lodhika GIDC, Kalawad Road, Metoda, Rajkot - 360 021, Rajkot, Gujarat. Our wide product basket helps us service a broad spectrum of Customers and reduces our dependence on a limited set of Customers.

Currently, we are dependent on the revenue generated from our top 10 clients in each financial year. Set out in the table below are our revenues from operations from our top 3, top 5 and top 10 customers, based on our Restated Consolidated Financial Statements across the periods indicated:

| Particulars | Fiscal 2023 | | Fiscal 2022 | | Fiscal 2021 | |
|---|---|---|---|---|---|---|
| | Revenue from operations (in ₹ million) | As a % of Revenue from Operations | Revenue from operations (in ₹ million) | As a % of Revenue from Operations | Revenue from operations (in ₹ million) | As a % of Revenue from Operations |
| Top 3 customers | 1,296.18 | 13.95 | 1,044.04 | 13.99 | 1,063.27 | 18.33 |
| Top 5 customers | 1,499.53 | 16.14 | 1,274.88 | 17.08 | 1,308.84 | 22.56 |
| Top 10 customers | 1,866.00 | 20.08 | 1,685.87 | 22.58 | 1,713.36 | 29.54 |

Our continued success and growth will depend on our continuing to receive the patronage of our existing Customers while simultaneously broadening and augmenting our customer base.

***Focus on technology and ability to deliver innovative solutions and improving operational efficiencies***

We are one of the leading manufacturers of metal cutting computer numerical control (**CNC**) machines globally and the second largest CNC player in India, constituting approximately 8% market share in domestic markets for CNC machines in Fiscal 2022 *(Source: F&S Report)*. We are also the leading manufacturer of 5-Axis CNC machines in India and a supplier of one of the widest portfolios of CNC machines in India (*Source: F&S Report*).

Our business and our reputation are, therefore, intrinsically linked to our ability to constantly focus on technology and to provide improved product offerings catering to the specific needs of our customers. Over the years, we have expanded the range of our operations and currently our product portfolio comprises entry level products to sophisticated machines including high speed 5-axis, multi-purpose, multi-tasking machines. The growth in our product range from entry level CNC machines to sophisticated multi-axis machines is a testament to our constant focus on technology and drive to continually provide customised solutions to our Customers. Our focus on technology and ability to customise our product offerings is buttressed by a strong on R&D. We have established an in-house R&D centre which is based in Rajkot, India, which comprises a 112 member dedicated team of R&D employees. Additionally, we also have a focussed R&D team based in Strasbourg, France.

We are also a vertically integrated CNC machine manufacturer with design, development and manufacturing capabilities. For us to continually increase our operational efficiencies, we must hone our integration capabilities. To this end, we focus on integration of our operations by involving different teams across the production process to enable us to manufacture some of the critical machine components such as spindles, tool-changers, pallet changers, rotary tables and universal heads in-house. This reduces our reliance on third parties, which streamlines our production process and improves our operational efficiencies. In addition, it also enables us to maintain control over the entire manufacturing process and also provide better delivery timelines to our Customers at a more competitive cost. In addition, it also enables us to maintain control over the entire manufacturing process and also provide better delivery timelines to our customers at a more competitive cost.

***Focus on diversifying our end-user industries and geographical reach***

We offer over 200 variants across 44 series and during the last 3 Fiscals, our Company has supplied over 7,200 CNC machines to more than 3,000 customers in India and across Asia (excluding India), Europe, North America and rest of the world. Since April 1, 2004, we have supplied over 30,000 CNC machines globally. During the last 3 Fiscals we have sold our products in India and 16 other countries across the globe through our principal offices in India, France, Germany, Turkey and Canada. We cater to a wide array of end use industries such as Aerospace & Defence, Auto & Auto Components, General Engineering, Dies and Moulds, EMS and others and some of our prominent customers include Space Applications Centre - ISRO, BrahMos Aerospace Thiruvananthapuram Limited, MBDA, Turkish Aerospace, Uniparts India Limited, AVTEC Limited, Tata Advances System Limited, Tata Sikorsky Aerospace Limited, Bharat Forge Limited, C.R.I. Pumps Private Limited, Kalyani Technoforge Limited, Shakti Pumps (India) Limited, Shreeram Aerospace & Defence LLP, Rolex Rings Limited, Orbit Bearings India Private Limited, Omnitech Engineering Private Limited, Harsha Engineers International Limited, Bosch Limited, HAWE Hydraulics Private Limited, Festo India Private Limited, Elgi Rubber Company Limited, National Fittings Limited and Aequs Private Limited. Set out in the table below are details of our order book and revenue from operations split across the various end-user industries, as specified to us at the time of supply of machines:

| **End-user industries*** | **Order Book* as of June 30, 2023 (in ₹ million)** | **Fiscal 2023** | | **Fiscal 2022** | | **Fiscal 2021** | |
|---|---|---|---|---|---|---|---|
| | | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** | **Revenue from sale of machinery (in ₹ million)** | **As a % of revenue from sale of machinery** |
| Aerospace and Defence | 18,394.60 | 1,730.74 | 20.32 | 512.30 | 7.52 | 978.44 | 19.03 |
| Auto & Auto Components | 3,967.19 | 3,975.84 | 46.68 | 2,689.93 | 39.47 | 1,836.61 | 35.72 |
| General Engineering | 3,261.93 | 1,667.77 | 19.58 | 1,900.29 | 27.88 | 1,254.16 | 24.39 |
| Dies & Moulds | 1,545.92 | 765.72 | 8.99 | 660.42 | 9.69 | 321.99 | 6.26 |
| EMS | 2,602.50 | 1.50 | 0.02 | - | - | - | - |
| Others | 1,658.41 | 375.54 | 4.41 | 1,052.71 | 15.45 | 750.87 | 14.60 |
| **Total** | **31,430.56** | **8,517.10** | **100.00** | **6,815.65** | **100.00** | **5,142.07** | **100.00** |

*As certified by our Statutory Auditors, G. K. Choksi & Co. pursuant to a certificate dated* August 30, 2023.
** As per the end-user industries as specified to us at the time of supply of machines*

We intend to diversify into other new end use industries such as Electric Vehicles and have started developing our CNC machines to supply to this end user industry. We are proposing to manufacture a range of motors' production machines such as slot insulation machines, winding and inserting machines, intermediate and final forming machines, lacing machines, core screw machines, and welding machines. The sales of battery electric vehicles and plug-in hybrid electric vehicles has increased from 0.12 million units in CY 2012 to 10.5 million units in CY 2022 due to factors such as growing demand for low emission commuting and governments supporting long range, zero emission vehicles through subsidies & tax rebates have compelled the manufacturers to provide electric vehicles around the world. The global EV market is expected to grow at a CAGR of 23.1% during the forecast period 2023 to 2032. (*Source: F&S Report*). Moreover, we are proposing to venture into manufacturing high precision stages, which are a crucial ingredient in semi-conductor manufacturing. As India aims to establish itself as a production hub, aligning with the Make in India initiative, these high precision stages find applications in various crucial processes within semiconductor manufacturing (*Source: F&S Report*). By providing the technology required for these sophisticated applications, expect to capitalise on the anticipated opportunities in semiconductor manufacturing.

We also intend to deepen our penetration in the Aerospace and Defence industries which are expected to grow, both in India and globally. (*Source: F&S Report*). The growth in the domestic production for Indian defence industry is expected to be propelled by the Government of India's '*Aatma Nirbhar Bharat*' programme pursuant to which the Union Defence Ministry, Government of India has decided to earmark over ₹ 700,000 million constituting around 64% of its modernisation fund under the capital acquisition budget for Fiscal 2022, for purchases from the domestic sector. (*Source: F&S Report*). The Indian defence export, which has grown over 325% during the last 5 years, is expected to achieve its export target of ₹ 350,000 million by Fiscal 2025. The focus on increasing exports in defence sector in India is also expected to propel investment and growth in high end CNC machines in India. (Source: *F&S Report*).

We also intend to increase our market share in the end use industries to which we currently offer our CNC machines and also intend to diversify our customer base. We also intend to expand our geographical footprint to offer our CNC machines in countries in the regions in which we are currently present.

***Focus on improving our market share and taking advantage of the growing industry demand***

The Indian CNC machine market is highly fragmented with a wide range of small, medium and large suppliers. Similarly, the global CNC machine market is also highly fragmented with a limited number of leading manufacturers. (*Source: F&S Report*). We were one of the leading manufacturer of CNC machines globally with only a 0.4% market share in Fiscal 2021, and the second largest CNC player in India, with approximately 8% market share in domestic markets for CNC machines in Fiscal 2022 *(Source: F&S Report).* For us to increase our market share and remain competitive, we must, in addition, continuing to meet exacting quality standards, continuously strive to leverage our technological capabilities to penetrate the markets, both in India and globally.

The CNC machines market is expected to grow globally at a CAGR of 9.9% during CY 2021-2027. (*Source: F&S Report*). We intend to capitalise our experience of over 20 years in CNC operations and our technical capabilities in manufacturing CNC machines, which have grown from a limited portfolio of CNC machines to sophisticated machines including high speed 5-axis, multi-purpose, multi-tasking machines, to improve our market share in CNC machines, both in India and globally. We also intend to use the technological capabilities and experience of Huron, our step-down subsidiary, which has been a pioneer in the 5-Axis machines globally. (*Source: F&S Report*). We intend to also capitalise on global trends towards multifaceted machining centers, surge in demand for high precision machinery and Industry 4.0, and to take advantage of the expected 12.10% and 17.40% growth between Fiscal 2022 and Fiscal 2027, globally and in India, respectively, in 4-6 Axis machining centres, to improve our market share in CNC machines, both in India and globally *(Source: F&S Report).*

**Competition**

We operate in a highly competitive environment in both in the Indian and overseas markets. The industry is highly fragmented, both domestically and globally. *(Source: F&S Report)*. As a result, to remain competitive in the market we must, in addition, continuing to meet exacting quality standards, continuously strive to reduce our production and distribution costs and improve our operating efficiencies and innovate our products offering. If we fail to do so, it may have an adverse effect on our market share and results of operations. Many of our competitors may be larger than us and may benefit from greater economies of scale and operating efficiencies. There can be no assurance that we can continue to effectively compete with such manufacturers in the future, and failure to compete effectively may have an adverse effect on our business, financial condition, and results of operations. Moreover, the competitive nature of the manufacturing industry may result in lower prices for our products and decreased profit margins, which may materially adversely affect our revenue and profitability.

## PRESENTATION OF FINANCIAL INFORMATION

The Restated Consolidated Financial Statements of our Company comprising: (i) the restated consolidated summary statement of assets and liabilities of the Company as at March 31, 2023, March 31, 2022 and March 31, 2021 the restated consolidated summary statement of profit and loss (including other comprehensive income), the restated consolidated summary statement of cash flows and the restated consolidated summary statement of changes in equity for the financial years ended March 31, 2023, March 31, 2022 and March 31, 2021 together with the summary statement of significant accounting policies, and other explanatory information relating to such financial periods.

The Restated Consolidated Financial Statements of our Company is derived from our audited consolidated financial statements as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021, prepared in accordance with Ind AS, and restated in accordance with requirements of Section 26 of Part I of Chapter III of Companies Act, SEBI ICDR Regulations and the Guidance Note on ‘Reports in Company Prospectuses (Revised 2019)’ issued by ICAI.

## SIGNIFICANT ACCOUNTING POLICIES

## 2. BASIS OF PREPARATION

### *a. Statement of compliance with Ind AS*

The Restated Consolidated Financial Statements comprises of the Restated Consolidated Summary Statement of Assets and Liabilities of the Company and its subsidiaries as at March 31, 2023, March 31, 2022 and March 31, 2021, the related Restated Consolidated Summary Statement of Profit and Loss (including Other Comprehensive Income), the Restated Consolidated Summary Statement of Cash Flows and the Restated Consolidated Summary Statement of Changes in Equity for years ended March 31, 2023, March 31, 2022 and March 31, 2021, and the summary of Significant Accounting Policies and explanatory notes.

These Restated Consolidated Financial Statements have been prepared by the Management of the Company in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time, issued by the Securities and Exchange Board of India ('SEBI') on 11 September 2018, in pursuance of the Securities and Exchange Board of India Act, 1992 ("ICDR Regulations") for the purpose of inclusion in the offer documents in connection with the proposed initial public offering of equity shares of face value of Rs. 2 each of the Company comprising a fresh issue of equity shares (the "Offer"). These Restated Consolidated Financial Statements have been prepared by the Company to comply in all material respects with the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act").
b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI), as amended (the "Guidance Note").

These Restated Consolidated Financial Statements have been compiled by the Management from audited consolidated financial statements of the Company and its subsidiaries as at and the for year ended March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with Indian Accounting Standards (IND AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable which have been approved by the Board of Directors at their meetings held on July 12, 2023, February 19, 2023 and March 17, 2022 respectively.

The accounting policies have been consistently applied by the Company and its subsidiaries in preparation of the Restated Consolidated Financial Statements are consistent with those adopted in the preparation of audited consolidated financial statements for the year ended March 31, 2023. These Restated Consolidated Financial Statements have been prepared by the Company and its subsidiaries on the basis that it will continue to operate as a going concern.

### *b. Functional and presentation currency*

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The audited consolidated financial statements referred above were presented in Indian Rupee (Rs.) and all values were rounded to the nearest lacs (Rs. 00,000), however, Restated Consolidated Financial Statements are presented in Indian Rupee (Rs.) and all values are rounded to the nearest million (Rs. 000,000), except when otherwise indicated.

### *c. Basis of measurement*

The Restated Consolidated Financial Statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Derivative financial instruments,

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments), and
- Defined benefit pension plans – plan assets are measured at fair value

In addition, the carrying values of recognized assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

***d. Measurement of fair values***

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.
Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data rely as little as possible on entity specific estimates.
Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the changes have occurred.

***e. Principles of Consolidation***

The Restated Consolidated Financial Statements comprises of the summary statements of the Company and its direct subsidiary Jyoti SAS as well as indirect subsidiaries Huron Graffenstaden SAS, Huron Frasmaschinen, GmbH, Huron Canada Inc and Huron Turkey. for the year ended March 31, 2023, March 31, 2022 and March 31, 2021.
The Restated Consolidated Financial Statements have been prepared on the following basis:

- Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date of acquisition up to the effective date of disposal, as appropriate.

- The Restated Consolidated Financial Statements of the Company and its subsidiaries are combined by like items of assets, liabilities, equity, income, expenses and cash flows. The carrying amount of the Company's investment in the subsidiary and the Company's portion of equity of the subsidiary have been eliminated. Inter-company balances and inter-company transactions and unrealised profits or losses have been fully eliminated.

- Where any member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements.

- The excess of cost to holding company of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies are made, is recognised as 'Goodwill' being an asset in the restated consolidated financial statements. Alternatively, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the company, it is recognised as 'Capital Reserve' and shown under the head 'Reserves and Surplus', in the restated consolidated financial statements.

- In case of a foreign subsidiary, being non-integral operations, revenue items are consolidated at the average rate prevailing during the year. All the assets and the liabilities are converted at the rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised as "Foreign Currency Translation Difference" in the Restated Consolidated Statement of Profit and Loss.

- The list of subsidiary companies (direct & indirect) which are included in the consolidation & the group holdings therein are as under:

| Sr. No. | Name of the Subsidiary Company | Date of Acquisition | Country of Incorporation | % of Holding As at 31.03.2023 |
|---|---|---|---|---|
| | **Direct Subsidiary** | | | |
| 1 | Jyoti SAS | 06.09.2007 | France | 100% |
| | **Indirect Subsidiaries** | | | |
| 1 | Huron Graffenstaden SAS | 20.11.2007 | France | 100% |
| 2 | Huron Frasmaschinen, GmbH | 20.11.2007 | Germany | 100% |
| 3 | Huron Canada Inc. | 20.11.2007 | Canada | 100% |
| 4 | Huron Makina Servis Ve Dis Ticaret Limited Sirketi | 03.02.2023 | Turkey | 100% |

Jyoti SAS was floated as a 100% subsidiary of Jyoti CNC Automation Ltd on 06.09.2007. Jyoti SAS thereafter acquired 100% shareholding of Huron Graffenstaden SAS along with its marketing subsidiaries namely, Huron Frasmaschinen GmbH and Huron Canada Inc. However, the effective control of these indirect subsidiaries was taken with effect from 01.01.2008.

## 2A. BASIS OF PREPARATION

### *a. Current-non-current classification*

All assets and liabilities are classified into current and non-current.

*Assets*
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realised in, or is intended for sale or consumption in, the normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within 12 months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

*Liabilities*
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within 12 months after the reporting date; or
d) the Group does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

*Operating cycle*
Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

***b. Foreign currency transactions***

*i. Initial recognition*

Transactions in foreign currencies are translated into the functional currency at the exchange rates at the date of the transaction.

*ii. Measurement at reporting date*

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non- monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences on restatement/ settlement of all monetary items are recognized in the Restated Consolidated Statement of Profit and Loss.

***c. Property, Plant and Equipment***

*i. Recognition and measurement*

Freehold Land is carried at cost and other items of property, plant and equipment are initially measured at cost of acquisition or construction which includes capitalized borrowing cost. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and other non-refundable purchase taxes or levies, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and removing the item and restoring the site on which it is located. Any trade discounts and rebates are deducted in arriving at the purchase price. After initial recognition, items of property, plant and equipment are carried at its cost less any accumulated depreciation and/ or accumulated impairment loss, if any.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable/ allocable to bring the item to working condition for its intended use.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses arising on sale/disposal of items of property, plant and equipment are recognized in Restated Consolidated Statement of Profit and Loss.

Capital work-in-progress comprises the cost of fixed assets that are not ready for their intended use at the reporting date.

*ii. Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

*iii. Derecognition*

Gains or losses arising from de-recognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Restated Consolidated Statement of Profit and Loss when the asset is derecognised.

*iv. Depreciation*

Depreciation is provided on a straight-line basis or diminishing balance method, the cost/deemed cost of Property, Plant and Equipment, to their residual value as per useful lives prescribed under Schedule II of Companies Act, 2013 which are as follows:

| **Particulars** | **Estimated useful life (years)** | |
|---|---|---|
| | **Holding Company** | **Subsidiary Companies** |
| Leasehold Land | On Basis of Lease Agreement | Not Depreciated |
| Building | 60 years | 10 to 20 years |
| Plants and Machinery | 15 years | 3 to 10 years |
| Furniture and Fixtures | 10 years | 3 to 6 years |
| Electrical Installation | 10 years | 3 to 6 years |
| Office Equipment | 5 years | 3 to 6 years |
| Computers | 3 years | 3 to 6 years |
| Vehicles: | | |
| Four Wheelers | 8 years | 3 to 6 years |
| Two Wheelers | 10 years | |

Depreciation commences from the date the asset is available for their intended use and is spread over asset's estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and when necessary, revised. Depreciation on assets under construction commences only when the assets are ready for their intended use.

Leasehold land is not depreciated.

The Company fully depreciates the assets costing less than Rs. 30,000 in the year of acquisition.

***d. Intangible Assets***

*i. Recognition and measurement*

Intangible assets and intangible assets under development that are acquired by the Group are measured initially at cost. After initial recognition, such assets are carried at their cost less any accumulated amortization and any accumulated impairment loss.

*ii. Subsequent expenditure*

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

*iii. Derecognition*

Gains or losses arising from de-recognition of intangible assets and intangible assets under development are measured as the difference between the net disposal proceeds and the carrying amount of such asset and are recognised in the Restated Consolidated Statement of Profit and Loss when such asset is derecognised.

*iv. Amortisation*

Intangible assets with indefinite useful lives are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets with definite useful lives are amortized on a straight line basis so as to reflect the pattern in which the asset's economic benefits are consumed.

| Particulars | Estimated useful life (years) | |
|---|---|---|
| | Holding Company | Subsidiary Companies |
| Software | 10 years | 5 years |

Amotisation commences from the date the asset is available for their intended use and is spread over asset's estimated useful economic lives. The estimated useful lives of assets and residual values are reviewed regularly and when necessary, revised.

The Group expenses costs incurred during research phase to profit or loss in the year in which they are incurred. Development phase expenses are initially recognized as intangible assets under development until the development phase is complete, upon which the amount is capitalized as intangible asset.

***e. Leases***

The Group determines that a contract is or contains a lease, if the contract conveys right to control the use of an identified asset for a period of time in exchange for a consideration. At the inception of a contract which is or contains a lease, the Group recognises lease liability at the present value of the future lease payments for non-cancellable period of a lease which is not short term in nature except for lease of low value items. The future lease payments for such non-cancellable period are discounted using the Company's incremental borrowing rate specific to the lease being evaluated or for the portfolio of the lease with similar characteristics. Lease payments include fixed payments, i.e. amounts expected to be payable by the Company under residual value guarantee, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payment of penalties for terminating the lease if the lease term considered reflects that the Company shall exercise termination option. The Group also recognizes a right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

Payment made towards short term leases (leases for which non-cancellable term is 12 months or lesser) and low value assets are recognized in the Restated Consolidated Statement of Profit and Loss as rental expenses over the tenor of such leases.

***f. Financial instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

*i. Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through Profit and Loss which are measured initially at fair value. However, trade receivables are recognised initially at the transaction price as they do not contain significant financing components.

*ii. Classification and subsequent measurement*

Financial assets

**On initial recognition, a financial asset is classified as measured at :**

- Amortized cost - A Financial Asset is measured at Amortised Cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or

- fair value through other comprehensive income (FVTOCI) - A Financial Asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling Financial Assets and the contractual terms of the Financial Asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- fair value through profit or loss ('FVTPL') - A Financial Asset which is not classified in any of the above categories are measured at FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in Restated Consolidated Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. The Group does not have any fixed liabilities under the category of FVTPL.

*iii. Impairment of Financial Assets*

In accordance with Ind AS 109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of Financial Assets other than those measured at Fair Value Through Profit and Loss (FVTPL).

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or

- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument)

For Trade Receivables the Group applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables.

At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12 month Expected Credit Loss to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime Expected Credit Loss is used.

*iv. Derecognition*

Financial assets

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

Financial liabilities

The Group de-recognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also de-recognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in Restated Consolidated Statement of Profit and Loss.

v. *Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

***Financial Assets***

*A. Inventories*

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is ascertained on the weighted average basis, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition but does not include statutory levies of whom input credits is availed by the company.

Costs of finished goods and works-in-progress are determined by taking material cost (net of input tax credit availed), labor and relevant appropriate overheads based on the normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The net realizable value of work in progress is determined with reference to the selling prices of related finished products.

*B. Trade Receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects Group's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance.

*C, Other Equity Investments*

All other equity investments are measured at fair value, with value changes recognized in Restated Consolidated Statement of Profit and Loss, except for those equity investments for which the Group has elected to present the value changes in 'Other Comprehensive Income'.

*D, Loans to Employees*

Loans given to the employees are repayable on demand and hence are carried at cost in the financial statements.

*E. Cash & Cash Equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and highly liquid investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

***Financial Liabilities & Equity Instruments***

*A. Classification as debt or equity*

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

*B. Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received.

*C. Trade and other payables*

Trade and other payables represent liabilities for goods or services provided to the Company prior to the end of financial year which are unpaid.

*D. Borrowings*

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest rate method. Borrowings are de-recognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*E. Employee Benefits:*

i. Short Term Employee Benefits
The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

ii. Post-Employment Benefits

*Jyoti CNC Automation Limited*

*a) Defined Contribution Plan:*

- *Provident Fund and Employee State Insurance*
  Contributions under defined contribution plans are recognised as expense for the period in which the employee has rendered the service. Payments made to state managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme.

*b) Defined Benefits Plan:*

- *Gratuity*
  For defined benefit retirement schemes, the cost of providing benefits is determined using the discounted cash flow method, with actuarial valuation being carried out at each year-end balance sheet date. Remeasurement gains and losses of the net defined benefit liability/(asset) are recognised immediately in other comprehensive income. The service cost and net interest on the net defined benefit liability/(asset) are recognised as an expense within employee costs. Past service cost is recognised as an expense when the plan amendment or curtailment occurs or when any related restructuring costs or termination benefits are recognised, whichever is earlier.

The retirement benefit obligations recognised in the balance sheet represents the present value of the defined benefit obligations as reduced by the fair value of plan assets.

- *Compensated absences*

  Compensated absences which are expected to occur after the end of the period in which the employee renders the related service are recognised based on actuarial valuation at the present value of the obligation as on the reporting date.

*Huron Graffenstaden SAS/ Huron Frasmaschinen, GmbH*

a) *Retirement Pension Commitments*

Retirement Gratuities: the provision was determined according to a method integrating the number of years' service, the likelihood of the persons' presence in the company at retirement age (turnover and mortality), an annual salary adjustment rate of 0.50%, a discount rate of 0.48% for retirement at the employee's own initiative at the age of 62.

*F. Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Long-term provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. Short term provisions are carried at their redemption value and are not offset against receivables from reimbursements.

*Provision for Warranty & Commissioning:*

When each new machine is sold, a provision is constituted according to a standard amount defined for each family of machines for any warranty costs adjusted according to the specificities of each machine, the country of destination and the distribution network, and an amount is determined machine by machine for backfitting costs known at the end of the financial year. The costs of commissioning and training customers are provisioned on the sale of each machine according to a standard amount defined for each family of machines.

The standard amounts for provisions for warranties are re-assessed at the end of each financial year taking account of the net expenses actually incurred (hours of labour, cost of parts and work entrusted to subcontractors, minus any refunds obtained from suppliers of components or their insurers) during the warranty period and exclusively concerning work done under warranty.

This revision is determined overall for the entire machine base. These provisions are tracked machine by machine, the net costs incurred giving rise to a writeback of the provision originally constituted. At the end of the warranty period or on completion of commissioning, the remainder of the provision is written back in full.

***g. Revenue recognition:***

Revenue from operations is recognised over time, when the outcome of the contract can be estimated reliably by reference to the percentage of completion of the contract on the reporting date under input method. Percentage of completion is determined as a proportion of costs incurred-to-date to the total estimated contract costs. In respect of process technology and design and engineering contracts percentage of completion is measured with reference to the milestones specified in the contract, which in the view of the management reflects the work performed and to the extent it is reasonably certain of recovery.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to the contract activity and allocable to the contract. Costs that cannot be attributed to contract activity are expensed when incurred.

When the final outcome of a contract cannot be reliably estimated, revenue from operations is recognised only to the extent of costs incurred that are expected to be recoverable. The provision for expected loss is recognised immediately when it is probable that the total estimated contract costs will exceed total revenues from sale of product.

Variations, claims and incentives are recognised as a part of revenues from operations to the extent it is probable that they will result in revenue and are capable of being reliably measured.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion, the expected revenues from the project / activity and the foreseeable losses to completion.

Execution of contracts necessarily extends beyond accounting periods. Revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known.

*Sale of Products:*

The Group recognizes revenue from sale of products measured at the fair value of the consideration received or receivable, upon satisfaction of performance obligation which is at a point in time when control of the goods is transferred to the customer. Depending on the terms of the contract, which differs from contract to contract, the goods are sold on reasonable credit terms.

*Sale of Services:*

The Group recognizes revenue from sales of services over time, because the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from services provided is recognised upon rendering of the services, in accordance with the agreed terms with the customers where ultimate collection of the revenue is reasonably expected.

*Other operating income:*

All export benefits under various policies of Government of India are recognised on accrual basis when no significant uncertainties as to the amount of consideration that would be derived and as to its ultimate collection exist.

*Other Income:*

Interest Income is recognized on time proportion basis depending upon the amount outstanding and effective interest rate applicable.

***h. Contingent Liabilities***

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Groupor a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

***i. Contingent Assets***

Contingent Assets are neither recognized nor disclosed in the Notes forming part of the Restated Consolidated Financial Statements

***j. Foreign currency transactions, translation***

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date.

The results and financial position of foreign operation that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at closing rate at the date of that balance sheet
- income, expenses &cash flows are translated at average exchange rates and
- all Resulting exchange differences are recognised in other comprehensive income

On Consolidation, exchange differences arising from the translation of any net investment in foreign entities, are recognised in other comprehensive income. When foreign operation is sold, the associated exchange differences are reclassified to profit & loss, as part of the gain or loss on sale.

Non-monetary items that are measured in terms of historical cost in a foreign currency are recorded using the exchange rates at the date of the transaction.

Exchange differences arising on settlement or translation of monetary items are recognised in Restated Consolidated Statement of Profit and Loss except to the extent of exchange differences which are regarded as an adjustment to interest costs on foreign currency borrowings that are directly attributable to the acquisition or construction of qualifying assets which are capitalized as cost of assets.

***k. Income taxes***

Tax expenses comprise of current and deferred tax. Current and deferred tax are recognized as an expense or income in the Restated Consolidated Statement of Profit and Loss, except when they relate to items credited or debited either in other comprehensive income or directly in other equity, in which case the tax is also recognized in other comprehensive income or directly in equity.

*Current Tax:*
The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Restated Consolidated Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

The Group's liability for current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted in countries where the Company and its subsidiaries operate by the end of the reporting period.

*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 financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying value of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. In contrast, deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

The carrying value of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to cover or settle the carrying value of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. MAT is recognized as deferred tax assets in the Consolidated balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

***l. Borrowing costs:***

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

***m. Impairment of Non-Financial Assets***

The Group assesses at each reporting date as to whether there is any indication that any Property, Plant and Equipment and Intangible Assets or group of Assets, called Cash Generating Units (CGU) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGU to which the asset belongs.

An impairment loss is recognized in the Restated Consolidated Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

***n. Government grants***

Government grants are recognized in accordance with the terms of the respective grant on accrual basis considering the status of compliance of prescribed conditions and ascertainment that the grant will be received.

Government grants related to revenue are recognized on a systematic and net basis in the Restated Consolidated Statement of Profit and Loss over the period during which the related costs intended to be compensated are incurred.

Government grants related to assets are recognized as income in equal amounts over the expected useful life of the related asset.

***o. Earnings per share***

Basic Earnings Per Share are calculated by dividing the net profit or loss (excluding other comprehensive income) for the period attributable to Equity Shareholders by the Weighted Average Number of Equity Shares outstanding during the period. Earnings considered in ascertaining the Company's Earnings per Share are the Net Profit after Tax for the Year. The Weighted Average Numbers of Equity Shares outstanding during the period are adjusted for events of Sub-division of Shares.

For the purpose of calculating diluted earnings per share, the net profit or loss (excluding other comprehensive income) for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**2B. USE OF ESTIMATES AND JUDGEMENTS**

The preparation of restated consolidated financial information in conformity with generally accepted accounting principles require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the restated consolidated financial information. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates are recognized prospectively in current and future periods. Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the restated consolidated financial information is included in the following notes:

Significant estimates

*Useful lives of depreciable/amortizable assets* – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets.

*Defined benefit obligation (DBO)* – Management's estimate of the DBO is based on underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to probable maturity of post-employment benefit obligations. Due to complexities involved in the valuation and its long-term nature, defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting period. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

*Recognition of deferred tax assets and liabilities* – Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying values of assets and liabilities and their respective tax bases, and unutilized business loss and depreciation carry-forwards and tax credits. Deferred tax assets and liabilities are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses, depreciation carry-forwards and unused tax credits could be utilized.

*Provisions* – Significant estimates are involved in the determination of provisions related to warranty costs. The Group records a provision for onerous sales contracts when current estimates of total contract costs exceed expected contract revenue. The provision for warranty, liquidated damages, onerous contracts is based on the best estimate required to settle the present obligation at the end of the reporting period.

Significant judgments

*Contingent liabilities* – At each balance sheet date, on the basis of the management judgment, changes in facts and legal aspects, the Group assesses the requirement of disclosure against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

*Impairment of financial assets* – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding financial assets.

*Evaluation of indicators for impairment of* assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

*Classification of leases* – The Group enters into leasing arrangements for various premises. The assessment (including measurement) of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to extend/terminate etc. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend or to terminate.

**2C. STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On 31 March 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

*Ind AS 1 - Presentation of Financial Statements*

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The amendment is not expected to have material impact on the Restated Consolidated Financial Statements.

*Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The amendment is not expected to have material impact on the Restated Consolidated Financial Statements.

*Ind AS 12 - Income Taxes*

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after 1 April 2023. The amendment is not expected to have material impact on the Restated Consolidated Financial Statements.

**NON-GAAP MEASURES**

**Earnings before Interest, Taxes, Depreciation and Amortization Expenses (EBITDA')/ EBITDA Margin/ Return on Capital Employed / PAT Margin / Return on Equity / Gross Fixed Assets Turnover Ratio / Gross Profit/ Gross Margin**

In addition to our results determined in accordance with Ind AS, we believe the following Non-GAAP measures are useful to investors in evaluating our operating performance and liquidity. We use the following Non-GAAP financial information to evaluate our ongoing operations and for internal planning and forecasting purposes. We believe that Non-GAAP financial information, when taken collectively with financial measures disclosed in the financial statements prepared in accordance with Ind AS, may be helpful to investors because it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance. However, our management does not consider these Non-GAAP measures in isolation or as an alternative to financial measures.

Gross Profit, Gross Profit Margin, EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity and Gross Fixed Assets Turnover Ratio (**Non-GAAP Measures**) presented in this Draft Red Herring Prospectus is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, IFRS or US GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under Ind AS, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, IFRS or US GAAP. In addition, Non-GAAP Measures are not standardised terms, hence a direct comparison of Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measure differently from us, limiting its usefulness as a comparative measure. Although Non-GAAP Measures is not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See '*Risk Factors - Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like Gross Profit, Gross Profit Margin, EBITDA, EBITDA Margin, Return on Capital Employed, PAT Margin, Return on Equity and Gross Fixed Assets Turnover Ratio have been included in this Draft Red Herring Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*' on page 54.

*Reconciliation of Profit/ (loss) for the Year to EBITDA and EBITDA Margin*

The table below reconciles profit/ (loss) for the year to EBITDA. EBITDA is calculated as profit/ (loss) for the year minus other income exceptional items plus finance costs, depreciation and amortisation and total income tax expenses, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **Consolidated** | **Consolidated** | **Consolidated** |
| | **(₹ million, unless otherwise stated)** | | |
| **Profit for the year (I)** | 150.60 | (483.00) | (700.29) |
| Other income (II) | 233.41 | 35.74 | 100.33 |
| Finance costs (III) | 897.02 | 821.99 | 755.12 |
| Depreciation and amortization expense (IV) | 336.18 | 357.86 | 377.84 |
| Total income tax expense (V) | 127.90 | 65.50 | (15.44) |
| Exceptional Items (VI) | 304.50 | - | - |
| **EBITDA (VII = I-II+III+IV+V-VI)** | **973.79** | **726.62** | **316.89** |
| Revenue from operations (VIII) | 9,292.59 | 7,464.87 | 5,800.59 |
| **EBITDA Margin (%) (IX) = (VII/VIII)** | **10.48%** | **9.73%** | **5.46%** |

*Reconciliation of Total Equity to Capital Employed, Profit/ (loss) for the Year to EBIT and Return on Capital Employed*

The table below reconciles total equity to capital employed. Capital employed is calculated as total equity plus total borrowing while EBIT is calculated as profit/ (loss) for the year plus total income tax expense plus finance costs. Return on Capital Employed is calculated as EBIT divided by capital employed.

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2023** | **2022** | **2021** |
| | **Consolidated** | **Consolidated** | **Consolidated** |
| | **(₹ million, unless otherwise stated)** | | |
| Total equity (I) | 820.63 | 411.54 | 1,125.86 |
| Non-current borrowings (II) | 1,274.65 | 1,402.63 | 1,194.28 |
| Current borrowings (III) | 7,075.09 | 6,518.94 | 6,056.89 |

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | Consolidated | Consolidated | Consolidated |
| | (₹ million, unless otherwise stated) | | |
| **Total Capital Employed (IV) = I+II+III** | **9,170.37** | **8,333.11** | **8,377.03** |
| Profit for the year (V) | 150.60 | (483.00) | (700.29) |
| Total income tax expense (VI) | 127.90 | 65.50 | (15.44) |
| Finance costs (VII) | 897.02 | 821.99 | 755.12 |
| Less: Exceptional Items (VIII) | 304.50 | - | - |
| **Earnings before interest and tax (EBIT) (IX = V + VI + VII - VIII)** | **871.02** | **404.49** | **39.38** |
| **Return on Capital Employed (%) (IX = VIII/IV)** | **9.50%** | **4.85%** | **0.47%** |

*Reconciliation of Total Equity to Return on Equity*

The table below reconciles total equity to return on equity. Return on equity is calculated as profit/ (loss) for the year divided by total equity.

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | Consolidated | Consolidated | Consolidated |
| | (₹ million, unless otherwise stated) | | |
| Total equity (I) | 820.63 | 411.54 | 1,125.86 |
| Profit for the year (II) | 150.60 | (483.00) | (700.29) |
| **Return on Equity (%) (III) = (II/I)** | **18.35%** | **(117.37%)** | **(62.20%)** |

*Reconciliation of Revenue from Operations to Gross Fixed Assets Turnover Ratio*

The table below reconciles revenue from operations to gross fixed assets turnover ratio.

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | Consolidated | Consolidated | Consolidated |
| | (₹ million, unless otherwise stated) | | |
| Revenue from Operations (I) | 9,292.59 | 7,464.87 | 5,800.59 |
| Property, Plant and Equipment (II) | 6,161.23 | 5,940.23 | 5,997.74 |
| Capital Work in Progress (III) | 82.79 | 8.97 | 510.89 |
| Right of Use Assets (IV) | 1.53 | 1.53 | 1.53 |
| Intangible assets (V) | 996.73 | 924.92 | 954.16 |
| Intangible assets under development (VI) | 71.01 | 45.81 | 26.37 |
| **Total Gross Fixed Assets (VII = I + II + III + IV + V+VI)** | 7,313.29 | 6,921.46 | 7,490.69 |
| **Gross Fixed Assets Turnover Ratio (in times) (VIII = I/VII)** | **1.27** | **1.08** | **0.77** |

*Reconciliation for Revenue from Operations to Gross Profit and Gross Margin*

The table below reconciles revenue from operations to gross profit and gross margin:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | Consolidated | Consolidated | Consolidated |
| | (₹ million, unless otherwise stated) | | |
| Revenue from operations (I) | 9,292.59 | 7,464.87 | 5,800.59 |
| Cost of material consumed (II) | 6,795.30 | 4,187.80 | 4,638.57 |
| (Increase)/ decrease in inventories of finished goods and work-in-progress (III) | (1,469.17) | 9.05 | (1,449.02) |
| **Gross Profit (IV) = (I – (II+III))** | 3,966.46 | 3,268.02 | 2,611.04 |
| **Gross Margin (%) (V = IV/I)** | **42.68%** | **43.78%** | **45.01%** |

*Reconciliation for Profit/ (loss) for the Year to Profit After Tax Margin (PAT Margin)*

The table below reconciles profit/ (loss) for the year to PAT Margin:

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2023 | 2022 | 2021 |
| | Consolidated | Consolidated | Consolidated |
| | (₹ million, unless otherwise stated) | | |
| Profit for the Year (I) | 150.60 | (483.00) | (700.29) |
| Total Income (II) | 9,526.00 | 7,500.61 | 5,900.92 |
| **PAT Margin (%) (III = I/II)** | **1.58%** | **(6.44%)** | **(11.87%)** |

## PRINCIPAL COMPONENTS OF INCOME AND EXPENDITURE

*Income*

Our total income comprises (i) revenue from operations and (ii) other income.

*Revenue from Operations*

Revenue from operations comprise (i) sale of products which further comprises of sale of machinery and sale of machinery parts, (ii) sale of services such as income from annual maintenance contract, machine service, job work and installation and commissioning; and (ii) other operating income which primarily includes income from export & other incentive schemes and others.

*Other Income*

Other income comprises (i) interest income; (ii) gain on sale of property, plant & equipment (iii) foreign exchange fluctuation gain (net of loss); (iv) gain on sale of investment; and (v) Others which includes reversal of excess provision.

*Expenses*

Our expenses comprise cost of raw materials consumed, increase/ decrease in inventories of finished goods and work-in-progress, employee benefits expense, finance costs, depreciation and amortization expense; and other expenses.

*Cost of Raw Materials Consumed*

Cost of raw materials and components consumed consists of raw materials used by us and includes the electronics and other components that we procure.

*(Increase)/ decrease in inventories of finished goods and work-in-progress*

(Increase)/ decrease in inventories of finished goods and work-in-progress denotes increase/ decrease in inventories of finished goods and work in progress between opening and closing dates of a reporting period as adjusted for changes on account of foreign currency translation.

*Employee Benefits Expense*

Employee benefit expenses primarily include salaries and wages, contribution to provident fund and other funds, and other employee benefit expenses.

*Finance Costs*

Finance costs include interest expenses on borrowings and others and bank & other financial charges.

*Depreciation and Amortisation Expenses*

Depreciation and amortisation expense primarily include depreciation expenses on our property, plant and equipment, amortisation expenses on our right to use assets and intangibles assets.

*Other Expenses*

Other expenses comprises: (i) consumption of stores and spares; (ii) job work charges; (iii) power and fuel expenses; (iv) factory expenses; (v) transportation expense; (vi) clearing, forwarding & agency expenses; (vii) repairs & maintenance expense; (viii) advertisement, marketing expenses & exhibition expenses; (ix) AMC expenses; (x) Legal & Professional Charges; (xi) Office Expenses; (xii) postage, stationary & telephone expenses; (xiii) commission expense; (xiv) travelling, conveyance & vehicle expenses; (xv) foreign exchange fluctuation loss (net of gain); (xvi) expected credit loss; (xvii) warranty expense; (xviii) corporate social responsibility expenses; (xix) donation; (xx) audit fees; and (xxi) miscellaneous expenses.

*Exceptional Item*

Exceptional item pertains to debt cancellation during the respective financial year which is accounted for as an addition to profit before tax for our Company.

**RESULTS OF OPERATIONS**

The following table sets forth select financial data from our statement of restated consolidated profit and loss for Fiscal 2021, Fiscal 2022 and Fiscal 2023, the components of which are also expressed as a percentage of total income for such years.

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 2021 | |
| | (₹ million) | Percentage of Total Income | (₹ million) | Percentage of Total Income | (₹ million) | Percentage of Total Income |
| **INCOME** | | | | | | |
| Revenue from operations | 9,292.59 | 97.55% | 7,464.87 | 99.52% | 5,800.59 | 98.30% |
| Other income | 233.41 | 2.45% | 35.74 | 0.48% | 100.33 | 1.70% |
| **Total Income** | **9,526.00** | **100.00%** | **7,500.61** | **100.00%** | **5,900.92** | **100.00%** |
| **EXPENSES** | | | | | | |
| Cost of raw materials consumed | 6,795.30 | 71.33% | 4,187.80 | 55.83% | 4,638.57 | 78.61% |
| (Increase)/ decrease in inventories of finished goods and work-in-progress | (1,469.17) | (15.42%) | 9.05 | 0.12% | (1,449.02) | (24.56%) |
| Employee benefits expense | 1,662.40 | 17.45% | 1,418.36 | 18.91% | 1,313.86 | 22.27% |
| Finance costs | 897.02 | 9.42% | 821.99 | 10.96% | 755.12 | 12.80% |
| Depreciation and amortization expense | 336.18 | 3.53% | 357.86 | 4.77% | 377.84 | 6.40% |
| Other expenses | 1,330.28 | 13.96% | 1,123.04 | 14.97% | 980.28 | 16.61% |

| Particulars | Fiscal | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 2021 | |
| | (₹ million) | Percentage of Total Income | (₹ million) | Percentage of Total Income | (₹ million) | Percentage of Total Income |
| **Total expenses** | **9,552.01** | **100.27%** | **7,918.11** | **105.57%** | **6,616.65** | **112.13%** |
| ***Profit before tax and exceptional item*** | **(26.00)** | **(0.27%)** | **(417.50)** | **(5.57%)** | **(715.73)** | **(12.13%)** |
| *Exceptional Item* | *304.50* | *3.20%* | - | *0.00%* | - | *0.00%* |
| **PROFIT BEFORE TAX** | **278.50** | **2.92%** | **(417.50)** | **(5.57%)** | **(715.73)** | **(12.13%)** |
| **Tax expense:** | | | | | | |
| Current tax | 135.80 | 1.43% | 65.00 | 0.87% | - | 0.00% |
| Prior Year Tax | 0.50 | 0.01% | - | 0.00% | - | 0.00% |
| Deferred tax | (8.40) | (0.09%) | 0.50 | 0.01% | (15.44) | (0.26%) |
| **Total income tax expense** | **127.90** | **1.34%** | **65.50** | **0.87%** | **(15.44)** | **(0.26%)** |
| **PROFIT FOR THE YEAR** | **150.60** | **1.58%** | **(483.00)** | **(6.44%)** | **(700.29)** | **(11.87%)** |
| **OTHER COMPREHENSIVE INCOME (OCI)** | | | | | | |
| **Other comprehensive income that will be classified to profit or loss** | | | | | | |
| Foreign Currency Translation Reserve | 10.90 | 0.11% | (78.10) | (1.04%) | (45.39) | (0.77%) |
| **Other comprehensive income not to be classified to profit or loss** | | | | | | |
| Remeasurement gains/ (losses) on post-employment defined benefit plans | (2.70) | (0.03%) | (0.40) | (0.01%) | (2.25) | (0.04%) |
| **Total other comprehensive income/ (loss) for the year, net of tax** | **8.20** | **0.09%** | **(78.50)** | **(1.05%)** | **(47.64)** | **(0.81%)** |
| **Total comprehensive income/ (loss) for the year, net of tax** | **158.80** | **1.67%** | **(561.50)** | **(7.49%)** | **(747.93)** | **(12.67%)** |

***Fiscal 2023 compared to Fiscal 2022***

*Total Income*

Our total income increased by 27.00% from ₹7,500.61 million in Fiscal 2022 to ₹9,526.00 million in Fiscal 2023, primarily due to an increase in our revenue from operations and other income as discussed below:

*Revenue from operations*

Our revenue from operations increased by 24.48% from ₹7,464.87 million in Fiscal 2022 to ₹9,292.59 million in Fiscal 2023, primarily due to an increase in the revenue from sale of products by 24.41% from ₹7,244.36 million in

Fiscal 2022 to ₹9,012.46 million in Fiscal 2023. The said increase was primarily due to a surge in our capital expenditure cycle which led to increase in revenues from sale of machinery and offset the drop in revenues from our medical devices business resulting in increased revenue from sale of machinery from ₹6,815.65 million in Fiscal 2022 to ₹8,517.10 million in Fiscal 2023. Additionally, our revenues from sale of services increased by 17.71% from ₹209.29 million in Fiscal 2022 to ₹246.36 million in Fiscal 2023 primarily due to increase in machine service income, job work income and installation & commissioning income which was partially offset by a decline in income from annual maintenance contracts. Other operating income increased by 200.97% from ₹ 11.22 million in Fiscal 2022 to ₹33.77 million in Fiscal 2023 due to export income generated for development of machinery design by our team at our customer's premises.

*Other Income*

Our other income increased by 553.11% from ₹35.74 million in Fiscal 2022 to ₹233.41 million in Fiscal 2023, primarily as a result of increase in gain from foreign exchange fluctuation (net of loss) from nil in Fiscal 2022 to ₹222.99 million in Fiscal 2023, which was partially offset by decrease in interest income from ₹14.87 million in Fiscal 2022 to ₹ 8.99 million in Fiscal 2023 and decrease in others from ₹15.21 million in Fiscal 2022 to nil in Fiscal 2023.

*Total Expenses*

Our total expenses increased by 20.63% from ₹7,918.11 million in Fiscal 2022 to ₹9,552.01 million in Fiscal 2023.

*Cost of Raw Materials Consumed*

Cost of raw materials consumed increased by 62.26% from ₹4,187.80 million in Fiscal 2022 to ₹6,795.30 million in Fiscal 2023 due to increase in business volume and increase in inventories of finished goods and work-in-progress.

*(Increase)/ decrease in inventories of finished goods and work-in-progress*

There was a net increase in inventory of ₹1,469.17 million in Fiscal 2023, as compared to a reduction in inventory of ₹9.05 million in Fiscal 2022. This was primarily due an increase in work-in-progress from ₹3,692.00 million in Fiscal 2022 to ₹4,966.34 million in Fiscal 2023 and an increase in inventory of finished goods from ₹170.83 million in Fiscal 2022 to ₹395.30 million in Fiscal 2023.

*Employee Benefits Expense*

Our employee benefits expense increased by 17.21% from ₹1,418.36 million in Fiscal 2022 to ₹1,662.40 million for Fiscal 2023 due to an increase in payment of salary number of payment of salaries, bonus and allowances, contributions to provident and other funds, and staff welfare expenses primarily on account of increase in number of employees (including employees on contract basis) from 2,299 in Fiscal 2022 to 2,510 in Fiscal 2023.

*Finance Costs*

Our finance costs increased by 9.13% from ₹821.99 million in Fiscal 2022 to ₹897.02 million in Fiscal 2023 primarily due to an increase in interest expenses due to higher borrowings from banks and 'others'.

*Depreciation and Amortisation Expenses*

Our depreciation and amortisation expenses decreased by (6.06%) from ₹357.86 million in Fiscal 2022 to ₹336.18 million in Fiscal 2023 primarily due to lower incremental investments into property, plant and machinery during Fiscal 2023 as compared to Fiscal 2022.

*Other Expenses*

Our other expenses increased by 18.45% from ₹1,123.04 million in Fiscal 2022 to ₹1,330.28 million in Fiscal 2023, in aggregate, primarily due to an increase in expenses related to job work by 105.06% from ₹91.66 million in Fiscal 2022 to ₹187.95 million in Fiscal 2023; increase in expenses related to advertisement, marketing expenses &

exhibition from ₹2.73 million in Fiscal 2022 to ₹71.39 million in Fiscal 2023; increase in expenses related to repair and maintenance for machinery by 76.14% from ₹24.34 million in Fiscal 2022 to ₹42.88 million in Fiscal 2023; increase in power and fuel expenses by 23.01% from ₹135.99 million in Fiscal 2022 to ₹167.28 million in Fiscal 2023; increase in travelling, conveyance and vehicle expenses by 22.69% from ₹125.31 million in Fiscal 2022 to ₹153.74 million in Fiscal 2023; and increase in miscellaneous expenses by 68.87% from ₹131.45 million in Fiscal 2022 to ₹221.98 million in Fiscal 2023. The aforementioned increase was partially offset primarily by a decrease in consumption of stores & spares by 82.34% from ₹166.63 million in Fiscal 2022 to ₹29.42 million in Fiscal 2023 as a part of the same was accounted for under raw material expenses; and a decrease in office expenses by 45.76% from ₹17.75 million in Fiscal 2022 to ₹9.63 million in Fiscal 2023.

*Total Income Tax Expense*

Our total income tax expense increased by 95.27% from ₹65.50 million in Fiscal 2022 to ₹127.90 million in Fiscal 2023, primarily due an increase in the profit before tax from ₹(417.50) million in Fiscal 2022 to ₹278.50 million in Fiscal 2023 on account of an exceptional item and an increase in our profit before tax from our Company's operations. The aforementioned increase primarily constituted an increase in current tax (net) by 108.92% from ₹65.00 million in Fiscal 2022 to ₹ 135.80 million in Fiscal 2023, and decrease in deferred tax charge from ₹0.50 million in Fiscal 2022 to ₹(8.40) million in Fiscal 2023.

*Exceptional Items*

During Fiscal 2023, there was an exceptional item on account of a waiver of debt of ₹304.50 million availed by Huron Graffenstaden SAS, our step-down subsidiary. This reduction in liability has been recognized as an exceptional income in the Restated Consolidated Financial Statements as well as a part of contingent liabilities of our Company.

*Profit for the Year*

As a result of the foregoing factors, our profit for the year was ₹150.60 million in Fiscal 2023 compared to ₹(483.00) million in Fiscal 2023.

**Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)**

EBITDA was ₹973.79 million in Fiscal 2023 as compared to EBITDA of ₹726.62 million in Fiscal 2022, while EBITDA Margin was 10.48% in Fiscal 2023 compared to 9.73% in Fiscal 2022.

For reconciliation of EBITDA and EBITDA Margin, see '*Other Financial Information - Reconciliation of Non-GAAP Measures - Reconciliation of Profit/ (loss) for the Year to EBITDA and EBITDA Margin*' on page 301.

***Fiscal 2022 compared to Fiscal 2021***

*Total Income*

Our total income increased by 27.11% from ₹5,900.92 million in Fiscal 2021 to ₹7,500.61 million in Fiscal 2022, primarily due to an increase in our revenue from operations and other income as discussed below:

*Revenue from operations*

Our revenue from operations increased by 28.69% from ₹ 5,800.59 million in Fiscal 2021 to ₹7,464.87 million in Fiscal 2022, primarily due to an increase in the revenue from sale of products by 29.03% from ₹ 5,614.51 million in Fiscal 2021 to ₹7,244.36 million in Fiscal 2022. The increase was primarily due to partial normalization of business post COVID and increase in revenues from our medical devices business resulting in an increase in revenue from sale of machinery from ₹5,142.07 million in Fiscal 2021 to ₹6,815.65 million in Fiscal 2022. Our revenues from sale of services increased by 17.02% from ₹178.86 million in Fiscal 2021 to ₹209.29 million in Fiscal 2022 primarily due to increase in income from annual maintenance contracts and machine service income. Other operating revenue increased by 55.52% from ₹7.22 million in Fiscal 2021 to ₹11.22 million in Fiscal 2022 due to transfer of Merchandise Exports from India Scheme (MEIS) license.

*Other Income*

Our other income decreased by 64.38% from ₹100.33 million in Fiscal 2021 to ₹35.74 million in Fiscal 2022, primarily as a result of decrease in the gain from foreign exchange fluctuation (net of loss) from ₹84.22 million in Fiscal 2021 to nil in Fiscal 2022, which was partially offset by increase in gain on sale of property, plant & equipment from nil in Fiscal 2021 to ₹4.43 million in Fiscal 2022 and increase in 'others' by 467.49% from ₹2.68 million in Fiscal 2021 to ₹15.21 million in Fiscal 2022.

*Total Expenses*

Our total expenses increased by 19.67% from ₹6,616.65 million in Fiscal 2021 to ₹7,918.11 million in Fiscal 2022.

*Cost of Raw Materials Consumed*

Cost of raw materials consumed decreased by 9.72% from ₹4,638.57 million in Fiscal 2021 to ₹4,187.80 million in Fiscal 2022 due to decrease in in inventories of finished goods and work-in-progress.

*(Increase)/ decrease in inventories of finished goods and work-in-progress*

There was net decrease in inventory of ₹9.05 million in Fiscal 2022, as compared to a net increase of ₹1,449.02 million in Fiscal 2021. This was primarily due to increase in work-in-progress from ₹3,600.32 million in Fiscal 2021 to ₹3,692.00 million in Fiscal 2022 and decrease in inventory of finished goods from ₹284.45 million in Fiscal 2021 to ₹170.83 million in Fiscal 2022.

*Employee Benefits Expense*

Our employee benefits expense increased by 7.95% from ₹1,313.86 million in Fiscal 2021 to ₹1,418.36 million for Fiscal 2022 due to an increase in payment of salary number of payment of salaries, bonus and allowances, contributions to provident and other funds, and staff welfare expenses primarily on account of increase in number of employees (including employees on contract basis) from 2,107 in Fiscal 2021 to 2,299 in Fiscal 2022.

*Finance Costs*

Our finance costs increased by 8.86% from ₹ 755.12 million in Fiscal 2021 to ₹821.99 million in Fiscal 2022 primarily due to an increase in our borrowings from banks as well as 'others'.

*Depreciation and Amortisation Expenses*

Our depreciation and amortisation expenses decreased by (5.29%) from ₹377.84 million in Fiscal 2021 to ₹357.86 million in Fiscal 2022 primarily due to lower incremental investments into property, plant and machinery as compared to Fiscal 2021.

*Other Expenses*

Our other expenses increased by 14.56% from ₹980.28 million in Fiscal 2021 to ₹1,123.04 million in Fiscal 2022, in aggregate, primarily due to an increase in consumption of stores & spares by 56.40% from ₹106.54 million in Fiscal 2021 to ₹166.63 million in Fiscal 2022; increase in inward transportation expenses by 54.69% from ₹85.19 million in Fiscal 2021 to ₹131.77 million in Fiscal 2022; increase in legal and professional charges by 37.64% from ₹18.88 million in Fiscal 2021 to ₹25.99 million in Fiscal 2022; increase in travelling, conveyance & vehicle expenses by 59.30% from ₹78.66 million in Fiscal 2021 to ₹125.31 million in Fiscal 2022; and increase in commission expenses by 140.85% from ₹20.82 million in Fiscal 2021 to ₹50.14 million in Fiscal 2022. This was partially offset primarily by decrease in expenses towards advertisement, marketing expenses & exhibition by 93.60% from ₹42.66 million in Fiscal 2021 to ₹2.73 million in Fiscal 2022; and decrease in warranty expenses by 86.96% from ₹13.80 million in Fiscal 2021 to ₹1.80 million in Fiscal 2022.

*Total Income Tax Expense*

Our total income tax expense increased from ₹ (15.44) million in Fiscal 2021 to ₹65.50 million in Fiscal 2022, primarily due a corresponding increase in profit before tax from our Company's operations. This primarily constituted an increase in current tax (net) from nil in Fiscal 2021 to ₹65.00 million in Fiscal 2022, and increase in deferred tax charge from ₹(15.44) million in Fiscal 2021 to ₹0.50 million in Fiscal 2022.

*Profit for the Year*

As a result of the foregoing factors, our profit for the year was ₹ (483.00) million in Fiscal 2022 compared to ₹(700.29) million in Fiscal 2021.

**Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)**

EBITDA was ₹726.62 million in Fiscal 2022 compared to EBITDA of ₹316.89 million in Fiscal 2021, while EBITDA Margin was 9.73% in Fiscal 2022 compared to 5.46% in Fiscal 2021.

For reconciliation of EBITDA and EBITDA Margin, see '*Other financial Information - Non-GAAP Measures – Reconciliation of Profit/ (loss) for the Year to EBITDA and EBITDA Margin*' on page 301.

**LIQUIDITY AND CAPITAL RESOURCES**

We have historically financed the expansion of our business and operations through a combination of internal accruals and external borrowings.

***Cash Flows***

The following table sets forth certain information relating to our consolidated cash flows during the Fiscal periods indicated:

*(₹ million)*

| **Particulars** | **Fiscal** | | |
|---|---|---|---|
| | **2023 (Consolidated)** | **2022 (Consolidated)** | **2021 (Consolidated)** |
| Cash flow from operating activities | 116.67 | 385.50 | 280.49 |
| Net Cash flow used in investing activities | (316.12) | (310.61) | (179.78) |
| Net cash from/ (used in) financing activities | 335.93 | (151.59) | (31.10) |
| Net (decrease)/ increase in cash and cash equivalents | 136.48 | (76.69) | 69.60 |
| **Cash and cash equivalents at year end** | **160.92** | **24.44** | **101.15** |

***Operating Activities***

*Fiscal 2023*

Cash flow from operating activities was ₹116.67 million in Fiscal 2023. In Fiscal 2023, our net profit before tax was ₹278.50 million. The primary adjustments consisted of depreciation and amortization expense of ₹336.18 million; finance cost of ₹897.02 million; adjustment for exceptional income of ₹304.50 million and adjustment for unrealized gain on foreign exchange of ₹271.53million.

Operating profit before changes in operating assets and liabilities was ₹958.78 million in Fiscal 2023. The primary adjustments in Fiscal 2023 included increase in inventories by ₹1,858.78 million, increase in other current and non-current assets by ₹835.20 million, decrease trade receivables by ₹543.12 million, partially off-set by an increase in trade payables by ₹1,176.30 million and increase in other current and non-current liabilities by ₹203.06 million.

*Fiscal 2022*

Cash flow from operating activities was ₹385.50 million in Fiscal 2022. In Fiscal 2022, our net profit before tax was (₹417.50) million. Primary adjustments consisted of depreciation and amortization expense of ₹357.86 million; finance cost of ₹821.99 million; adjustment for unrealized loss on foreign exchange of ₹206.00 million; and adjustment for other expense of ₹ 110.02 million.

Operating profit before changes in operating assets and liabilities was ₹1,057.91 million in Fiscal 2022. The primary adjustments in Fiscal 2022 included decrease in other current and non-current liabilities by ₹769.58 million, decrease in trade payables by ₹ 165.60 million, decrease in inventories by ₹106.65 million and decrease trade receivables by ₹164.50 million partially off-set by an increase in other current and non-current assets by ₹2.30 million.

*Fiscal 2021*

Cash flow from operating activities was ₹280.49 million in Fiscal 2021. In Fiscal 2021, our net profit before tax was (₹715.73) million. The primary adjustments consisted of depreciation and amortization expense of ₹380.00 million and finance cost of ₹755.13 million.

Operating profit before changes in operating assets and liabilities was ₹406.79 million in Fiscal 2021. The primary adjustments in Fiscal 2021 included increase in inventories by ₹582.77 million, increase in trade receivables by ₹203.02 million, increase in trade payables by ₹405.02 million, increase in other current and non-current liabilities by ₹338.14 million and increase in other current and non-current assets by ₹ 79.29 million.

***Investing Activities***

*Fiscal 2023*

Net cash flow used in investing activities in Fiscal 2023 was ₹316.12 million, primarily due to payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance) of ₹340.65 million.

*Fiscal 2022*

Net cash flow used in investing activities in Fiscal 2022 was ₹310.61 million, primarily due to payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance) of ₹405.60 million. This was partially offset by proceeds from term deposit of ₹69.15 million and interest and commission received of ₹14.87 million.

*Fiscal 2021*

Net cash flow used in investing activities in Fiscal 2021 was ₹179.78 million, primarily due to payments for acquisition of property, plant and equipment and intangible assets (including capital work in progress, intangible assets under development and capital advance) of ₹142.66 million, increase in term deposit by ₹31.54 million, purchase of investments (net) of ₹15.93 million a partially off-set by interest and commission received of ₹10.34 million.

***Financing Activities***

*Fiscal 2023*

Net cash flow generated from financing activities in Fiscal 2023 was ₹335.94 million, primarily on account of increase in non-current borrowings by ₹ 176.52 million, increase in current borrowing by ₹556.15 million and proceeds from issue of shares (including share premium) by ₹500.30 million, which was partially offset by finance cost of ₹ 897.02 million.

*Fiscal 2022*

Net cash flow used in financing activities in Fiscal 2022 was ₹151.59 million, primarily on account of finance cost of ₹821.99 million which was partially off-set by increase in non-current borrowings by ₹208.35 million and increase in current borrowing by ₹462.06 million.

*Fiscal 2021*

Net cash flow used in financing activities in Fiscal 2022 was ₹31.10 million, primarily on account of finance cost of ₹768.33 million which was partially offset by increase in non-current borrowings by ₹661.99 million and increase in current borrowing by ₹75.24 million.

**INDEBTEDNESS**

As of March 31, 2023, we had non-current borrowings of ₹1,274.65 million, current borrowings of ₹7,075.09 million, and net debt (net off bank balances and cash and cash equivalents) aggregating ₹8,066.85 million, with a net debt to equity ratio of 9.83 times. Some of our financing agreements include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. We cannot assure you that we will be able to obtain these consents and any failure to obtain these consents could have significant adverse consequences for our business. For further information on our outstanding indebtedness, see '*Financial Indebtedness*' on page 302 and *'Risk Factors - We have incurred significant indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial conditions. Conditions and restrictions imposed on us by the agreements governing our indebtedness could adversely affect our ability to operate our business* on page 43.

**CONTINGENT LIABILITIES**

The following table below sets forth the principal components of our contingent liabilities as per Ind AS 37 – Contingent Liabilities to the extent not provided for, as of March 31, 2023:

| Particulars | As of March 31, 2023 (₹ million) |
|---|---|
| Letter of Credit, Standby Letter of Credit, Letter of Comfort & Bank Guarantee | |
| (i) Outstanding Letter of Credits & Bank Guarantee | 941.42 |
| (ii) Outstanding Standby Letter of Credit & Letter of Comfort | 537.65 |
| Corporate Guarantee | |
| (ii) Guarantees given by the Company to banks on behalf of step down subsidiary | 806.47 |
| Claim Against the Company not Acknowledged as Debt | |
| - *Vendor* | 0.61 |
| - *Customer (Compensation claim)* | 5.84 |
| - *Customer (Amount paid under protest)* | 3.61 |
| Disputed Excise Duty, Service Tax & Other Liabilities in respect of Pending Litigations before Appellate Authority & Against which amount paid Under Protest are as follows | |
| - *Disputed excise duty liabilities* | 27.26 |
| - *Disputed income tax liabilities* | 4.32 |
| - *Disputed CST liabilities* | 166.59 |
| - *Disputed VAT liabilities* | 28.54 |

| Particulars | As of March 31, 2023<br>(₹ million) |
|---|---|
| - *Disputed GST Liabilities* | - |
| - *Amount paid under protest – Excise duty* | 4.43 |
| - *Amount paid under protest – CST* | 14.00 |
| *Amount paid under protest – VAT* | 2.65 |
| **Total** | **2,543.37** |

For further information of our contingent liabilities as at March 31, 2023 as per Ind AS 37, see '*Restated Consolidated Financial Statements – Note 34 – Contingent Liabilities & Commitments – to the extent not provided for*' on page 283.

**CAPITAL COMMITMENTS**

The table below sets forth our capital commitments as of March 31, 2023:

| Particulars | As of March 31, 2023<br>(₹ million) |
|---|---|
| Estimated amount of Capital Contracts Remaining to be executed & not provided as on Balance Sheet Date | 66.06 |
| Other Commitments - Subsidiary | 1,136.10 |

For further information of our capital commitments as at March 31, 2023 as per Ind AS 37, see '*Restated Consolidated Financial Statements – Note 34 – Contingent Liabilities & Commitments – to the extent not provided for*' on page 283.

**OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

**RELATED PARTY TRANSACTIONS**

We enter into various transactions with related parties in the ordinary course of business. Related parties with whom transactions have taken place during the year primarily include sale of finished goods, purchase of raw materials, loans taken from Directors and interest on such loans, conversion of loan and advance to equity, short term employee benefits, loans and advances given, trade receivables and directors sitting fees. For further details see *'Restated Consolidated Financial Statements* - *Note 36* - *Related Party Disclosures'* and *'Risk Factors* - *Our Company has in the past entered into related party transactions and may continue to do so in the future and we cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties and that such transactions will not have an adverse effect on our financial conditions and result of operations'* on page 286 and 42, respectively.*'*

**CHANGES IN ACCOUNTING POLICIES**

There have been no changes in the accounting policies of the Company during the last three Fiscals.

**AUDITOR OBSERVATIONS**

There are no qualifications, reservations and adverse remarks by our Statutory Auditors in our Restated Consolidated

Financial Statements.

However, our Statutory Auditors have drawn attention to Emphasis of Matters in our standalone audited financial statements for Fiscal 2023 and 2022, and our erstwhile statutory auditors have drawn attention to Emphasis of Matters in our standalone audited financial statements for Fiscal 2021. For details see *'Risk Factors - Our Statutory Auditors have made certain comments in respect of our Company's standalone audited financial statements for Fiscals 2023 and 2022. Our erstwhile statutory auditors have made certain comments in respect of our Company's standalone audited financial statements for Fiscals 2021.'* on page 44.

**QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We have exposure to the following risks: market risk, credit risk and liquidity risk. Our Board of Directors oversees the management of these risks and also ensures that financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with our policies and risk objectives.

***Credit Risk***

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. While we endeavour to take partial or full payment from our customers before despatch of products (except in the case of contracts with government entities), we are still exposed to credit risk from our operating activities (primarily trade receivables) and from our financing activities, including deposits with banks and financial institutions, and other financial instruments.

***Liquidity Risk***

Liquidity risk is the risk that our Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. Our Company's objective is to maintain optimum levels of liquidity at all times to meet its cash and collateral requirements. Our Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including debt and overdraft from banks at an optimised cost.

***Market Risk***

*Foreign Exchange Risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our Company operates both within India and outside India and major portion of our business is transacted in INR, USD and Euro amongst other currencies. Our Company has sales, purchase, borrowing (etc.) in foreign currency which exposes us to foreign exchange risk. Foreign exchange exposure is partially balanced through purchase of goods, commodities and services in the respective currencies. Our Company evaluates exchange rate exposure arising from foreign currency transactions and follows established risk management policies.

*Interest Risk*

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. Our Company has interest rate risk exposure mainly from changes in rate of interest on borrowings and on deposits with bank. A large part of our interest bearing borrowings have a floating rate which can potentially increase our finance costs in a rising interest rate scenario.

*Commodity Price Risk*

Commodity price risk is the possibility of impact from changes in the prices of raw materials. We are exposed to risk with respect to the prices of certain raw materials used for our products, including different components or grades of steel which is a primary raw material for the products manufactured at our facilities. The costs for these materials are based on commodity prices and subject to fluctuations. The costs of components sourced from outside manufacturers may also fluctuate based on their availability from suppliers.

**CAPITAL EXPENDITURE**

Our capital expenditure (i.e. payments for acquisition of property, plant and equipment, right to use assets, and intangible assets (including capital work in progress and intangible assets under development)) was ₹142.66 million, ₹405.60 million and ₹340.65 million in Fiscal 2021, 2022 and 2023, respectively. The following table sets forth our fixed assets, as indicated:

*(in ₹ million)*

| Particulars | As on March 31, 2023 | As on March 31, 2022 | As on March 31, 2021 |
|---|---|---|---|
| | Consolidated | Consolidated | Consolidated |
| Property, Plant and Equipment (I) | 2,689.02 | 2,745.55 | 2,991.55 |
| Capital Work in Progress (II) | 82.79 | 8.97 | 510.89 |
| Right of Use Assets (III) | 0.06 | 0.36 | 0.86 |
| Intangible assets (IV) | 141.60 | 179.12 | 219.75 |
| Intangible assets under development (V) | 71.01 | 45.81 | 26.37 |
| **Total Fixed Assets (VI = I + II + III + IV + V)** | **2,984.47** | **2,979.80** | **3,749.40** |

**SIGNIFICANT ECONOMIC CHANGES**

To the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

**UNUSUAL OR INFREQUENT EVENTS OF TRANSACTIONS**

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no 'unusual' or 'infrequent' events or transactions that have in the past or may in the future affect our business operations or future financial performance.

**KNOWN TRENDS OR UNCERTAINTIES**

Our business has been affected and we expect will continue to be affected by the trends identified above in *'Risk Factors' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations - Principal Factors Affecting our Results of Operations and Financial Condition'* on pages 33 and 315. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse impact on our revenues or income from continuing operations.

**FUTURE RELATIONSHIP BETWEEN COST AND INCOME**

Other than as described in '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on pages 33, 176 and 312, respectively, there are no known factors that might affect the future relationship between costs and revenues.

**NEW PRODUCTS OR BUSINESS SEGMENTS**

Except as set out in this Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new business segments other than in the normal course of business.

**COMPETITIVE CONDITIONS**

We operate in a competitive environment. See '*Our Business*', '*Industry Overview*' and '*Risk Factors*' on pages 176, 139 and 33, respectively, for further information on competitive conditions that we face.

**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**

Changes in revenue in the last three Fiscals are as described in '*Management's Discussion and Analysis of Financial Condition and Results of Operations - Fiscal 2023 compared to Fiscal 2022', 'Management's Discussion and Analysis of Financial Condition and Results of Operations - Fiscal 2022 compared to Fiscal 2021*' above on pages 339 and 341 respectively.

**SEGMENT REPORTING**

Our Company operates in a single operating segment and therefore separate segment reporting has not been made under Ind-AS 108.

**SIGNIFICANT DEPENDENCE ON SINGLE OR FEW SUPPLIERS OR CUSTOMERS**

Other than as disclosed in '*Risk Factors - Our Company does not have long-term agreements with suppliers for our input materials and a significant increase in the cost of, or a shortfall in the availability, or deterioration in the quality, of such input materials could have an adverse effect on our business and results of operations'* on page 35, we are not dependent on a single or few suppliers or customers.

**SEASONALITY/ CYCLICALITY OF BUSINESS**

While our business is not seasonable in nature, we generally witness lower revenues in period between April and June which is compensated by higher revenues in period from January to March.

**TOTAL TURNOVER OF EACH MAJOR INDUSTRY SEGMENT IN WHICH THE COMPANY OPERATED**

We operate only in the machine tool industry and our entire revenue from operations is generated from this industry.

**SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2023 THAT MAY AFFECT OUR FUTURE RESULTS OF OPERATIONS**

Except as disclosed in this Draft Red Herring Prospectus, there are no significant developments or circumstances that have occurred post March 31, 2023, which has materially and adversely affected, or are likely to adversely affect within the next twelve months (a) our revenues or profitability, (b) the value of our assets, or (c) our ability to pay our liabilities.

# SECTION VII: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (a) criminal proceedings (including first information reports) involving our Company, our Directors, our Promoters, our Subsidiaries, or our Group Companies; (b) actions by any statutory or regulatory authorities involving our Company, our Directors, our Promoters, or our Subsidiaries; (c) disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoters in the last 5 Fiscals including outstanding action; (d) claim involving our Company, our Directors, our Promoters, or our Subsidiaries for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved); and (e) other pending litigations involving our Company, our Directors, our Promoters or Subsidiaries (other than proceedings covered under (a) to (d) above) which have been determined to be material pursuant to the materiality policy approved by our Board in its meeting held on July 12, 2023 (**Materiality Policy**) (as disclosed herein below).*

*In terms of the Materiality Policy, all outstanding litigation/ arbitration proceedings (other than those covered under (a) - (d) above) involving our Company, our Directors, our Promoters and our Subsidiaries, shall be considered 'material' and disclosed in the Issue Documents: (i) if the aggregate monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds 0.1 % of the consolidated revenue from operations of our Company as per the latest completed fiscal year in the Restated Consolidated Financial Statements of our Company to be included in the Issue Documents or ₹ 10 million, whichever is lower; or (ii) where monetary liability is not determinable or quantifiable for any other outstanding proceeding, or which does not fulfil the financial threshold specified in (i) above, but the outcome of any such pending proceeding may have a material adverse effect on the business, operations, performance, prospects, position or reputation of our Company.*

*Pre-litigation notices received by our Company, our Directors, our Promoters, our Group Companies or our Subsidiaries, from third parties (excluding notices from statutory, regulatory or tax authorities, notices threatening criminal action) shall not be evaluated for materiality until our Company, our Directors, our Promoters, our Group Companies or our Subsidiary, is impleaded in proceedings before any judicial/ arbitral forum.*

*Further, as per the requirements of SEBI ICDR Regulations, our Company shall also disclose such outstanding litigation involving the Group Companies which has a material impact (as determined by our Board) on our Company.*

*Except as stated in this section, there are no material outstanding dues to creditors of our Company. For this purpose, our Board, in its meeting held on July 12, 2023 has considered and adopted the Materiality Policy for identification of material outstanding dues to creditors. In terms of our Materiality Policy, creditors of our Company to whom an amount having a monetary value exceeds 5% of the total consolidated trade payables of our Company are considered material. In addition, outstanding dues as on March 31, 2023, owed by our Company to micro, small and medium enterprises in terms of Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006 and creditors other than micro, small and medium enterprises and Material Creditors have been disclosed in this chapter.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.*

**I. Litigation involving our Company**

**A. Litigations against our Company**

i. *Criminal proceedings*

a. A criminal *suo moto* public interest litigation (bearing Criminal Suo-moto Public Interest Litigation No. 2 of 2021) (**PIL**) was filed against our Company and others entities (**Respondents**) before the Hon'ble High Court of Judicature of Bombay, Aurangabad Bench (**High Court**) *inter alia* alleging supply of inferior quality / dysfunction of ventilators by our Company to government medical colleges and hospitals By an order dated June 7, 2021, the High Court observed that certain defective ventilators have been rendered functional after the repairs carried out by our Company, and in relation to remaining malfunctioning ventilators directed our Company to carry out repairs or replace the ventilators, on a case-to-case basis, as may be required. The matter is currently pending before the High Court.

ii. *Outstanding actions by statutory and/or regulatory authorities*

Nil

iii. *Tax proceedings*

| Nature of the case | Number of cases | Total amount involved *(in ₹ million)* |
|---|---|---|
| Direct tax litigations* | 10 | 52.32 |
| Indirect tax litigations | 11 | 341.35 |
| **Total** | **21** | **393.67** |

**Our Company has received a notice from Income Tax Department vis-à-vis delay in depositing the TDS amount within the time period prescribed under Income Tax Act 1961 in Fiscal 2013, Fiscal 2014, Fiscal 2015 and Fiscal 2016. In relation to the same the department has issued show cause notices asking why proceedings should not be initiated against our Company. In relation to the aforementioned defaults, the department has also issued separate notices to Parakramsinh Ghanshyamsinh Jadeja, Sahdevsinh Lalubha Jadeja and Vikramsinh Raghuvirsinh Rana. In relation to the same our Company has filed a compounding application with the Chief Commissioner of Income Tax TDS on July 15, 2023, for Fiscal 2013 to Fiscal 2016, Fiscal 2018 to Fiscal 2023. The matter is currently pending.*

iv. *Material outstanding litigations*

Nil

v. *Other matters*

A first information report bearing FIR No. 0403 dated July 20, 2021 was filed by Ram Lal (**Complainant**) in Hari Nagar Police Station (Police Station) in relation to an injury suffered while unloading one of our machines from a truck which was transporting this machine. Upon occurrence of this incident, our machine which was being transported in the truck was impounded by the Police Station. A criminal case bearing no. 14085/2022 was filed before the Chief Metropolitan Magistrate in relation to this matter. The Chief Metropolitan Magistrate, West, Tis Hazari Courts, Delhi has released the machine, which was impounded, through an order dated September 13, 2021 after our Company deposited a security bond / indemnity of ₹ 2.77 million.

**B. Litigation initiated by our Company**

i. *Criminal proceedings*

Our Company has filed a criminal complaint on January 10, 2020 under Section 138 of the Negotiable Instruments Act, 1881 against Northwest Engineering Corporation Private Limited and its directors Jamdar Aloksingh Rajendrasingh and Swati Chavan for a cheque aggregating ₹ 0.5 million that was presented but returned dishonoured. The matter is currently pending before the Court of Judicial Magistrate (First Class) at Rajkot and the next date of hearing is scheduled on November 3, 2023.

ii. *Material outstanding litigations*

a. Our Company entered into an agreement dated September 12, 2013 with the President of India represented through the General Manager, Ordinance Factory Project, Korwa on behalf of the Government of India (**Respondent**) for supply of CNC Horizontal machining centre and subsequent installation and commissioning at the premises of the Respondent (**Agreement**). The Respondent made payments to our Company for supply of the goods except for ₹ 10.5

million which was due to our Company upon commissioning of the machines. The Respondent disputed the cycle time of the machinery and refused to make payment of the outstanding amount to our Company. Our Company referred the said dispute to arbitration under the Arbitration and Conciliation Act, 1996 in terms of the Agreement claiming an amount of ₹ 10.5 million along with 18% interest thereon. The Respondent filed a counter claim in the matter claiming an amount of ₹ 17.88 million for alleged failure on part of our Company in relation to the cycle time of the machinery supplied by our Company to the Respondent. The sole arbitrator passed an award dated February 12, 2021 rejecting the claim made by our Company while partially allowing the counter claim made by the Respondent aggregating ₹ 12.44 million and directing our Company to pay the said amount to the Respondent (**Award**). Thereafter, our Company filed an arbitration application before the Court of Commercial Judge, Kanpur under Section 34(1) of the Arbitration and Conciliation Act, 1996 challenging the Award *inter alia* on the grounds that the appointment of the sole arbitrator was in violation of Section 12(5) of the Arbitration and Conciliation Act, 1996 and prayed *inter alia* that the Award be set aside and fresh arbitration proceedings may be initiated in terms of the Arbitration and Conciliation Act, 1996. Through an order dated May 23, 2023 the Court of Commercial Judge, Kanpur, allowed the arbitration application filed by our Company and quashed the Award.

b. Our Company has filed a Special Civil Application (bearing number 7855 of 2016) against the State of Gujarat, the Chief Controlling Revenue Authority Stamp and Valuation Department and Ors. under Article 226 of the Constitution of India before the High Court of Gujarat at Ahmedabad challenging the legality and validity of the *suo moto* review order dated March 4, 2016 passed by the Chief Controlling Revenue Authority Stamp and Valuation Department under Section 53(A) of the Gujarat Stamp Act, 1958 (**Impugned Order**). Pursuant to the Impugned Order our Company was directed to pay an additional stamp duty of ₹ 1.68 million in relation to a transaction undertaken by our Company on December 15, 2010 pertaining to deposit of title deeds in favour of Corporation Bank towards security for loans availed by our Company. Our Company has challenged the Impugned Order on the grounds that it is *inter alia* perverse, illegal, arbitrary, bad in law, erroneous and contrary to the settled legal principles. The matter is currently pending before the High Court of Gujarat at Ahmedabad.

## II. Litigation involving our Promoters

### A. Litigations against our Promoters

i. *Criminal proceedings*

Nil

ii. *Outstanding actions by statutory and/or regulatory authorities*

Nil

iii. *Disciplinary actions including penalty imposed by SEBI or Stock Exchanges in the last 5 Fiscals*

Nil

iv. *Tax proceedings*

| Nature of the case | Number of cases | Total amount involved *(in ₹ million)* |
|---|---|---|
| Direct tax litigations* | 12 | Nil |
| Indirect tax litigations | - | - |
| **Total** | **12** | **Nil** |

**Parakramsinh Ghanshyamsinh Jadeja, our Chairman and Managing Director and Promoter of our Company, and Sahdevsinh Lalubha Jadeja and Vikramsinh Raghuvirsinh Rana, our Company's Whole Time Directors and Promoters have received notices from Income Tax Department vis-à-vis delay in depositing the TDS amount by our Company within the time period prescribed under Income Tax Act, 1961 in Fiscal 2013, Fiscal 2014, Fiscal 2015, and Fiscal 2016. In relation to the same the department has issued show cause notices asking why proceedings should not be initiated against them. The matters are currently pending.*

v. *Material outstanding litigations*

Nil

**B. Litigation initiated by our Promoters**

i. *Criminal proceedings*

Nil

ii. *Material outstanding litigations*

Nil

**III. Litigation involving our Directors**

**A. Litigations against our Directors**

i. *Criminal proceedings*

Nil

ii. *Outstanding actions by statutory and/or regulatory authorities*

Nil

iii. *Tax proceedings*

| Nature of the case | Number of cases | Total amount involved *(in ₹ million)* |
|---|---|---|
| Direct tax litigations* | 12 | Nil |
| Indirect tax litigations | - | - |
| **Total** | **12** | **Nil** |

** Parakramsinh Ghanshyamsinh Jadeja, our Chairman and Managing Director and Promoter of our Company, and Sahdevsinh Lalubha Jadeja and Vikramsinh Raghuvirsinh Rana, our Company's Whole Time Directors and Promoters have received notices from Income Tax Department vis-à-vis delay in depositing the TDS amount by our Company within the time period prescribed under Income Tax Act, 1961 in Fiscal 2013, Fiscal 2014, Fiscal 2015, and Fiscal 2016. In relation to the same the department has issued show cause notices asking why proceedings should not be initiated against them. The matters are currently pending.*

iv. *Material outstanding litigations*

Nil

**B. Litigation initiated by our Directors**

i. *Criminal proceedings*

Nil

ii. *Material outstanding litigations*

Nil

## IV. Litigation involving our Subsidiaries

### A. Litigations against our Subsidiaries

i. *Criminal proceedings*

Nil

ii. *Outstanding actions by statutory and/or regulatory authorities*

Nil

iii. *Tax proceedings*

| Nature of the case | Number of cases | Total amount involved *(in ₹ million)* |
|---|---|---|
| Direct tax litigations | Nil | Nil |
| Indirect tax litigations | Nil | Nil |
| **Total** | Nil | Nil |

iv. *Material outstanding litigations*

a. Huron Graffenstaden SAS, one of our Subsidiary, delivered two machines (KX-50 & MAM HPPS-35-6) to a customer in 2017. These machines were not operational at the plant of the customer, despite numerous interventions by Huron Graffenstaden SAS at the plant of the customer. The customer, i.e., Halgand, has filed a suit against Huron Graffenstaden SAS in the Commercial court of Saint-Nazaire. The amount involved in the proceeding is not determinable at this stage. Currently, the customer has requested for the appointment of an expert to determine the cause of the problem.

b. Huron Graffenstaden SAS, one of our Subsidiary, delivered a machine NX 50 machine which was manufactured by our Company and directly delivered to the customer, i.e., Lambert. There was a delay in the delivery of the machine which led to cancellation of the orders received by the customers. Further, major malfunctions were discovered in the operation of the machine. Despite 13 interventions carried out at customers' plant during 2014 to 2016, a major technical problem remained unresolved. It was concluded by the expert that the machine does not work and could never be accepted. The expert also concluded that the cause lies in the conception and manufacture of the machine by our Company. In 2014, the customer filed a suit against Huron Graffenstaden SAS in Commercial Court of Nancy. The claim amount involved in the matter is € 481,000 (i.e., ₹ 43.57 million; 1 € = ₹ 90.58 as of July 31, 2023 (Source: www.fbil.org.in)). The next date of the hearing / proceeding in the matter has not yet been assigned.

### B. Litigation initiated by our Subsidiaries

i. *Criminal proceedings*

Nil

ii. *Material outstanding litigations*

Nil

**V. Litigation involving our Group Companies**

Nil

**VI. Outstanding dues to creditors**

As of March 31, 2023, our Company had 1,176 creditors on a consolidated basis and the aggregate amount due by our Company to these creditors was ₹ 4,129.91 million, on a consolidated basis, as detailed below:

| Types of Creditors | Number of Creditors | Amount involved (in ₹ million) |
|---|---|---|
| Micro, Small and Medium Enterprises | 20 | 17.90 |
| Other creditors | 1,156 | 4,112.01 |
| **Total** | **1,176** | **4,129.91** |

Our Board, in its meeting held on July 12, 2023 has considered and adopted the Materiality Policy for identification of material outstanding dues to creditors. In terms of our Materiality Policy, creditors of our Company to whom an amount having a monetary value exceeds 5% of the total consolidated trade payables of our Company are considered material (**Material Creditors**). Based on this criteria, details of outstanding dues owed to Material Creditors as on March 31, 2023 by our Company are set out below:

| Particulars | Number of Creditors | Amount involved (in ₹ million) |
|---|---|---|
| Material Creditors | 2 | 599.48 |

The details pertaining to outstanding dues to Material Creditors, along with the name and amount involved for each such Material Creditor, are available on the website of our Company at www.jyoti.co.in.

It is clarified that information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, www.jyoti.co.in would be doing so at their own risk.

**Material Developments since the date of the last Balance Sheet**

Other than as disclosed in '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on page 312, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability, the value of our assets, or our ability to pay our liabilities within the next 12 months from the date of this Draft Red Herring Prospectus.

# GOVERNMENT AND OTHER APPROVALS

*Except as disclosed herein and in 'Risk Factors', on page 33 (in relation to material approvals which are required but not obtained or applied for by us), our Company and Material Subsidiaries have received the necessary material consents, licenses, permissions, registrations and approvals from the relevant governmental, statutory and/ or regulatory authorities in India, which are necessary for undertaking its present business activities. We have set out below a list of material consents, licenses, permissions, and approvals from various governmental, statutory and regulatory authorities in India which are considered material and necessary for the purpose of undertaking our business activities. Unless stated otherwise, these material approvals are valid as on the date of this Draft Red Herring Prospectus.*

*In addition to these approvals, we have also disclosed below (i) the approvals applied for, including renewal applications made, but not received; (ii) the approvals for which applications are yet to be made by our Company and Material Subsidiaries, and (iii) approvals required but not obtained or applied for by our Company and Material Subsidiaries. For further details in connection with the applicable regulatory and legal framework, see 'Key Regulations and Policies' on page 205.*

## I. Approvals in relation to the Issue

For details of approvals and authorisations in relation to the Issue, see '*Other Regulatory and Statutory Disclosures - Authority for the Issue*' on page 363.

## II. Incorporation Details

### a) Approvals in relation to incorporation of our Company

For details in relation to incorporation of our Company, see '*History and Certain Other Corporate Matters*' on page 210.

### b) Approvals in relation to incorporation of Jyoti SAS

For details in relation to incorporation of Jyoti SAS, see '*Our Subsidiaries - Jyoti SAS*' on page 215.

### c) Approvals in relation to incorporation of Huron Graffenstaden SAS

For details in relation to incorporation of Huron Graffenstaden SAS, see '*Our Subsidiaries - Huron Graffenstaden SAS'* on page 215.

## III. Approvals in relation to our Company's business operations:

Our Company is required to obtain various registrations and approvals in relation to our business. The registrations and approvals obtained by our Company in respect of our business operations include:

<u>*Business related approvals*</u>

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| 1. | Importer Exporter Code | Office of Joint Director General of Foreign Trade, Department of Commerce, Ministry of Commerce and Industry, Government of India | June 11, 2003 | - |
| 2. | Recognition of In-House R&D unit in the premises | Department of Scientific & Industrial Research, Ministry | June 10, 2022 | March 31, 2025 |

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| | located at Plot 2839, GIDC Lodhika, Metoda, Rajkot, Gujarat, 360021 | of Science and Technology, Government of India | | |
| 3. | Self-Sealing Permission of export cargo into containers by the Central Board of Excise and Customs for the premises located at Plot No. 2839, Lodhika GIDC, Village Metoda, District Rajkot, Gujarat - 360021 | Office of the Commissioners' of Customs, Jamnagar | August 25, 2020 | - |
| 4. | Self-certification and self-sealing permission and registration of such permission in EDI System for examination and stuffing of export cargo into containers for the premises located at Plot No. 2839, Lodhika GIDC, Village Metoda, District Rajkot, Gujarat - 360021 | Office of the Principal Commissioners' of Customs | September 12, 2018 | - |
| 5. | Certificate of Recognition as One Star Export House in accordance with the Foreign Trade Policy 2023 | Directorate General of Foreign Trade, Ministry of Commerce and Industry | April 26, 2023 | April 26, 2028 |
| 6. | Registration cum Membership Certificate | EEPC India | April 3, 2023 | March 31, 2024 |
| 7. | ISO 9001:2015 certificate for Manufacturing and Servicing of CNC Turning Centers, CNC Vertical Machining Centers and CNC Horizontal Machining Centers for our Company's manufacturing facilities located at G - 506, Lodhika G.I.D.C., Kalawad Road, Village: Metoda Dist: Rajkot - 360 021, Gujarat, India and 2839, Lodhika G.I.D.C., Kalawad Road Village: | TÜV SÜD South Asia Private Limited | March 10, 2021 | February 20, 2024 |

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| | Metoda, Dist: Rajkot - 360 021, Gujarat, India. | | | |
| 8. | ISO 45001:2018 certificate for Manufacturing and Servicing of CNC Turning Centers, CNC Vertical Machining Centers and CNC Horizontal Machining Centers for our Company's manufacturing facilities located at G - 506, Lodhika G.I.D.C., Kalawad Road, Village: Metoda Dist: Rajkot - 360 021, Gujarat, India and 2839, Lodhika G.I.D.C., Kalawad Road Village: Metoda, Dist: Rajkot - 360 021, Gujarat, India. | TÜV SÜD South Asia Private Limited | March 10, 2021 | February 20, 2024 |
| 9. | ISO 14001:2015 certificate for Manufacturing and Servicing of CNC Turning Centers, CNC Vertical Machining Centers and CNC Horizontal Machining Centers our Company's manufacturing facilities located at G - 506, Lodhika G.I.D.C., Kalawad Road, Village: Metoda Dist: Rajkot - 360 021, Gujarat, India and 2839, Lodhika G.I.D.C., Kalawad Road Village: Metoda, Dist: Rajkot - 360 021, Gujarat, India. | TÜV SÜD South Asia Private Limited | March 10, 2021 | February 20, 2024 |
| 10. | Verification certificate issued under Forensic Measure Science Act, 2009 | Forensic Measure Science Controller Office, Gujarat | March 21, 2022 | March 27, 2024 |

*Labour related approvals*

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| 1. | Allotment of code number under Employees State Insurance Act, 1948 | Regional Office, Employees' State Insurance Corporation, Ahmedabad | March 17, 2022 | Valid until cancelled |
| 2. | Allotment of code number under Employees Provident Fund and Miscellaneous Provisions Act, 1952 | Employees' Provident Fund Organisation | December 10, 2003 | Valid until cancelled |
| 3. | Certificate of Registration under sub section (1) of section 5 of the Gujarat State Tax on Profession, Trade, Calling and Employment Act, 1976 | Professional Tax Department, Amdavad Municipal Corporation | March 22, 2022 | Valid until cancelled |
| 4. | License to work a factory at Plot No. 2839 Lodhika GIDC Estate Metoda, Lodhika, Rajkot, Gujarat | Directorate Industrial Safety & Health, Gujarat | December 21, 2021 | Valid till December 31, 2026 |
| 5. | License to work a factory at G-506 Lodhika GIDC, Kalawad Road, Metoda, Lodhika, Rajkot, Gujarat | Directorate Industrial Safety & Health, Gujarat | November 30, 2021 | December 31, 2025 |
| 6. | License to work a factory at Lodhika GIDC, Plot No P-4 Kalawad Road, Metoda, Lodhika, Rajkot, Gujarat | Directorate Industrial Safety & Health, Gujarat | August 23, 2022 | December 31, 2026 |
| 7. | Certificate of stability for factory at Plot No. 2839 Lodhika GIDC Estate Metoda, Lodhika, Rajkot, Gujarat | Competent person under the Gujarat Factories Rules, 1963 | January 6, 2022 | 5 years from the date of issue or till any addition, alteration or upgradation in the approved drawing. |
| 8. | Certificate of stability for factory at G-506 Lodhika GIDC, Kalawad Road, Lodhika, Rajkot, Gujarat | Competent person under the Gujarat Factories Rules, 1963 | January 6, 2022 | 5 years from the date of issue or till any addition, alteration or upgradation in the approved drawing |
| 9. | Registration under the Contract Labour (Regulation and Abolition) Act, 1970 | Deputy Labour Commissioner Office, Rajkot | November 8, 2007 | Valid until cancelled |

*Industrial laws*

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| 1. | Acknowledgment for industrial entrepreneur memorandum for the | Ministry of Commerce and Industry | May 1, 2013 | Valid until cancelled |

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| | premises located at Plot No. G-506-2839, Lodhika GIDC Estate, Metoda, Lodhika, Rajkot, Gujarat, 360021 | | | |

*Environmental laws*

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| 1. | Consolidated consent and authorization under Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous and other Wastes (Management, and Trans boundary Movement) Rules, 2016 for the location of G-506 Lodhika GIDC, Kalawad Road, Lodhika, Rajkot, Gujarat | Gujarat Pollution Control Board | Renewed on December 22, 2020 | December 16, 2025 |
| 2. | Consolidated consent order under Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous and other Wastes (Management, and Trans boundary Movement) Rules, 2016 for the location of plot no. 2839 Lodhika GIDC Estate Metoda, Lodhika, Rajkot, Gujarat | Gujarat Pollution Control Board | January 21, 2022 | October 6, 2026 |
| 3. | Consent to Establish (NOC) under the Water (Prevention & Control of pollution) Act 1974, the Air Act, 1981 and the Environment (Protection) Act, 1986 for the location of plot no. 2839, GIDC Lodhika, Billage Metoda – 360021 Tal: Lodhika, Dist: Rajkot, Gujarat | Gujarat Pollution Control Board | March 14, 2023 | September 25, 2029 |

*Shops and Establishments*

| Sr. No. | Particulars of the Establishment | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| 1. | Registration Certificate under Gujrat Shops and | Amdavad Municipal Corporation | April 5, 2022 | - |

| Sr. No. | Particulars of the Establishment | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| | Establishment (Regulation of Employment and Conditions of Service) Act, 2019 for the premises located at B-404, Shapath Hexa, NR Ganesh Merediyan, Opposite High Court, Sloa, 380060 | | | |
| 2. | Registration Certificate under Gujrat Shops and Establishment (Regulation of Employment and Conditions of Service) Act, 2019 for the premises located at Unit 20, Shree Nath Sarthak Ind. Park NR., Torrent opposite Galaxy Heights, Ring Road, Nikol, Ahmedabad | Amdavad Municipal Corporation | March 31, 2022 | - |
| 3. | Registration Certificate under Gujrat Shops and Establishment (Regulation of Employment and Conditions of Service) Act, 2019 for the premises located at Ashok Laminate, Radhakrushna Nagar – 1 N.R Mansata Industries NR Poojara | Rajkot Municipal Corporation | June 22, 2023 | - |

*Tax related approvals*

| Sr. No. | Particulars | Reference Number | Issuing Authority |
|---|---|---|---|
| 1. | Permanent Account Number (PAN) | AABCJ1947R | Income Tax Department |
| 2. | Tax deduction and collection Account Number (TAN) | RKTJ04289F | Income Tax Department |
| 3. | Goods and Service Tax Registration | 24AABCJ1947R1Z5 | Government of India |

IV. **Material approvals in relation to our Material Subsidiaries:**

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| 1. | ISO 9001:2015 certificate for Organisation of Certification of the Quality Management Systems at Huron 1 Rue de 1’artisanat, | EURO-QUALITY SYSTEM FRANCE | August 27, 2021 | August 26, 2024 |

| Sr. No. | Particulars | Issuing Authority | Date of Issue / Renewal | Expiry Date |
|---|---|---|---|---|
| | 67114 ESCHAU – France issued to Huron Graffenstaden SAS | | | |

V. **Material Approvals applied for, but not received by our Company:**

a. Application dated August 11, 2023 for IEM certificate for increase in the manufacturing capacity at our Company's manufacturing units at G - 506, Lodhika GIDC, Kalawad Road, Metoda, Rajkot - 360 021 and 2839, Lodhika GIDC, Kalawad Road, Metoda, Rajkot - 360 021.

b. Application for Fire NOC dated August 16, 2023 for G - 506, Lodhika GIDC, Kalawad Road, Metoda, Rajkot - 360 021 and 2839, Lodhika GIDC, Kalawad Road, Metoda, Rajkot - 360 021.

VI. **Material Approvals applied for, but not received by our Material Subsidiaries:**

Nil

VII. **Approvals for which applications are yet to be made by our Company:**

Nil

VIII. **Approvals for which applications are yet to be made by our Material Subsidiaries:**

Nil

IX. **Approvals required but not obtained or applied for, by our Company:**

Nil

X. **Approvals required but not obtained or applied for by our Material Subsidiaries:**

Nil

# OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Issue**

The Issue has been authorized by our Board pursuant to the resolution passed at its meeting dated May 18, 2023 and approved by our Shareholders pursuant to a special resolution passed at their meeting dated August 19, 2023.

This Draft Red Herring Prospectus has been approved by our Board pursuant to its resolution passed on September 1, 2023 for filing with the SEBI and the Stock Exchanges.

**In-principle Listing Approvals**

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

**Prohibition by SEBI or other Governmental Authorities**

Our Company, our Promoters, the members of our Promoter Group, and our Directors, persons in control of our Company and the persons in control of our Corporate Promoter are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities. None of our individual Promoters or Directors have been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Our Company, our Promoters and our Directors have neither been declared as Wilful Defaulters nor Fraudulent Borrowers, as defined in the SEBI ICDR Regulations.

**Directors associated with the Securities Market**

None of our Directors are in any manner, associated with securities market and there is no outstanding action initiated by SEBI against the Directors of our Company in the 5 years preceding the date of this Draft Red Herring Prospectus.

**Confirmation under Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, our Promoters and the members of our Promoter Group confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

**Eligibility for the Issue**

Our Company is eligible for the Issue in accordance with Regulation 6(2) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

*‘An issuer not satisfying the condition stipulated in sub-regulation (1) shall be eligible to make an initial public offer only if the issue is made through the book-building process and the issuer undertakes to allot at least seventy-five per cent. of the net offer to qualified institutional buyers and to refund the full subscription money if it fails to do so.’*

Our Company is an unlisted company not complying with the conditions specified in Regulation 6(1) of the SEBI ICDR Regulations and is, therefore, required to meet the conditions detailed in Regulation 6(2) of the SEBI ICDR Regulations.

Our Company undertakes to comply with Regulation 6(2) of the SEBI ICDR Regulations. Accordingly, our Company is required to Allot not less than 75% of the Issue to QIBs and in the event that we fail to do so, the Bid Amounts received by our Company shall be refunded to the Bidders, in accordance with the SEBI ICDR Regulations and other applicable laws.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees in the Issue shall be not less than 1,000 failing which the entire application monies shall be refunded forthwith, in accordance with the SEBI ICDR Regulations and other applicable laws.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulations 7(2) and 7(3) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Issue in terms of Regulations 5 and 7(1) of the SEBI ICDR Regulations, to the extent applicable.

The status of our compliance with Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, the Promoters, the members of our Promoter Group and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoters or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoters nor our Directors have been identified as a Wilful Defaulter or a Fraudulent Borrower (as defined in the SEBI ICDR Regulations);

(iv) Neither our individual Promoters nor our Directors has been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) Save and except for 1,964,275 CCPS which shall be converted into a maximum of 1,964,275 Equity Shares prior to filing of the Red Herring Prospectus with the RoC, in accordance with Regulation 5(2) of the SEBI ICDR Regulations, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company, along with the Registrar to the Issue, has entered into tripartite agreements dated November 12, 2013 and May 21, 2013 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters are in dematerialised form;

(viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus;

(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance;

(x) Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively;

(xi) Our Company has appointed [●] as the Designated Stock Exchange; and

(xii) Our Company shall not make an Allotment if the number or prospective allottees is less than 1,000 in accordance with Regulation 49(1) of the SEBI ICDR Regulations.

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE**

**SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMs, EQUIRUS CAPITAL PRIVATE LIMITED, ICICI SECURITIES LIMITED AND SBI CAPITAL MARKETS LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMs IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 1, 2023 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Issue will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 30, 32 and 33of the Companies Act.

**Disclaimer from our Company, our Promoters, our Directors and the BRLMs**

Our Company, our Promoters, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus 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, www.jyoti.co.in , or the respective websites of our Promoter, the members of our Promoter Group, Subsidiaries, Group Companies or any affiliate of our Company, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and as will be set out in the Underwriting Agreement.

All information shall be made available by our Company and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, the BRLMs and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the 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 Underwriters, the BRLMs 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.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for our Company our Promoters, the members of our Promoter Group, Subsidiaries, and their respective directors and officers, Group Companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company, our Directors, our Promoters, officers, agents, Group Companies, or their respective affiliates or associates for which they have received, and may in future receive compensation.

**Disclaimer in respect of jurisdiction**

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.

This Issue is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorized to invest in equity shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), trusts under the applicable trust laws and who are authorized under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares issued hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be issued, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. The delivery of this Draft Red Herring Prospectus, shall not, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Issue in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Issue will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Issue, which comprises the Red Herring Prospectus and the preliminary international wrap for the Issue, if the recipient is outside India.

**No person outside India is eligible to Bid for Equity Shares in the Issue unless that person has received the preliminary offering memorandum for the Issue, which contains the selling restrictions for the Issue outside India.**

**Eligibility and Transfer Restrictions**

**The Equity Shares issued in the Issue have not been and will not be registered under the U.S. Securities Act or any other applicable laws in the United States, and unless so registered, may not be issued or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such issue and sales are made.**

**The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other**

**jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.**

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.**

**Disclaimer clause of BSE**

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company post scrutiny of this Draft Red Herring Prospectus shall be included in the Red Herring Prospectus prior to filing with the RoC.

**Disclaimer clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by NSE to our Company post scrutiny of this Draft Red Herring Prospectus shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

**Listing**

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. [●] will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares being issued and sold in the Issue.

If the permission to deal in the Equity Shares is not granted by both the Stock Exchanges, our Company will forthwith repay, without interest, all monies received from the Bidders in pursuance of the Red Herring Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within 6 Working Days of the Bid/Issue Closing Date. If our Company does not allot Equity Shares pursuant to the Issue within 6 Working Days from the Bid/Issue Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% p. a, for the delayed period.

**Consents**

Consents in writing of: (a) our Directors, our Promoters, our Company Secretary and Compliance Officer, Chief Financial Officer, Bankers to our Company, legal counsel appointed for the Issue, F&S, the BRLMs, the Registrar to the Issue, the Statutory Auditor, the Independent Chartered Engineer, and the practising Company Secretary in their respective capacities, have been obtained and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus; (b) the Monitoring Agency, the Syndicate Members, the Banker(s) to the Issue/ Escrow Collection Bank(s)/ Refund Bank(s), Sponsor Bank(s), to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act.

**Expert opinion**

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

Our Company has received written consent dated August 30, 2023 from our Statutory Auditors namely, G.K. Choksi & Co., Chartered Accountants, holding a valid peer review certificate from ICAI to include their name as ‘expert’ as required under Section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of their examination report, dated August 29, 2023 on our Restated Consolidated Financial Statements; and the statement of special tax benefits dated August 30, 2023 included in this Draft Red Herring Prospectus, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term ‘expert’ shall not be construed to mean an ‘expert’ as defined under U.S. Securities Act.

Our Company has received written consent dated August 31, 2023 from Babulal A. Ughreja, Independent Chartered Engineer to include their name as an ‘expert’ as defined under Section 2(38) of the Companies Act to the extent and in their capacity as Independent Chartered Engineer in respect of the certificate dated August 31, 2023 issued by them in connection with *inter alia* the installed capacity, actual production, capacity utilisation and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term ‘expert’ shall not be construed to mean an ‘expert’ as defined under U.S. Securities Act.

Our Company has received written consent dated September 1, 2023 from the practicing Company Secretary, Nandish S. Dave, N S Dave & Associates, to include its name as an ‘expert’ as defined under Section 2(38) of the Companies Act to the extent and in its capacity as practicing Company Secretary in respect of the certificate dated September 1, 2023 issued by it in connection with *inter alia* the share capital buildup and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term ‘expert’ shall not be construed to mean an ‘expert’ as defined under U.S. Securities Act

**Particulars regarding public or rights issues undertaken by our Company during the last 5 years**

Our Company has not made any public issue or rights issue, as defined under the SEBI ICDR Regulations, during the last 5 years immediately preceding the date of this Draft Red Herring Prospectus.

**Particulars regarding capital issues by our Company and listed group companies, or associate entity during the last 3 years**

Other than as disclosed in ‘*Capital Structure*’ on page 81, our Company has not made any capital issues during the 3 years preceding the date of this Draft Red Herring Prospectus.

The securities of none of our Subsidiaries or Group Companies are listed on any stock exchange. Accordingly, none of our Subsidiaries or Group Companies have made any capital issues during the 3 years immediately preceding the date of this Draft Red Herring Prospectus.

**Commission and brokerage paid on previous issues of Equity Shares in the last 5 years**

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity Shares in the 5 years preceding the date of this Draft Red Herring Prospectus.

**Performance *vis-à-vis* objects - Public/ rights issue of our Company**

Our Company has not made any public issue or rights issue as defined under the SEBI ICDR Regulations in the 5 years immediately preceding the date of this Draft Red Herring Prospectus.

**Performance *vis- à-vis* objects: Public/ rights issue of the listed subsidiaries and listed promoters**

As of the date of this Draft Red Herring Prospectus, our Company does not have a listed subsidiary or listed corporate promoters.

**Price information of past issues handled by the BRLMs**

**A. Equirus Capital Private Limited**

***Price information of past issues handled by Equirus Capital Private Limited (during the current Fiscal and two Fiscals preceding the current Fiscal):***

| Sr. No. | Issue Name | Issue Size (₹ million) | Issue Price (₹) | Listing Date | Opening Price on listing date (₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Krsnaa Diagnostics Limited$ | 12,133.35 | 954.00[1] | August 16, 2021 | 1,005.55 | -9.42% [+4.93%] | -27.73% [+9.30%] | -32.63% [+4.90%] |
| 2. | Anand Rathi Wealth Limited# | 6,593.75 | 550.00[2] | December 14, 2021 | 602.05 | +12.38% [+5.22%] | +4.46% [-4.42%] | +19.55% [-6.56%] |
| 3. | Metro Brands Limited# | 13,675.05 | 500.00 | December 22, 2021 | 436.00 | +21.77% [+4.45%] | +14.57% [+0.64%] | +7.93% [-9.78%] |
| 4. | Prudent Corporate Advisory Services Limited# | 4,282.84 | 630.00[3] | May 20, 2022 | 660.00 | -20.71% [-5.46%] | -2.10% [+10.92%] | +26.23% [+13.89%] |
| 5. | Dreamfolks Services Limited# | 5,621.01 | 326.00 | September 06, 2022 | 505.00 | +12.07% [-1.91%] | +14.80% [+6.20%] | +42.44% [+1.03%] |
| 6. | Harsha Engineers International Limited$ | 7,550.00 | 330.00[4] | September 26, 2022 | 450.00 | +31.92% [+3.76%] | +10.68% [+4.65%] | -2.18% [-0.42%] |
| 7. | Inox Green Energy Services Limited# | 7,400.00 | 65.00 | November 23, 2022 | 60.50 | -30.77% [-1.11%] | -32.77% [-1.33%] | -26.85% [+0.36%] |
| 8. | Divgi TorqTransfer Systems Limited# | 4,121.20 | 590.00 | March 14, 2023 | 600.00 | +12.04% [+4.30%] | +39.64% [+8.16%] | N.A. |
| 9. | Netweb Technologies India Limited# | 6,310.00 | 500.00[5] | July 27, 2023 | 942.50 | +73.20% [-2.08%] | N.A. | N.A. |
| 10. | TVS Supply Chain Solutions Limited$ | 8,800.00 | 197.00 | August 23, 2023 | 207.05 | N.A. | N.A. | N.A. |

***Source**: www.bseindia.com and www.nseindia.com for price information and prospectus/basis of allotment for issue details.*
*Notes:*

1. *A discount of ₹ 93 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Krsnaa Diagnostics Limited IPO.*
2. *A discount of ₹ 25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Anand Rathi Wealth Limited IPO.*
3. *A discount of ₹59 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Prudent Corporate Advisory Services Limited IPO.*
4. *A discount of ₹31 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Harsha Engineers International Limited IPO.*
5. *A discount of ₹25 per Equity Share was offered to Eligible Employees bidding in the Employee Reservation Portion of Netweb Technologies India Limited IPO.*
6. *Price on Designated Stock Exchange of the respective Issuer is considered for all of the above calculations.*
7. *In the event any day falls on a holiday, the price/index of the immediately preceding trading day has been considered.*
8. *N.A. (Not Applicable) – Period not completed.*

\# *The S&P BSE SENSEX is considered as the Benchmark Index.*
$ *The S&P CNX NIFTY is considered as the Benchmark Index.*

**Summary statement of price information of past public issues handled by Equirus Capital Private Limited:**

| Financial Year | Total no. of IPOs | Total funds raised (₹ million) | Nos. of IPOs trading at discount as on 30th calendar day from listing date | | | Nos. of IPOs trading at premium as on 30th calendar day from listing date | | | Nos. of IPOs trading at discount as on 180th calendar day from listing date | | | Nos. of IPOs trading at premium as on 180th calendar day from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| 2023-2024* | 2 | 15,110.00 | - | - | - | 1 | - | - | - | - | - | - | - | - |
| 2022-2023 | 5 | 28,975.05 | - | 1 | 1 | - | 1 | 2 | - | 1 | 1 | - | 2 | - |
| 2021-2022 | 5 | 49,335.49 | - | - | 1 | 1 | - | 3 | - | 1 | - | 1 | 1 | 2 |

** The information is as on the date of this Offer Document.*
*The information for each of the financial years is based on issues listed during such financial year.*

**B. ICICI Securities Limited**

***Price information of past issues handled by ICICI Securities Limited (during the current Fiscal and two Fiscals preceding the current Fiscal):***

| Sr. No. | Issue Name | Issue Size (₹ million) | Issue Price (₹) | Listing Date | Opening Price on listing date (₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Prudent Corporate Advisory Services Limited^ | 4,282.84 | 630.00(1) | May 20, 2022 | 660.00 | -20.71% [-5.46%] | -2.10% [+10.92%] | +26.23% [+13.89%] |
| 2. | Paradeep Phosphates Limited^ | 15,017.31 | 42.00 | May 27, 2022 | 43.55 | -10.24% [-3.93%] | +27.50 [+7.65%] | +31.19% [+11.91%] |
| 3. | Syrma SGS Technology Limited^ | 8,401.26 | 220.00 | August 26, 2022 | 262.00 | +31.11% [-1.25%] | +29.20% [+4.55%] | +20.66% [+3.13%] |
| 4. | Fusion Micro Finance Limited^^ | 11,039.93 | 368.00 | November 15, 2022 | 359.50 | +9.86% [+1.40%] | +12.84% [-2.97%] | +25.52% [-0.48%] |

| Sr. No. | Issue Name | Issue Size (₹ million) | Issue Price (₹) | Listing Date | Opening Price on listing date (₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 5. | Five Star Business Finance Limited^^ | 15,885.12 | 474.00 | November 21, 2022 | 468.80 | +29.72% [+1.24%] | +19.20% [-1.19%] | +11.72% [+0.24%] |
| 6. | Archean Chemical Industries Limited^^ | 14,623.05 | 407.00 | November 21, 2022 | 450.00 | +25.42% [+1.24%] | +56.87% [-1.19%] | +32.68% [+0.24%] |
| 7. | Landmark Cars Limited^ | 5,520.00 | 506.00(2) | December 23, 2022 | 471.30 | +22.83% [+1.30%] | +1.16% [-2.72%] | +35.06% [+5.82%] |
| 8. | KFIN Technologies Limited^^ | 15,000.00 | 366.00 | December 29, 2022 | 367.00 | -13.55% [-3.22%] | -24.56% [-6.81%] | -4.48% [+2.75%] |
| 9. | Utkarsh Small Finance Bank Limited^^ | 5,000.00 | 25.00 | July 21, 2023 | 40.00 | +92.80% [-2.20%] | NA* | NA* |
| 10. | SBFC Finance Limited^^ | 10,250.00 | 57.00(3) | August 16, 2023 | 82.00 | NA* | NA* | NA* |

**Data not available*
*^BSE as designated stock exchange*
*^^NSE as designated stock exchange*
*(1) Discount of Rs. 59 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 630.00 per equity share.*
*(2) Discount of Rs. 48 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 506.00 per equity share.*
*(3) Discount of Rs. 2 per equity share offered to eligible employees. All calculations are based on Issue Price of Rs. 57.00 per equity share.*

***Summary statement of price information of past public issues handled by ICICI Securities Limited***

| Financial Year | Total no. of IPOs | Total funds raised (₹ million) | Nos. of IPOs trading at discount as on 30th calendar day from listing date | | | Nos. of IPOs trading at premium as on 30th calendar day from listing date | | | Nos. of IPOs trading at discount as on 180th calendar day from listing date | | | Nos. of IPOs trading at premium as on 180th calendar day from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| 2023-24* | 2 | 15,250.00 | - | - | - | 1 | - | - | - | - | - | - | - | - |
| 2022-23 | 9 | 2,95,341.82 | - | 1 | 3 | - | 3 | 2 | - | 1 | 1 | - | 5 | 2 |
| 2021-22 | 26 | 7,43,520.19 | - | 3 | 6 | 6 | 4 | 7 | 3 | 4 | 5 | 5 | 4 | 5 |

** This data covers issues up to year to date.*

***Notes:***

1. *Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.*
2. *Similarly, benchmark index considered is "NIFTY 50" where NSE is the designated stock exchange and "S&P BSE SENSEX" where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.*

*30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.*

## C. SBI Capital Markets Limited

| Sr. No. | Issue Name | Issue Size (₹ million) | Issue Price (₹) | Listing Date | Opening Price on listing date (₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1. | Senco Gold Limited# | 4,050.00 | 317.00 | July 14, 2023 | 430.00 | 25.28% [-0.70%] | - | - |
| 2. | Tamilnad Mercantile Bank Limited@ | 8,078.40 | 510.00 | September 15, 2022 | 510.00 | -8.43% [-3.36%] | 2.14% [4.34%] | -15.82% [-2.83%] |
| 3. | Paradeep Phosphates Limited | 15,017.31 | 42.00 | May 27, 2022 | 43.55 | -10.24% [-3.93%] | 27.50% [7.65%] | 31.19% [11.91%] |
| 4. | Life Insurance Corporation of India(1)@ | 205,572.31 | 949.00 | May 17, 2022 | 867.20 | -27.24% [-3.27%] | -28.12% [9.47%] | -33.82% [13.76%] |
| 5. | Star Health and Allied Insurance Company Ltd (2)# | 64,004.39 | 900.00 | December 10,2021 | 845.00 | -14.78% [+1.72%] | -29.79% [-6.66%] | -22.21% [-6.25%] |
| 6. | Tarsons Products Limited(3)@ | 8,738.40 | 662.00 | November 26, 2021 | 700.00 | -4.16% [+0.03%] | -4.46% [+0.22%] | 0.20% [-5.35%] |
| 7. | Aditya Birla Sun Life AMC Limited# | 27,682.56 | 712.00 | October 11, 2021 | 715.00 | -11.36% [+0.55%] | -23.85% [-0.74%] | -25.65% [-0.90%] |
| 8. | Nuvoco Vistas Corporation Limited@ | 50,000.00 | 570.00 | August 23, 2021 | 471.00 | -5.83% [+6.21%] | -9.74% [+7.34%] | -32.76% [4.10%] |
| 9. | Windlas Biotech Limited@ | 4,015.35 | 460.00 | August 16, 2021 | 439.00 | -18.02% [+4.79%] | -34.42% [+9.18%] | -37.01% [+4.62%] |
| 10. | Glenmark Life Sciences Limited@ | 15,136.00 | 720.00 | August 06, 2021 | 751.10 | -6.38% [+7.10%] | -12.94% [+10.12%] | -20.67% [+8.45%] |

*Source: www.nseindia.com and www.bseindia.com*

***Notes**:*

** The 30th, 90th and 180th calendar day computation includes the listing day. If either of the 30th, 90th or 180th calendar days isa trading holiday, the previous trading day is considered for the computation. We have taken the issue price to calculate the % change in closing price as on 30th, 90th and 180th day. We have taken the closing price of the applicable benchmark index as on the listing day to calculate the % change in closing price of the benchmark as on 30th, 90th and 180th day.*

** *The information is as on the date of this document.*

**The information for each of the financial years is based on issues listed during such financial year.*

*@ The S&P BSE SENSEX index is considered as the Benchmark Index, BSE being the designated stock exchange.*

*# The Nifty 50 index is considered as the Benchmark Index, NSE being the designated stock exchange.*

*Price for retail individual bidders and eligible employee was Rs 904.00 per equity share and for Eligible Policy Holders and was Rs 889.00 per equity share.*

*Price for eligible employee was Rs 820.00 per equity share.*

*Price for eligible employee was Rs 639.00 per equity share.*

*Price for eligible employee was Rs 795.00 per equity share.*

***Summary statement of price information of past issues handled by SBI Capital Markets Limited:***

| Financial Year | Total no. of IPOs | Total funds raised (₹ million) | Nos. of IPOs trading at discount as on 30th calendar day from listing date | | | Nos. of IPOs trading at premium as on 30th calendar day from listing date | | | Nos. of IPOs trading at discount as on 180th calendar day from listing date | | | Nos. of IPOs trading at premium as on 180th calendar day from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Less than 25% |
| 2023-24* | 1 | 4050.00 | - | - | - | - | 1 | - | - | - | - | - | - | - |
| 2022-23 | 3 | 2,28,668.02 | - | 1 | 2 | - | - | - | - | 1 | 1 | - | 1 | - |
| 2021-22 | 10 | 2,17,814.28 | - | - | 6 | 1 | 2 | 1 | - | 3 | 1 | 3 | - | 3 |

** The information is as on the date of this Offer Document.*

*# Date of Listing for the issue is used to determine which financial year that particular issue falls into.*

**Website track record of past issues handled by the BRLMs**

For details regarding the track record of the BRLMs, as specified in Circular reference bearing number CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, see the websites of the BRLMs as set forth in the table below:

| Sr No. | Name of the BRLM | Website |
|---|---|---|
| 1. | Equirus Capital Private Limited | www.equirus.com |
| 2. | ICICI Securities Limited | www.icicisecurities.com |
| 3. | SBI Capital Markets Limited | www.sbicaps.com |

**Stock market data of the Equity Shares**

As the Issue is the initial public offering of the Equity Shares, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

**Mechanism for redressal of Investor Grievances**

SEBI, by way of its Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism, *inter alia*, in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures. Per the Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including: (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) hosting of a web portal by the Sponsor Banks containing statistical details of mandate blocks/unblocks; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid; and (v) mandating SCSBs to ensure that the unblock process for non-allotted/partially allotted applications is completed by the closing hours of 1 Working Day subsequent to the finalisation of the Basis of Allotment.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) and SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (to the extent applicable).

In terms of SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) and SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (to the extent applicable) and subject to applicable laws, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within 3 months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% p.a. for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. Further, in terms of SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

The Registrar Agreement provides for the retention of records with the Registrar to the Issue for a minimum period of 8 years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Company for storage of such records for longer period, in order to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances, other than by Anchor Investors, may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidder’s DP ID, Client ID, PAN, address of the

Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number (for Bidders other than UPI Bidders bidding through the UPI mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of UPI Bidders applying through the UPI mechanism in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs with whom the Bid cum Application Form was submitted by the Anchor Investor.

All grievances relating to Bids submitted with the Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Issue. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For helpline details of the Book Running Lead Managers pursuant to the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), see '*General Information - Book Running Lead Managers*' on page 73.

**Disposal of investor grievances by our Company**

Our Company will obtain authentication on the SCORES and will comply with the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) and any amendment thereto, in relation to redressal of investor grievances through SCORES, prior to filing the Red Herring Prospectus.

Our Company has not received any investor grievances in the last 3 Fiscals prior to the filing of this Draft Red Herring Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of filing of this Draft Red Herring Prospectus. Our Company estimates that the average time required by our Company and/or the Registrar to the Issue or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Maulik B Gandhi, as our Company Secretary and Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue related problems at the following address:

Maulik B Gandhi
G - 506, Lodhika GIDC,
Village Metoda, Rajkot – 360 021,
Gujarat, India
Telephone: +91-2827 – 235182
E-mail: investors@jyoti.co.in

For further information, see '*General Information - Company Secretary and Compliance Officer*' on page 72.

Further, our Board has also constituted the Stakeholders' Relationship Committee comprising Vijay Vaman Paranjape, Independent Director, as Chairman, and Parakramsinh Ghanshyamsinh Jadeja and Vikramsinh Raghuvirsinh Rana as members, *inter alia*, to review and redress shareholder and investor grievances. For further information, see '*Our Management – Stakeholders' Relationship Committee'* on page 232.

**Disposal of investor grievances by listed Group Companies and Subsidiaries**

As on the date of this Draft Red Herring Prospectus, the securities of our Group Companies and Subsidiaries are not listed on any stock exchange, and, therefore, there are no investor complaints are pending against them.

## SECTION VIII: ISSUE RELATED INFORMATION

## TERMS OF THE ISSUE

The Equity Shares issued and Allotted in the Issue will be subject to the provisions of the Companies Act , the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus, the Abridged Prospectus, the Bid-cum-Application Form, the Revision Form, CAN, the Allotment Advice and other terms and conditions as maybe incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Issue. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating the issue of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and /or other authorities to the extent applicable or such other conditions as may be prescribed by such governmental and /or regulatory authority while granting approval for the Issue.

**The Issue**

The Issue is through a fresh issue (including a Pre-IPO Placement) by our Company. Expenses for the Issue shall be borne by our Company in the manner specified in '*Objects of the Issue - Issue Related Expenses*' on page 120.

**Ranking of the Equity Shares**

The Equity Shares being issued and Allotted in the Issue will be subject to the provisions of the Companies Act, the Memorandum of Association, the Articles of Association, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA and SCRR and, will rank *pari passu* in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. The Allottees upon Allotment of Equity Shares under the Issue will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see '*Description of Equity Shares and Main Provisions of the Articles of Association*' on page 409.

**Mode of Payment of Dividend**

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment in this Issue will be received by the Allottees, for the entire year, in accordance with applicable law. For more information, see '*Dividend Policy*' and '*Description of Equity Shares and Main Provisions of the Articles of Association*' on pages 250 and 409, respectively.

**Face Value, Price Band and Issue Price**

The face value of each Equity Share is ₹ 2, and the Issue Price is ₹ [●] per Equity Share. At any given point of time there will be only 1 denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●] per Equity Share, being the Price Band. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size in the Issue will be decided by our Company, in consultation with the BRLMs and shall be published at least 2 Working Days prior to the Bid/ Issue Opening Date, advertised in all editions of the [●], an English language national daily with wide circulation, all editions of [●], a Hindi language national daily with wide circulation, and [●] edition of [●], a Gujarati language national daily with wide circulation (Gujarati being the regional language of Rajkot, Gujarat, where our Registered Office is located), at least 2 Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid cum Application Forms available at the website of the Stock Exchanges. The Issue Price shall be determined by our Company in consultation with the BRLMs, after the Bid/Issue Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

**Compliance with disclosure and accounting norms**

Our Company shall comply with all applicable disclosures and accounting norms as specified by SEBI from time to time.

**Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, SEBI Listing Regulations, our Memorandum of Association and the Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see '*Description of Equity Shares and Main Provisions of Articles of Association*' on page 409.

**Joint Holders**

Subject to the provisions contained in the Articles of Association of our Company, where 2 or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

**Allotment only in dematerialised form**

Pursuant to Section 29 of the Companies Act, and, the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Draft Red Herring Prospectus can be applied for in the dematerialised form only. In this context, the following agreements have been signed among our Company, the respective Depositories, and the Registrar to the Issue:

- Tripartite Agreement dated November 12, 2013 between NSDL, our Company and Registrar to the Issue; and
- Tripartite Agreement dated May 21, 2013 between CDSL, our Company and Registrar to the Issue.

**Market Lot and Trading Lot**

Since trading of the Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is 1 Equity Share. Allotment in this Issue will be only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see '*Issue Procedure*' on page 387.

**Jurisdiction**

Exclusive jurisdiction for the purpose of the Issue is with the competent courts/authorities in Mumbai, Maharashtra.

**Nomination facility to investors**

In accordance with Section 72 of the Companies Act, and rules framed thereunder read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the Sole Bidder, or the First Bidder along with other joint Bidders, may nominate any 1 person in whom, in the event of the death of Sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no requirement to make a separate nomination with our Company. Nominations registered with respective depository participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective depository participant.

**Bid/Issue Programme**

| | |
|---|---|
| **BID/ ISSUE OPENS ON*** | [●] |
| **BID/ ISSUE CLOSES ON**** | [●]^ |

* *Our Company in consultation with the BRLMs, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bidding Date shall be 1 Working Day prior to the Bid/ Issue Opening Date.*

** *Our Company in consultation with the BRLMs, considers closing the Bid/ Issue Period for QIBs 1 Working Day prior to the Bid/ Issue Closing Date in accordance with the SEBI ICDR Regulations.*

^ *UPI mandate end time and date shall be at 5:00 pm on Bid/ Issue Closing Date.*

An indicative timetable in respect of the Issue is set out below:

| Event | Indicative Date |
|---|---|
| Bid/ Issue Closing Date | [●] |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | On or about [●] |
| Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account* | On or about [●] |
| Credit of the Equity Shares to depository accounts of Allottees | On or about [●] |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about [●] |

**In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 4 Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated for causing such delay in unblocking in accordance with applicable law. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, investors shall be entitled to compensation in the manner specified in the SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) in case of delays in resolving investor grievances in relation to blocking/unblocking of fund and the provisions shall also be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For the avoidance of doubt, the provisions of the SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) shall be deemed to be incorporated in the agreements to be entered into by and between the Company and the relevant intermediaries, to the extent applicable.*

**The above timetable is indicative and does not constitute any obligation on our Company or the BRLMs.**

**While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 6 Working Days of the Bid/ Issue Closing Date or such period as may be prescribed, the timetable may change due to**

**various factors, such as extension of the Bid/Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.**

**The Issue Procedure is subject to change based on any revised SEBI circulars that are issued or are effective or become applicable, after filing of this Draft Red Herring Prospectus.**

**Submission of Bids (other than Bids from Anchor Investors):**

| **Bid/Issue Period (except the Bid/ Issue Closing Date)** | |
|---|---|
| Submission and revision in Bids | Only between 10.00 a.m. and 5.00 p.m. IST |
| **Bid/Issue Closing Date** | |
| Submission and revision in Bids | Only between 10.00 a.m. and 3.00 p.m. IST |

On the Bid/Issue Closing Date, the Bids shall be uploaded until:

a) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

b) Until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion.

On Bid/Issue Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Issue shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Issue Opening Date till the Bid/ Issue Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the RTA on a daily basis.

**It is clarified that Bids shall be processed only after the application monies are blocked in the ASBA Account and Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment

Due to limitation of the time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Issue Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under the Issue. Bids and any revision in Bids will only be accepted on Working Days. Bidders may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. Neither our Company, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise.

Our Company, with the BRLMs, reserves the right to revise the Price Band during the Bid/ Issue Period. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, provide that the cap of the Price Band shall be at least 105% of the Floor Price. Floor Price shall not be less than the face value of the Equity Shares.

**In case of revision in the Price Band, the Bid/ Issue Period shall be extended for at least 3 additional Working Days after such revision, subject to the Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of 3 Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Issue Period, if applicable,**

**shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.**

**Withdrawal of the Issue**

Our Company in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Closing Date but before Allotment. In such an event, our Company will issue a public notice within two days from the Bid/ Issue Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, will instruct the SCSBs or the Sponsor Banks, as the case may be, to unblock the bank accounts of the ASBA Bidders within one Working Day from the day of receipt of such instruction and also inform the Bankers to the Issue to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, our Company will file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within six Working Days of the Bid/ Issues Closing Date or such other time period as prescribed under applicable law.

**Minimum Subscription**

In case our Company does not receive the (i) minimum subscription of 90% of the Issue portion through Issue Document on the date of closure of the Issue, and (ii) minimum subscription in the Issue as specified under the terms of Rule 19(2)(b) of the SCRR including through devolvement on the Underwriters, as applicable, within 60 days from the date of closure of the Issue, or if the subscription level falls below the thresholds mentioned above after the Bid/ Issue Closing Date; or on account of withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the stock exchanges for the securities so issued under the issue document, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the including the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable). If there is a delay beyond the prescribed time, our Company and every Director of our Company, who are officers in default, shall pay interest at the rate of 15% per annum.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

**Arrangement for Disposal of Odd Lots**

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be 1 Equity Share, no arrangements for disposal of odd lots are required.

**New Financial Instruments**

Our Company is not issuing any new financial instruments through this Issue.

**Restrictions on Transfer and Transmission of Equity Shares**

Except for lock-in of the pre-Issue capital of our Company, minimum Promoter's contribution and the Anchor Investor lock-in and except as provided in the Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on transmission of shares / debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see '*Description of Equity Shares and Main Provisions of the Articles of Association*' on page 409.

**Option to receive Equity Shares in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

## ISSUE STRUCTURE

Initial public offering of up to [●] Equity Shares for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 10,000.00 million by our Company. The Issue is being made through the Book Building Process.

The Issue comprises the Net Issue of up to [●] Equity Shares and Employee Reservation Portion of up to [●]* Equity Shares aggregating up to ₹ [●] million, constituting [●]% of our post-Issue paid-up Equity Share capital. The Issue and the Net Issue shall constitute [●]% and [●]% of our post-Issue paid-up Equity Share capital, respectively.

**A discount of up to [●]% of the Issue Price (equivalent of ₹ [●] per Equity Share) to the Eligible Employees Bidding in the Employee Reservation Portion, subject to necessary approvals as may be required, and which shall be announced at least 2 Working Days prior to the Bid / Issue Opening Date.*

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue.

| Particulars | Eligible Employees# | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| **Number of Equity Shares available for Allotment/allocation*(2)** | Not more than [●] Equity Shares | Not less than [●] Equity Shares. | Not more than [●] Equity Shares | Not more than [●] Equity Shares |
| **Percentage of Issue size available for Allotment/allocation** | The Employee Reservation Portion shall constitute up to [●]% of the post-Issue Equity Share capital of our Company | Not less than 75% of the Net Issue being available for allocation to QIBs. However, 5% of the Net QIB Portion will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining Net QIB Portion. Unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion. | Not more than 15% of the Net Issue shall be available to Non-Institutional Bidders out of which (i) one third of such portion shall be reserved for applicants with application size of more than ₹ 0.20 million and up to ₹ 1 million; and (ii) two thirds of such portion shall be reserved for applicants with application size of more than ₹ 1.00 million(5) | Not more than 10% of the Net Issue |
| **Basis of Allotment/allocation if respective category oversubscribed*** | Proportionate# unless the Employee Reservation Portion is under-subscribed, the value of allocation to an Eligible Employee shall not exceed ₹ 0.20 million (net of | Proportionate as follows (excluding the Anchor Investor Portion):<br><br>(a) Up to [●] Equity Shares shall be available | The Equity Shares available for allocation to Non-Institutional Investors under the Non-Institutional Category shall be subject to the following: | Allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability |

| Particulars | Eligible Employees# | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | Employee Discount).<br><br>In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of the Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of the Employee Discount). | for allocation on a proportionate basis to Mutual Funds only; and<br><br>(b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.<br><br>Our Company in consultation with the BRLMs, may allocate up to [●] Equity shares on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price. | (a) One-third of the Non-Institutional Category will be available for allocation to Bidders with a Bid size of more than ₹ 0.2 million and up to ₹ 1 million; and<br><br>(b) Two-thirds of the Non-Institutional Category will be available for allocation to Bidders with a Bid size of more than ₹ 1 million.<br><br>The unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors<br><br>The allotment of specified securities to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability in the Non-Institutional Category, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in the SEBI ICDR Regulations. | of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be Allotted on a proportionate basis.<br><br>For details, see *'Issue Procedure'* on page 387. |
| **Minimum Bid** | Only through the ASBA process (including the UPI Mechanism) | Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 0.20 million. | Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 0.20 million. | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. |

| Particulars | Eligible Employees# | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| **Maximum Bid** | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Issue Size (excluding the Anchor Investor Portion), subject to applicable limits under applicable law. | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Issue Size (excluding the QIB Portion), subject to applicable limits under applicable law. | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 0.20 million. |
| **Bid Lot** | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ [●] million | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. | | |
| **Mode of allotment** | Compulsorily in dematerialised form. | | | |
| **Allotment Lot** | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | Minimum of [●] Equity Shares and in multiples of 1 Equity Share thereafter. | | |
| **Trading Lot** | A minimum of [●] Equity Shares and thereafter in multiples of 1 Equity Share | 1 Equity Share. | | |
| **Who can apply(3)** | 1 Equity Share | Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, Eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, multilateral and bilateral development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹ 250.00 million, pension fund with minimum corpus | Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices which are recategorized as category II FPIs and registered with SEBI | Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) applying for Equity Shares such that the Bid amount does not exceed ₹ 0.20 million in value. |

| Particulars | Eligible Employees# | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | | of ₹ 250.00 million, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013 in accordance with applicable law and National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and systemically important non-banking financial companies | | |
| **Terms of Payment** | Eligible Employees (such that the Bid Amount does not exceed ₹ 0.50 million) | **In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids.(4)<br><br>**In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidders (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for UPI Bidders) that is specified in the ASBA Form at the time of submission of the ASBA Form. | | |
| **Mode of Bidding** | **In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(5)<br>**In case of all other Bidders:** Full Bid Amount shall be blocked in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Banks through the UPI Mechanism (for | Only through the ASBA process (excluding the UPI Mechanism) except for Anchor Investors. | Only through the ASBA process (including UPI Mechanism for Bids up to ₹ 0.50 million). | Only through the ASBA process (including the UPI Mechanism). |

| Particulars | Eligible Employees# | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|---|
| | UPI Bidders using the UPI Mechanism) that is specified in the ASBA Form at the time of submission of the ASBA Form. | | | |

* *Assuming full subscription of the Issue.*

*#The Employee Reservation Portion shall not exceed 5% of the post-Issue Equity Share capital of our Company. Eligible Employees Bidding in the Employee Reservation portion can Bid up to a Bid Amount of ₹ 0.50 million. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 0.20 million (net of Employee Discount). In the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of Employee Discount). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Issue and such Bids will not be treated as multiple Bids subject to applicable limits. Eligible Employee can also apply under Retail Portion. However, Bids by Eligible Employees in the Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹ 0.20 million (net of Employee Discount) in the Employee Reservation Portion. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.*

*^SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Accordingly, the Stock Exchanges shall, for all categories of investors viz. QIBs, Non-Institutional and Retail Individual Investors, and also for all modes through which the applications are processed, accept the ASBA applications in the electronic book building platform only with a mandatory confirmation on the application monies blocked.*

(1) *Our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For details, see 'Issue Procedure' on page 387.*

(2) *Subject to valid Bids being received at or above the Issue Price. The Issue is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. The Issue is being made through the Book Building Process in accordance with Regulation 6(2) of the SEBI ICDR Regulations, wherein not less than 75% of the Net Issue shall be Allotted on a proportionate basis to QIBs. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not more than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders, out of which one-third of the Non- Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 1.00 million, and not more than 10% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Issue Price.*

*Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see 'Terms of the Issue' on page 376.*

(3) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.*

(4) *Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Issue Price, shall be payable by the Anchor Investor pay-in date as mentioned in the CAN.*

**Note: Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.**

## ISSUE PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Offers prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (the **General Information Document**) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue especially in relation to the process for Bids by UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

*Additionally, Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of CAN and Allotment in the Issue; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*SEBI through the UPI Circulars no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 has introduced an alternate payment mechanism using Unified Payments Interface (**UPI**) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by UPI Bidders through intermediaries from January 1, 2019. The UPI Mechanism for UPI Bidders applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (**UPI Phase I**), until June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 for applications by UPI Bidders through Designated Intermediaries (other than SCSBs), as superseded by SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (**UPI Phase II**). Subsequently, however, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, as superseded by SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023, extended the timeline for implementation of UPI Phase II till further notice. However, given the uncertainty due to the COVID19 pandemic, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, as superseded by SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), SEBI decided to continue with the UPI Phase II till further notice. Thereafter, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, Phase III has been notified, and accordingly the revised timeline of T+3 days (i.e., the time duration from public issue closure to listing of be 3 Working Days) has been made applicable in two phases i.e., (i) voluntary for all public issues opening on or after September 1, 2023; and (ii) mandatory on or after December 1, 2023 (**UPI Phase III**). The Issue will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any further circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This Circular is applicable for initial public offers opening on or after May 1, 2021 except as amended pursuant to SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), and the provisions of this Circular, are deemed to form part of this Prospectus. Furthermore, pursuant to SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹500,000 shall use the UPI Mechanism.*

*The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable).*

*Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable* *law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.*

**Book Building Procedure**

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR, read with Regulation 31 of the SEBI ICDR Regulations, in accordance with Regulation 6(2) of the SEBI ICDR Regulations wherein not less than 75% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. If at least 75% of the Net Issue cannot be Allotted to QIBs, the Bid Amounts received by our Company shall be refunded. Further, not more than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Investors out of which (a) 1/3rd of such portion shall be reserved for applicants with application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and (b) 2/3rd of such portion shall be reserved for applicants with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors and not more than 10% of the Net Issue shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Furthermore, up to [●] Equity Shares, aggregating up to ₹ [●] million shall be made available for allocation on a proportionate basis only to Eligible Employees Bidding in the Employee Reservation Portion, subject to valid Bids being received at or above the Issue Price, if any.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement aggregating up to ₹ 2,000.00 million, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement shall be undertaken at the discretion of our Company and the price of the Specified Securities allotted pursuant to the Pre-IPO Placement shall be determined by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the Issue size will be reduced to the extent of such Pre-IPO Placement, subject to the Issue complying with the minimum issue size requirements prescribed under Rule 19(2)(b) of the SCRR. The Pre-IPO Placement shall not exceed 20% of the size of the Issue.

Under-subscription, if any, in any category including Employee Reservation Portion, except in the QIB Portion would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange subject to applicable laws. Under-subscription, if any, in the QIB Portion, will not be allowed to be met with spill-over from any other category or a combination of categories. Further, in the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of Employee Discount). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Issue and such Bids will not be treated as multiple Bids subject to applicable limits. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID and the Client ID and the PAN and UPI ID (for UPI Bidders Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.**

*Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press releases dated June 25, 2021 and September 17, 2021.*

**Phased implementation of UPI**

SEBI has issued UPI Circulars in relation to streamlining the process of public issue of equity shares and convertibles by introducing an alternate payment mechanism using UPI. Pursuant to the UPI Circulars, UPI has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by UPI Bidders through intermediaries with the objective to reduce the time duration from public issue closure to listing from 6 Working Days to up to 3 Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced and implemented the UPI payment mechanism in 3 phases in the following manner:

a) **Phase I**: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of 5 main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended until June 30, 2019. Under this phase, an RII also had the option to submit the ASBA Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be 6 Working Days.

b) **Phase II**: This phase has become applicable from July 1, 2019. SEBI through its Circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 (SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 ((to the extent applicable))) decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Further, SEBI through its Circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 (as superseded by SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable)) decided to continue Phase II of UPI with ASBA until further notice. Under this phase, submission of the physical ASBA Form by an RII through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing continues to be 6 Working Days during this phase.

c) **Phase III**: Pursuant to SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, Phase III has been notified, and accordingly the revised timeline of T+3 days (i.e., the time duration from public issue closure to listing of be 3 Working Days) has been made applicable in two phases i.e., (i) voluntary for all public issues opening on or after September 1, 2023; and (ii) mandatory on or after December 1, 2023 (**T+3 Circular**).

   Pursuant to the UPI Circulars, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked no later than one Working Day from the date on which the Basis of Allotment is finalised. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the applicable law. Additionally, if there is any delay in the redressal of investors' complaints, the relevant SCSB as well as the post-Issue BRLM will be required to compensate the concerned investor.

   Further, in terms of the UPI Circulars, the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

The Issue will be made under UPI Phase II of the UPI Circular. If the Issue is made under UPI Phase III of the UPI Circulars, then the details will be accordingly updated in the Red Herring Prospectus.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI Bidders using the UPI.

Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all UPI Bidders applying in public issues where the application amount is up to ₹ 0.50 million shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

i. a Syndicate Member;

ii. a stockbroker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);

iii. a Depository Participant (whose name is mentioned on the website of the stock exchange as eligible for this activity);

iv. a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

**Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus will be available with the Designated Intermediaries at relevant Bidding Centres and at our Registered Office. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least 1 day prior to the Bid/Issue Opening Date.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Issue. UPI Bidders shall Bid in the Issue through the UPI Mechanism. Anchor Investors are not permitted to participate in this Issue through the ASBA process.

All ASBA Bidders must provide either (i) bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form; or (ii) the UPI ID (in case of UPI Bidders), as applicable, in the relevant space provided in the ASBA Form and the ASBA Form that does not contain such details are liable to be rejected. Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable for rejection.

Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to Bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Bids submitted by Retail Individual Investors with any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. UPI Bidders using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Issue is made under Phase II of the UPI Circulars, ASBA Bidders may submit the ASBA Form in the manner as follows: (i) UPI Bidders Bidding using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers; (ii) RIBs authorizing an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers and (iii) QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs. For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

For all IPOs opening on or after September 1, 2022, as specified in SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, all the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular shall be applicable for all categories of investors viz. QIBs, Non-Institutional Investors and Retain Individual Investors, and also for all modes through which the applications are processed.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

| Category | Colour of Bid cum Application Form* |
|---|---|
| Resident Indians including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis | [●] |
| Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions | [●] |
| Anchor Investors | [●] |
| Eligible Employees Bidding in the Employee Reservation Portion | [●] |

** Excluding electronic Bid cum Application Forms*

*Notes:*

*(1) Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).*

*(2) Bid cum Application Forms for Anchor Investors will be made available at the offices of the BRLMs.*

**The Equity Shares offered in the Issue have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offer and sales occur.**

In case of ASBA Forms, Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges.

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms (except Bid cum Application Forms submitted by UPI Bidders Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

Subsequently, for ASBA Forms (other than UPI Bidders using UPI Mechanism), Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to UPI Bidders for blocking of funds. The Sponsor Bank shall initiate a request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e., the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the issuer bank. The Sponsor Bank and the Bankers to the Issue shall provide the audit trail to the BRLMs for analysing the same and fixing liability.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on a daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank on a continuous basis.

In accordance with BSE Circular no: 20220803-40 and NSE Circular no: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Banks shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5.00 p.m. on the Bid/Issue Closing Date (**Cut-Off Time**). Accordingly, UPI Bidders Bidding using the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send alerts as specified in SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable).

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation on compliance with SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable).

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Issue Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Issue Bidding process.

**ELECTRONIC REGISTRATION OF BIDS**

1. The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Issue.

2. On the Bid/Issue Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as will be disclosed in the Red Herring Prospectus.

3. Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period till 5:00 pm on the Bid/ Issue Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Issue for further processing.

**Participation by the Promoter, the members of our Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members and the persons related to the Promoters, the members of our Promoter Group, BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Issue, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices which are associates of the BRLMs or pension funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, neither the BRLMs nor its respective associates can apply in the Issue under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an 'associate of the Lead Manager' if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoters and the members of our Promoter Group shall not participate by applying for Equity Shares in the Issue, except in accordance with the applicable law. Furthermore, persons related to the Promoters and the members of our Promoter Group shall not apply in the Issue under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with any of the Promoters or the members of our Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoters or the members of our Promoter Group of our Company.

**Bids by Anchor Investors**

In accordance with the SEBI ICDR Regulations and in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below:

1. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

2. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

3. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

4. Bidding for Anchor Investors will open 1 Working Day before the Bid/Issue Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.

5. Our Company, in consultation with the BRLMs, may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

    a. maximum of 2 Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

    b. minimum of 2 and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

    c. in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of 5 such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.

6. Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/Issue Opening Date, through intimation to the Stock Exchange.

7. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

8. If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Issue Price.

9. 50% Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment and the remaining 50% of the Equity Shares shall be locked-in for a period of 90 days from the date of Allotment.

10. Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies or family offices which are associate of the BRLMs or pension funds sponsored by entities which are associates of the BRLMs) nor any 'person related to the Promoters or the members of our Promoter Group' shall apply in the Issue under the Anchor Investor Portion.

11. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

12. For more information, see the General Information Document.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company, in consultation with BRLMs reserve the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

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, exchange traded fund sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

**Bids by Eligible NRIs**

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders bidding through the UPI Mechanism) to block their Non-Resident External Accounts (**NRE Account**), or Foreign Currency Non-Resident Accounts (**FCNR Account**), and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders bidding through the UPI Mechanism) to block their Non-Resident Ordinary (**NRO**) accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Issue shall be subject to the FEMA Regulations.

Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment. NRIs applying in the Issue through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs will be permitted to apply in the Issue through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Issue, provided the UPI facility is enabled for their NRE/NRO accounts. Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

For details of restrictions on investment by NRIs, see '*Restrictions on Foreign Ownership of Indian Securities*' on page 407.

**Bids by HUFs**

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: 'Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta'. Bids by HUFs will be considered at par with Bids from individuals.

**Bids 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 or an investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control) shall be below 10% of our post-Issue Equity Share capital on a fully diluted basis. 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, the total investment made by the FPI or investor group will be reclassified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Issue to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

1. such offshore derivative instruments are issued only by persons registered as Category I FPIs;

2. such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;

3. such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and

4. such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (a) to (d)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager (MIM Structure) structure;

- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;

- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;

- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager.

- Multiple branches in different jurisdictions of foreign bank registered as FPIs;

- Government and Government related investors registered as Category 1 FPIs; and

- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned 7 structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such compliance from the relevant FPIs with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations, such multiple Bids shall be rejected

For details of investment by FPIs, see '*Restrictions on Foreign Ownership of Indian Securities*' on [●]. Participation of FPIs in the Issue shall be subject to the FEMA Rules.

**Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors**

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, (**SEBI AIF Regulations**) prescribe, amongst others, the investment restrictions on AIFs. Pursuant to the repeal of the SEBI VCF Regulations, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations, *inter alia* prescribe the investment restrictions on FVCIs registered with SEBI.

The holding in any company by any individual VCF registered with SEBI should not exceed 25% of the corpus of the VCF. Further, FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings. Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company. However, large value funds for accredited investors of Category I AIFs and Category II AIFs may invest up to 50% of the investible funds in an investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. However, large value funds for accredited investors of Category III AIFs may invest up to 20% of the investible funds in an investee company. Participation of VCFs, AIFs or FVCIs in the Issue shall be subject to the FEMA Rules, amended from time to time.

**All Non-Resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

Our Company or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

**Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Bid cum Application Form, failing which our Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (**Banking Regulation Act**), and Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, as per the last audited balance sheet or a subsequent balance sheet, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if: (a) the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt, or to protect the bank's interest on loans/investments made to a company, provided that the bank is required to submit a time-bound action plan for disposal of such shares (in this sub-clause (b)) within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended. Bids by banking Companies should not exceed the investment limits prescribed for them under the applicable laws.

**Bids by SCSBs**

SCSBs participating in the Issue are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

**Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under Regulation 9 the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 (**IRDA Investment Regulations**), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

**Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company, in consultation with BRLMs, reserve the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Issue shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

**Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company in consultation with the BRLMs, may deem fit.

**Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid, without assigning any reason thereof.

**Bids by Eligible Employees**

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 0.50 million (net of the Employee Discount). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹ 0.20 million (net of Employee Discount). For further details in relation to the Allotment in the Employee Reservation Portion, see '*Issue Structure*' on page 381.

However, in the event of undersubscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹ 0.20 million (net of Employee Discount), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹ 0.50 million (net of Employee Discount). Further, an Eligible Employee Bidding in the Employee Reservation Portion can also Bid in the Net Issue and such Bids will not be treated as multiple Bids subject to applicable limits. Eligible Employee can also apply under Retail Portion. However, Bids by Eligible Employees in the Employee Reservation Portion and in the Non-Institutional Portion shall be treated as multiple Bids, only if Eligible Employee has made an application of more than ₹ 0.20 million (net of Employee Discount) in the Employee Reservation Portion. The unsubscribed portion if any, in the Employee Reservation Portion shall be added back to the Net Issue. In case of under-subscription in the Net Issue, spill-over to the extent of such under-subscription shall be permitted from the Employee Reservation Portion. Eligible Employees Bidding in the Employee Reservation Portion may Bid at the Cut-off Price.

Bids in the Employee Reservation Portion shall be:

- Made only in the prescribed Bid cum Application Form or Revision Form.
- Only Eligible Employees (excluding such other persons not eligible under applicable laws, rules, regulations and guidelines) would be eligible to apply in this Issue under the Employee Reservation Portion.
- In case of joint bids, the sole/ First Bidder shall be the Eligible Employee.
- Bids by Eligible Employees may be made at Cut-off Price.
- Only those Bids, which are received at or above the Issue Price (net of the Employee Discount), would be considered for allocation under this portion.
- The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Eligible Employee does not exceed ₹ 0.50 million (net of the Employee Discount).
- If the aggregate demand in this portion is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Eligible Employees to the extent of their demand. If the aggregate demand in this portion is greater than [●] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see '*Issue Structure*' on page 381.

Bids by Eligible Employees in the Employee Reservation Portion and in the Net Issue portion shall not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.

**The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation and as specified in the Red Herring Prospectus, when filed.**

**In accordance with RBI regulations, OCBs cannot participate in the Issue.**

**Information for Bidders**

The relevant Designated Intermediary will enter a maximum of 3 Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder's responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs is cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

**Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, all editions of the [●], an English language national daily with wide circulation, all editions of [●], a Hindi national daily newspaper and [●] edition of [●], a Gujarati language national daily with wide circulation (Gujarati also being the regional language of Gujarat, where our Registered Office is located). Our Company shall, in the pre-Issue advertisement state the Bid/Issue Opening Date, the Bid/Issue Closing Date and the QIB Bid/Issue Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**Signing of Underwriting Agreement and filing of Prospectus with the RoC**

Our Company intends to enter into an Underwriting Agreement with the Underwriters on or after the determination of the Issue Price, but prior to the filing of the Prospectus. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Issue Price, Anchor Investor Issue Price, Issue Size and underwriting arrangements and would be complete in all material respects.

**General Instructions**

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise or withdraw their Bid(s) until the Bid/ Issue Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

<u>*Do's:*</u>

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not a UPI Bidder bidding using the UPI Mechanism in the Bid cum Application Form and if you are a UPI Bidder using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle) in the Bid cum Application Form;

5. UPI Bidders bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate, Sub-Syndicate members, Registered Brokers, RTA or CDP;

7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries. Ensure that you use only your own bank account linked UPI ID (only for UPI Bidders using the UPI Mechanism) to make an application in the Issue;

8. If the first Bidder is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number in the Bid cum Application Form (for all Bidders other than UPI Bidders bidding using the UPI Mechanism);

9. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

10. Ensure that you request for and receive a stamped acknowledgement counterfoil or acknowledgment specifying the application number as a proof of having accepted Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

11. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

12. UPI Bidders bidding in the Issue to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for UPI Bidders using the UPI Mechanism) to make an application in the Issue and not ASBA Account or bank account linked UPI ID of any third party;

13. Ensure that when applying in the Issue using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in the link available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for SCSBs and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 for mobile applications or at such other websites as may be prescribed by SEBI from time to time;

14. UPI Bidders who wish to Bid using the UPI Mechanism should submit their Bids with the Designated Intermediaries, pursuant to which UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the Bid Amount in the UPI Bidder's ASBA Account;

15. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

16. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank(s) prior to 5:00 p.m. of the Working Day immediately after the Bid/Issue Closing Date;

17. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Issue through the UPI Mechanism, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

18. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/Dop/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular no. MRD/DoP/SE/Cir- 8 /2006 dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in 'active status'; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

19. Bidders should ensure that their PAN is linked with their Aadhaar and that they are in compliance with the notification dated February 13, 2020, issued by the Central Board of Direct Taxes and the subsequent press releases, including press releases dated June 25, 2021 and September 17, 2021;

20. Ensure that the Demographic Details are updated, true and correct in all respects;

21. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

22. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

23. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

24. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

25. Ensure that Bids above ₹ 500,000 submitted by ASBA Bidders are uploaded only by the SCSBs;

26. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

28. UPI Bidders shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, a UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

29. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

*Don'ts:*

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹ 0.2 million (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account;

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. If you are a UPI Bidder using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;

10. Anchor Investors should not Bid through the ASBA process;

11. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant

ASBA Forms or to our Company;

12. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

13. Do not submit the General Index Register (GIR) number instead of the PAN;

14. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;

15. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

17. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

18. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;

19. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

20. Do not Bid for more Equity Shares than what is specified by respective Stock Exchange for each category;

21. If you are a QIB, do not submit your Bid after 5 p.m. on the QIB Bid/Issue Closing Date;

22. Do not submit your Bid after 5.00 pm on the Bid/Issue Closing Date;

23. In case of ASBA Bidders (other than 3-in-1 Bids), the Syndicate Members shall ensure that they do not upload any Bids above ₹ 0.5 million;

24. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIB may revise or withdraw their Bids on or before the Bid/Issue Closing Date;

26. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations. If you are a UPI Bidder using UPI Mechanism, do not submit the ASBA Form directly with SCSBs;

27. If you are a UPI Bidder which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;

28. Do not Bid if you are an OCB;

29. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/ or mobile applications which is not mentioned in the list provided on the SEBI website are liable to be rejected;

30. Do not submit the Bid cum Application Forms to any non-SCSB bank;

31. Do not submit a Bid cum Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by UPI Bidders using the UPI Mechanism).

For helpline details of the Book Running Lead Managers pursuant to the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable), see '*General Information - Book Running Lead Managers*' on page 73.

**The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.**

In case of any pre-Issue or post Issue related issues regarding demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer, and the Registrar. For details of the Secretary and Compliance Officer and the Registrar, see '*General Information*' on page 71. For details of grounds for technical rejections of a Bid cum Application Form, see the General Information Document.

**Grounds for Technical Rejection**

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids submitted by UPI Bidders using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;

5. Bids under the UPI Mechanism submitted by UPI Bidders using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);

6. ASBA Form by the UPI Bidders using third party bank accounts or using third party linked bank account UPI IDs;

7. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

8. Bids submitted without the signature of the First Bidder or sole Bidder;

9. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;

11. GIR number furnished instead of PAN;

12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

13. Bids accompanied by stock invest, money order, postal order or cash; and

Further, in case of any pre-issue or post issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer, and the Registrar to the Issue. For details of the Company Secretary and Compliance Officer, and the Registrar to the Issue., see '*General Information*' on page 71.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 4 Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, Investors shall be entitled to compensation in the manner specified in the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent applicable) in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

**Names of entities responsible for finalising the Basis of Allotment in a fair and proper manner**

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

**Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any Allotment in excess of the Equity Shares offered through the Issue through the issue document except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the net issue to public may be made for the purpose of making Allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Investors, Non-Institutional Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

The allotment to each Non-Institutional Investors shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.

The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis. The Equity Shares available for allocation to Non-Institutional Investors under the Non-Institutional Portion, shall be subject to the following, and in accordance with the SEBI ICDR Regulations: (i) one-third of the portion available to Non-Institutional Investors shall be reserved for Non-Institutional Investors with an application size of more than ₹ 0.20 million and up to ₹ 1 million, and (ii) two-third of the portion available to Non- Institutional Bidders shall be reserved for Non-Institutional Investors with application size of more than ₹ 1 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors.

**Payment into Escrow Account(s) for Anchor Investors**

Our Company, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Issue through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

i. In case of resident Anchor Investors: '[●]'

ii. In case of Non-Resident Anchor Investors: '[●]'

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from Anchor Investors.

**Depository Arrangements**

The Allotment of the Equity Shares in the Issue shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Tripartite Agreement dated November 12, 2013, among NSDL, our Company and the Registrar to the Issue.

- Tripartite Agreement dated May 21, 2013, among CDSL, our Company and Registrar to the Issue.

**Undertakings by our Company**

Our Company undertakes the following:

1. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;

2. That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 6 Working Days of the Bid/Issue Closing Date or such other time as may be prescribed;

3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;

4. Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5. That if our Company does not proceed with the Issue after the Bid/Issue Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within 2 days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

6. That if our Company, in consultation with the BRLMs, withdraws the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh draft offer document with SEBI, in the event our Company subsequently decides to proceed with the Issue thereafter;

7. Minimum Promoters' Contribution shall be brought in advance before the Bid/Issue Opening Date;

8. That adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;

9. That except for the allotment of Specified Securities pursuant to the Pre-IPO Placement which our Company may undertake in consultation with the BRLMs, and, or, allotment of Equity Shares pursuant to conversion of CCPS no further issue of Equity Shares shall be made until the Equity Shares issued or offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc; and

10. That if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period.

**Utilisation of Issue Proceeds**

Our Board confirm that all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act and the details of all monies utilised out of the Issue shall be disclosed, and continued to be disclosed till the time any part of the Issue proceeds reman unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised. Details of all monies unutilised, shall be disclosed under an appropriate head in the balance sheet of our Company indicating the from in which such unutilised monies have been invested.

**Impersonation**

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act which is reproduced below:

*'Any person who –*

*(i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*(iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.'*

The liability prescribed under Section 447 of the Companies Act 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 6 months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to 3 times such amount (provided that where the fraud involves public interest, such term shall not be less than 3 years.) Further, where the fraud involves an amount less than ₹ 1 million or 1% 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 5 years or with fine which may extend to ₹ 5 million or with both.

## 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 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 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. The concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (**FDI**) through press notes and press releases.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (**Consolidated FDI Policy**), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

As per the Consolidated FDI Policy, FDI in companies engaged in the manufacturing, which is the sector in which our Company operates, is permitted up to 100% of the paid-up share capital of such company under the automatic route.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Issue shall be on the basis of, and in accordance with the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non- debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 which came into effect on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue. For details, see '*Issue Procedure*' on page 387. Each Bidder should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/Issue Period.

**The Equity Shares issued in the Issue have not been and will not be registered under the U.S. Securities Act or any other applicable laws in the United States, and unless so registered, may not be issued or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such issue and sales are made.** The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see '*Issue Procedure - Bids by Eligible NRIs*' and '*Issue Procedure - Bids by FPIs*' on page 394.

The above information is given for the benefit of the Bidders. Our Company, our Promoters, our Directors and the BRLMs are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for which do not exceed the applicable limits under laws and regulations.

## SECTION IX: DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

### PRELIMINARY

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| 1. (1) | The regulations contained in the Table marked 'F' in Schedule I to the Companies Act, 2013 shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles or by the said Act. | Table 'F' not to apply |
| (2) | The regulations for the management of the Company and for the observance by the members thereto and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the deletion or alteration of or addition to its regulations by resolution as prescribed or permitted by the Companies Act, 2013, be such as are contained in these Articles. | Company to be governed by these Articles |
| **Definitions and Interpretation** | | |
| 2. (1) | In these Articles - | |
| | (a) "**Act**" means the Companies Act, 2013 (including the relevant rules framed thereunder) or any statutory modification or re-enactment thereof for the time being in force and the term shall be deemed to refer to the applicable section thereof which is relatable to the relevant Article in which the said term appears in these Articles and any previous company law, so far as may be applicable. | "Act" |
| | (b) "**Applicable Laws**" means all applicable statutes, laws, ordinances, rules and regulations, judgments, notifications circulars, orders, decrees, bye-laws, guidelines, or any decision, or determination, or any interpretation, policy or administration, having the force of law, including but not limited to, any authorization by any authority, in each case as in effect from time to time. | "Applicable Laws" |
| | (c) "**Articles**" means these articles of association of the Company or as altered from time to time. | "Articles" |
| | (d) "**Board of Directors**" or "**Board**", means the collective body of the Directors of the Company nominated and appointed from time to time in accordance with Articles 86 to 96, herein, as may be applicable. | "Board of Directors" or "Board" |
| | (e) "**Company**" means Jyoti CNC Automation Limited. | "Company" |
| | (f) "**Lien**" means any mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, option (including call commitment), trust arrangement, any voting rights, right of set-off, counterclaim or banker's lien, privilege or priority of any kind having the effect of security, any designation of loss payees or beneficiaries or any similar arrangement under or with respect to any insurance policy. | "Lien" |
| | (g) "**Memorandum**" means the memorandum of association of the Company or as altered from time to time. | "Memorandum" |
| | (h) "**Rules**" means the applicable rules for the time being in force as prescribed under relevant sections of the Act. | "Rules" |
| | (i) "**SEBI**" means Securities Exchange Board of India established under Securities Exchange Board of India Act, 1992. | "SEBI" |
| | (j) "**SEBI LODR**" means the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 | "SEBI LODR" |
| (2) | Words importing the singular number shall include the plural number and words importing the masculine gender shall, where the context admits, include the feminine and neuter gender. | "Number" and "Gender" |
| (3) | Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act or the Rules, as the case may be. | Expressions in the Articles to bear the same meaning as in the Act |
| **Articles to be contemporary in nature** | | |
| 3. | The intention of these Articles is to be in consonance with the contemporary rules and regulations prevailing in India. If there is an amendment in any Act, rules and regulations allowing what were not previously allowed under the statute, the Articles herein shall be deemed to have been amended to the extent that Articles will not be | Articles to be contemporary in nature |

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| | capable of restricting what has been allowed by the Act by virtue of an amendment subsequent to registration of the Articles. | |
| **Share capital and variation of rights** | | |
| 4. | The authorized share capital of the Company shall be such amount and be divided into such shares as may from time to time, be provided in Clause V of Memorandum of Association with power to reclassify, subdivide, consolidate and increase and with power from time to time, to issue any shares of the original capital or any new capital and upon the sub-division of shares to apportion the right to participate in profits, in any manner as between the shares resulting from sub-division. | Authorized share capital |
| 5. | Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (subject to the compliance with the provision of section 53 of the Act) and at such time as they may from time to time think fit provided that the option or right to call for shares shall not be given to any person or persons without the sanction of the Company in the general meeting. | Shares under control of Board |
| 6. | Subject to the provisions of the Act, these Articles and with the sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board think fit, the Board may issue, allot or otherwise dispose shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be, provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting. | Board may allot shares otherwise than for cash |
| 7. | The Company may issue the following kinds of shares in accordance with these Articles, the Act, the Rules and other Applicable Laws:<br>(a) Equity Share capital:<br>(i) with voting rights; and / or<br>(ii) with differential rights as to dividend, voting or otherwise in<br>accordance with the Rules; and<br>(b) Preference share capital | Kinds of share capital |
| 8. (1) | Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after allotment or within one month from the date of receipt by the Company of the application for the registration of transfer or transmission, sub-division, consolidation or renewal of shares or within such other period as the conditions of issue shall provide –<br>(a) one or more certificates in marketable lots for all his shares of each class or denomination registered in his name without payment of any charges; or<br>(b) several certificates, each for one or more of his shares, upon payment of Rupees Twenty for each certificate or such charges as may be fixed by the Board for each certificate after the first. | Issue of certificate |
| (2) | In respect of any share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to the person first named on the register of members shall be sufficient delivery to all such holders. | Issue of share certificate in case of joint holding |
| (3) | Every certificate shall specify the shares to which it relates, distinctive numbers of shares in respect of which it is issued and the amount paid-up thereon and shall be in such form as the Board may prescribe and approve. | Option to receive share certificate or hold shares with depository |

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| 9. | | A person subscribing to shares offered by the Company shall have the option either to receive certificates for such shares or hold the shares in a dematerialized state with a depository, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996 as amended from time to time, or any statutory modification thereto or re-enactment thereof. Where a person opts to hold any share with the depository, the Company shall intimate such depository the details of allotment of the share to enable the depository to enter in its records the name of such person as the beneficial owner of that share.<br>The Company shall also maintain a register and index of beneficial owners in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in dematerialized form in any medium as may be permitted by law including in any form of electronic medium. | Option to receive share certificate or hold shares with depository |
| 10. | | If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Board deems adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of fees not less than Rupees twenty and not more than Rupees fifty for each certificate as may be fixed by the Board.<br>Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.<br>Provided that notwithstanding what is stated above, the Board shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the Act or rules made under the Securities Contracts (Regulation) Act,1956 or any other act, or rules applicable thereof in this behalf. | Issue of new certificate in place of one defaced, lost or destroyed |
| 11. | | Except as required by Applicable Laws, no person shall be recognized by the Company as holding any share upon any trust, and the Company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Articles or by Applicable Laws) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder. | Share and interest in shares |
| 12. | | Subject to the applicable provisions of the Act and other Applicable Laws, any debentures, debenture-stock or other securities may be issued at a premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination, and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares and attending (but not voting) at a general meeting, appointment of nominee directors, etc. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in a general meeting by special resolution. | Terms of issue of debentures |
| 13. | | The provisions of the foregoing Articles relating to issue of certificates shall mutatis mutandis apply to issue of certificates for any other securities including debentures (except where the Act otherwise requires) of the Company. | Provisions as to issue of certificates to apply mutatis mutandis to debentures, etc. |
| 14. | (1) | The Company may exercise the powers of paying commissions conferred by the Act, to any person in connection with the subscription to its securities, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the Act and the Rules. | Power to pay commission in connection with securities issued |
| | (2) | The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules. | Rate of commission in accordance with Rules |

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| | (3) | The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other. | Mode of payment of commission |
| 15. | (1) | If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of the Act, and whether or not the Company is being wound up, be varied with the consent in writing, of such number of the holders of the issued shares of that class, or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class, as prescribed by the Act. | Variation of members' rights |
| | (2) | To every such separate meeting, the provisions of these Articles relating to general meetings shall mutatis mutandis apply. | Provisions as to general meetings to apply mutatis mutandis to each meeting |
| 16. | | The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith. | Issue of further shares not to affect rights of existing members |
| 17. | | Subject to section 55 and other provisions of the Act, the Board shall have the power to issue or re-issue preference shares of one or more classes which are liable to be redeemed, or converted to equity shares, on such terms and conditions and in such manner as determined by the Board in accordance with the Act. | Power to issue redeemable preference shares |
| 18. | (1) | Where at any time, the Company proposes to increase its subscribed capital by issue of further shares, either out of the unissued capital or the increased share capital, such shares shall be offered:<br>(a). to persons who, at the date of offer, are holders of Equity Shares of the Company, in proportion as near as circumstances admit, to the share capital paid up on those shares by sending a letter of offer on the following conditions: -<br>(i). the aforesaid offer shall be made by a notice specifying the number of shares offered and limiting a time prescribed under the Act from the date of the offer within which the offer, if not accepted, will be deemed to have been declined<br>(ii). the aforementioned offer shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice mentioned in sub-Article (i), above shall contain a statement of this right; and<br>(b). after the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner which is not disadvantageous to the shareholders and the Company; or to employees under any scheme of employees' stock option, subject to a special resolution passed by the Company and subject to the conditions as specified under the Act and Rules thereunder; or<br>to any persons, if it is authorized by a special resolution passed by the Company in a general meeting, whether or not those persons include the persons referred to in clause (a) or clause (b) above, either for cash or for consideration other than cash, subject to applicable provisions of the Act and Rules thereunder.<br>The notice referred to in sub-clause (i) of sub-Article (a) shall be dispatched through registered post or speed post or through electronic mode to all the existing Members at least 3 (three) days before the opening of the issue.<br>The provisions contained in this Article shall be subject to the provisions of the section 42 and section 62 of the Act, the rules thereunder and other applicable provisions of the Act. | Further issue of share capital |

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| (2) | Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the debentures issued or loans raised by the Company to convert such debenture or loans into shares in the Company.<br>Provided that the terms of issue of such debentures or loan containing such an option have been approved before the issue of such debenture or the raising of loan by a special resolution passed by the Company in general meeting. | |
| (3) | A further issue of shares may be made in any manner whatsoever as the Board may determine including by way of preferential offer or private placement, subject to and in accordance with the Act and the Rules. | Mode of further issue of shares |
| **Lien** | | |
| 19. (1) | The Company shall have a first and paramount Lien –<br>(a) on every share (not being a fully paid share) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and<br>(b) on all shares (not being fully paid shares) standing registered in the name of a member, for all monies presently payable by him or his estate to the Company:<br>Provided that the Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.<br>Provided further that Company's lien, if any, on such partly paid shares, shall be restricted to money called or payable at a fixed price in respect of such shares. | Company's lien on shares |
| (2) | The Company's Lien, if any, on a share shall extend to all dividends or interest, as the case may be, payable and bonuses declared from time to time in respect of such shares for any money owing to the Company. | Lien to extend to dividends, etc. |
| (3) | Unless otherwise agreed by the Board, the registration of a transfer of shares shall operate as a waiver of the Company's Lien. | Waiver of Lien in case of registration |
| 20. | The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a Lien:<br>Provided that no sale shall be made—<br>(a) unless a sum in respect of which the Lien exists is presently payable; or<br>(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the Lien exists as is presently payable, has been given to the registered holder for the time being of the share or to the person entitled thereto by reason of his death or insolvency or otherwise. | As to enforcing Lien by sale |
| 21. (1) | To give effect to any such sale, the Board may authorize some person to transfer the shares sold to the purchaser thereof. | Validity of sale |
| (2) | The purchaser shall be registered as the holder of the shares comprised in any such transfer. | Purchaser to be registered holder |
| (3) | The receipt of the Company for the consideration (if any) given for the share on the sale thereof shall (subject, if necessary, to execution of an instrument of transfer or a transfer by relevant system, as the case may be) constitute a good title to the share and the purchaser shall be registered as the holder of the share. | Validity of Company's receipt |
| (4) | The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale | Purchaser not affected |
| 22. (1) | The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the Lien exists as is presently payable. | Application of proceeds of sale |
| (2) | The residue, if any, shall, subject to a like Lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale. | Payment of residual money |

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| 23. | The provisions of these Articles relating to Lien shall mutatis mutandis apply to any other securities including debentures of the Company. | Provisions as to Lien to apply mutatis mutandis to debentures, etc. |
| **Calls on shares** | | |
| 24. (1) | The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times; Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the preceding call. | Board may make Calls |
| (2) | Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares. | Notice of call |
| (3) | A call may be revoked or postponed at the discretion of the Board | Revocation or postponement of call |
| 25. | A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments. | Call to take effect from date of resolution |
| 26. | The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof. | Liability of joint holders of shares |
| 27. (1) | If a sum called in respect of a share is not paid before or on the day appointed for payment thereof (the "due date"), the person from whom the sum is due shall pay interest thereon from the due date to the time of actual payment at such rate as may be fixed by the Board. | When interest on call or instalment payable |
| (2) | The Board shall be at liberty to waive payment of any such interest wholly or in part. | Board may waive interest |
| 28. (1) | Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these Articles, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable. | Sums deemed to be calls |
| (2) | In case of non-payment of such sum, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified. | Effect of nonpayment of sums |
| 29. | The Board –<br>(a) may, if it thinks fit, subject to the provisions of the Act, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and<br>(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be fixed by the Board. Nothing contained in this clause shall confer on the member (a) any right to participate in profits or dividends or (b) any voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable by him.<br>The Directors may at any time repay the amount so advanced. | Payment in anticipation of calls may carry interest |
| 30. | If by the conditions of allotment of any shares, the whole or part of the amount of issue price thereof shall be payable by installments, then every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, is or shall be the registered holder of the share or the legal representative of a deceased registered holder. | Installments on shares to be duly paid |
| 31. | All calls shall be made on a uniform basis on all shares falling under the same class.<br>Explanation: Shares of the same nominal value on which different amounts have been paid-up shall not be deemed to fall under the same class. | Calls on shares of same class to be on uniform basis |
| 32. | The provisions of these Articles relating to calls shall mutatis mutandis apply to any other securities including debentures of the Company. | Provisions as to calls to apply mutatis mutandis to debentures, etc. |

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| **Transfer of shares** | | |
| 33. (1) | A common form of transfer shall be used and the instrument of transfer of any share in the Company shall be in writing which shall be duly executed by or on behalf of both the transferor and transferee and all provisions of section 56 of the Act and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof. | Instrument of transfer to be executed by transferor and transferee |
| (2) | The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof. | |
| 34. | The Board may, subject to the right of appeal conferred by the section 58 of the Act decline to register –<br>(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or<br>(b) any transfer of shares on which the Company has a Lien.<br>The registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. | Board may refuse to register transfer |
| 35. | The Board may decline to recognize any instrument of transfer unless-<br>(a) the instrument of transfer is duly executed and is in the form as prescribed in the Rules made under sub-section (1) of section 56 of the Act;<br>(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and<br>(c) the instrument of transfer is in respect of only one class of shares.<br>The registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. | Board may decline to recognize instrument of transfer |
| 36. | On giving of previous notice of at least seven days or such lesser period in accordance with the Act and Rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:<br>Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty five days in the aggregate in any year. | Transfer of shares when suspended |
| 37. | Subject to the provisions of sections 58 and 59 of the Act, these Articles and other applicable provisions of the Act or any other Applicable Laws for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or any other Applicable Laws to register the transfer of, or the transmission by operation of Applicable Laws of the right to, any shares or interest of a member in or debentures of the Company. The Company shall within one (1) month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, or such other period as may be prescribed, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal. Provided that, subject to provisions of Article 36, the registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever. Transfer of shares/debentures in whatever lot shall not be refused. | Notice of refusal to register transfer |
| 38. | The provisions of these Articles relating to transfer of shares shall mutatis mutandis apply to any other securities including debentures of the Company. | Provisions as to transfer of shares to apply mutatis mutandis to debentures, etc. |
| **Transmission of shares** | | |
| 39. (1) | On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal | Title to shares on death of a member |

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| | representatives where he was a sole holder, shall be the only persons recognized by the Company as having any title to his interest in the shares. | |
| (2) | Nothing in clause (1) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons. | Estate of deceased member liable |
| 40. (1) | Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either –<br>(a) to be registered himself as holder of the share; or<br>(b) to make such transfer of the share as the deceased or insolvent member could have made. | Transmission Clause |
| (2) | The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency. | Board's right unaffected |
| 41. (1) | If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. | Right to election of holder of share |
| (2) | If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share. | Manner of testifying election |
| (3) | All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member. | Limitations applicable to notice |
| 42. | A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company:<br>Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with. | Claimant to be entitled to same advantage |
| 43. | The provisions of these Articles relating to transmission by operation of law shall mutatis mutandis apply to any other securities including debentures of the Company. | Provisions as to transmission to apply mutatis mutandis to debentures, etc. |
| 44. | No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document | No fee for transfer or transmission |
| **Forfeiture of shares** | | |
| 45. | If a member fails to pay any call, or instalment of a call or any money due in respect of any share, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on him requiring payment of so much of the call or instalment or other money as is unpaid, together with any interest which may have accrued and all expenses that may have been incurred by the Company by reason of non-payment. | If call or instalment not paid notice must be given |
| 46. | The notice aforesaid shall:<br>(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and | Form of Notice |

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| | | (b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited. | |
| 47. | | If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. | In default of payment of shares to be forfeited |
| 48. | | When any share shall have been so forfeited, notice of the forfeiture shall be given to the defaulting member and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of members. | Entry of forfeiture in register of members |
| 49. | | The forfeiture of a share shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share. | Effect of forfeiture |
| 50. | (1) | A forfeited share shall be deemed to be the property of the Company and may be sold or re-allotted or otherwise disposed of either to the person who was before such forfeiture the holder thereof or entitled thereto or to any other person on such terms and in such manner as the Board thinks fit. | Forfeited shares may be sold, etc. |
| | (2) | At any time before a sale, re-allotment or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit. | Cancellation of forfeiture |
| 51. | (1) | A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay, and shall pay, to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares. | Members still liable to pay money owing at the time of forfeiture |
| | (2) | The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares. | Cesser of liability |
| 52. | (1) | A duly verified declaration in writing that the declarant is a director, the manager or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share; | Certificate of forfeiture |
| | (2) | The Company may receive the consideration, if any, given for the share on any sale, re-allotment or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of; | Title of purchaser and transferee of forfeited shares |
| | (3) | The transferee shall thereupon be registered as the holder of the share; and | Transferee to be registered as holder |
| | (4) | The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or disposal of the share. | Transferee not affected |
| 53. | | Upon any sale after forfeiture or for enforcing a lien in exercise of the powers hereinabove given, the Board may, if necessary, appoint some person to execute an instrument for transfer of the shares sold and cause the purchaser's name to be entered in the register of members in respect of the shares sold and after his name has been entered in the register of members in respect of such shares the validity of the sale shall not be impeached by any person. | Validity of sales |
| 54. | | Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate(s), if any, originally issued in respect of the relative shares shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member) stand cancelled and become null and void and be of no effect, and the Board shall be entitled to issue a duplicate certificate(s) in respect of the said shares to the person(s) entitled thereto. | Cancellation of share certificate in respect of forfeited shares |
| 55. | | The Board may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they think fit. | Surrender of share certificates |

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| 56. | The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified. | Sums deemed to be calls |
| 57. | The provisions of these Articles relating to forfeiture of shares shall mutatis mutandis apply to any other securities including debentures of the Company. | Provisions as to forfeiture of shares to apply mutatis mutandis to debentures, etc. |
| **Alteration of capital** | | |
| 58. | Subject to the provisions of the Act, the Company may, by ordinary resolution -<br>(a) increase the share capital by such sum, to be divided into shares of such amount as it thinks expedient;<br>(b) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares:<br>Provided that any consolidation and division which results in changes in the voting percentage of members shall require applicable approvals under the Act;<br>(c) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;<br>(d) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum;<br>(e) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person. | Power to alter share capital |
| 59. | Where shares are converted into stock:<br>(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same Articles under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:<br>Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose;<br>(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage;<br>(c) such of these Articles of the Company as are applicable to paid-up shares shall apply to stock and the words "**share**" and "**shareholder**"/ "**member**" shall include "**stock**" and "**stock-holder**" respectively. | Right of stockholders |
| 60. | The Company may, by resolution as prescribed by the Act, reduce in any manner and in accordance with the provisions of the Act and the Rules, —<br>(a) its share capital; and/or<br>(b) any capital redemption reserve account; and/or<br>(c) any securities premium account; and/or<br>(d) any other reserve in the nature of share capital. | Reduction of capital |
| 61. | Where two or more persons are registered as joint holders (not more than three) of any share, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship, subject to the following and other provisions contained in these Articles: | Joint holders |

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| | (a) The joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls or instalments and other payments which ought to be made in respect of such share. | Liability of Joint holders |
| | (b) On the death of any one or more of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to the share but the Board may require such evidence of death as they may deem fit, and nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. | Death of one or more joint-holders |
| | (c) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share. | Receipt of one Sufficient |
| | (d) Only the person whose name stands first in the register of members as one of the joint-holders of any share shall be entitled to the delivery of certificate, if any, relating to such share or to receive notice (which term shall be deemed to include all relevant documents) and any notice served on or sent to such person shall be deemed service on all the joint-holders. | Delivery of certificate and giving of notice to first named holder |
| | (e) (i) Any one of two or more joint-holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the register in respect of such shares shall alone be entitled to vote in respect thereof. | Vote of joint holders |
| | (ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands, shall for the purpose of this clause be deemed joint-holders. | Executors or administrators as joint holders |
| | (f) The provisions of these Articles relating to joint holders of shares shall mutatis mutandis apply to any other securities including debentures of the Company registered in joint names. | Provisions as to joint holders as to shares to apply mutatis mutandis to debentures, etc. |
| **Capitalization of profits** | | |
| 62. (1) | The Company by ordinary resolution in general meeting may, upon the recommendation of the Board, resolve —<br>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and<br>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. | Capitalization |
| (2) | The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) below, either in or towards:<br>(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;<br>(b) paying up in full, unissued shares or other securities of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;<br>(c) partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b). | Sum how applied |
| (3) | A securities premium account and a capital redemption reserve account or any other permissible reserve account may, for the purposes of this Article, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares; | |
| (4) | The Board shall give effect to the resolution passed by the Company in pursuance of these Article. | |

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| 63. (1) | Whenever such a resolution as aforesaid shall have been passed, the Board shall –<br>(a) make all appropriations and applications of the amounts resolved to be capitalized thereby, and all allotments and issues of fully paid shares or other securities, if any; and<br>(b) generally do all acts and things required to give effect thereto. | Powers of the Board for capitalization |
| (2) | The Board shall have power—<br>(a) to make such provisions, by the issue of fractional certificates/coupons or by payment in cash or otherwise as it thinks fit, for the case of shares or other securities becoming distributable in fractions; and<br>(b) to authorize any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or other securities to which they may be entitled upon such capitalization, or as the case may require, for the payment by the Company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalized, of the amount or any part of the amounts remaining unpaid on their existing shares. | Board's power to issue fractional certificate/ coupon etc. |
| (3) | Any agreement made under such authority shall be effective and binding on such members. | Agreement binding on members |
| **Buy-back of shares** | | |
| 64. | Notwithstanding anything contained in these Articles but subject to all applicable provisions of the Act or any other Applicable Laws for the time being in force, the Company may purchase its own shares or other specified securities. | Buy-back of shares |
| **General meetings** | | |
| 65. | All general meetings other than annual general meeting shall be called extraordinary general meeting. | Extraordinary general meeting |
| 66. | The Board may, whenever it thinks fit, call an extraordinary general meeting. | Powers of Board to call extraordinary general meeting |
| **Proceedings at general meetings** | | |
| 67. | No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. | Presence of Quorum |
| 68. | No business shall be discussed or transacted at any general meeting except election of Chairperson whilst the chair is vacant. | Business confined to election of Chairperson whilst chair vacant |
| 69. | The quorum for a general meeting shall be as provided in the Act. | Quorum for general meeting |
| 70. | If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall, by poll or electronically, choose one of their members to be Chairperson of the meeting. | Members to elect a Chairperson |
| 71. | On any business at any general meeting, in case of an equality of votes, whether on a show of hands or electronically or on a poll, the Chairperson shall have a second or casting vote. | Casting vote of Chairperson at general meeting |
| 72. (1) | The Company shall cause minutes of the proceedings of every general meeting of any class of members or creditors and every resolution passed by postal ballot to be prepared and signed in such manner as may be prescribed by the Rules and kept by making within thirty days of the conclusion of every such meeting concerned or passing of resolution by postal ballot entries thereof in books kept for that purpose with their pages consecutively numbered. | Minutes of proceedings of meetings and resolutions passed by postal ballot |
| (2) | There shall not be included in the minutes any matter which, in the opinion of the Chairperson of the meeting –<br>(a) is, or could reasonably be regarded, as defamatory of any person; or<br>(b) is irrelevant or immaterial to the proceedings; or<br>(c) is detrimental to the interests of the Company. | Certain matters not to be included in Minutes |

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| (3) | The Chairperson shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in the aforesaid clause. | Discretion of Chairperson in relation to Minutes |
| (4) | The minutes of the meeting kept in accordance with the provisions of the Act shall be evidence of the proceedings recorded therein. | Minutes to be Evidence |
| 73. (1) | The books containing the minutes of the proceedings of any general meeting of the Company or a resolution passed by postal ballot shall:<br>(a) be kept at the registered office of the Company; and<br>(b) be open to inspection of any member without charge, during business hours on all working days. | Inspection of minute books of general meeting |
| (2) | Any member shall be entitled to be furnished, within the time prescribed by the Act, after he has made a request in writing in that behalf to the Company and on payment of such fees as may be fixed by the Board, with a copy of any minutes referred to in clause (1) above. | Members may obtain copy of minutes |
| **Adjournment of meeting** | | |
| 74. (1) | The Chairperson may, suo motu, adjourn the meeting from time to time and from place to place. | Chairperson may adjourn the meeting |
| (2) | No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. | Business at adjourned meeting |
| (3) | When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. | Notice of adjourned meeting |
| (4) | Save as aforesaid, and save as provided in the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. | Notice of adjourned meeting not required |
| **Voting rights** | | |
| 75. | Subject to any rights or restrictions for the time being attached to any class or classes of shares -<br>(a) on a show of hands, every member present in person shall have one vote; and<br>(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up Equity Share capital of the company. | Entitlement to vote on show of hands and on poll |
| 76. | A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once. | Voting through electronic means |
| 77. (1) | In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. | Vote of joint holders |
| (2) | For this purpose, seniority shall be determined by the order in which the names stand in the register of members. | Seniority of names |
| 78. | A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. If any member be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians. | How members non compos mentis and minor may vote |
| 79. | Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. | Business may proceed pending poll |
| 80. | No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid or in regard to which the Company has exercised any right of Lien. | Restriction on voting rights |
| 81. | A member is not prohibited from exercising his voting on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in the preceding Article. | Restriction on exercise of voting rights in other cases to be void |
| 82. | Any member whose name is entered in the register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other members of the same class. | Equal rights of members |
| **Proxy** | | |

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| 83. (1) | Any member entitled to attend and vote at a general meeting may do so either personally or through his constituted attorney or through another person as a proxy on his behalf, for that meeting. | Member may vote in person or otherwise |
| (2) | The instrument appointing a proxy and the power-of attorney or other authority, if any, under which it is signed or a notarized copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid. | Proxies when to be deposited |
| 84. | An instrument appointing a proxy shall be in the form as prescribed in the Rules. | Form of proxy |
| 85. | A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:<br>Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used. | Proxy to be valid notwithstanding death of the principal |
| **Board of Directors** | | |
| 86. | Unless otherwise determined by the Company in general meeting, the number of directors shall not be less than 3 (three) and shall not be more than fifteen (fifteen). | Board of Directors |
| 87. | The Directors shall not be required to hold any qualification shares in the Company. | |
| 82 (1) | The Board of Directors shall appoint the Chairperson of the Company.<br>The same individual may, at the same time, be appointed as the Chairperson as well as the Managing Director of the Company. | Chairperson and Managing Director |
| (2) | The Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation. | Directors not liable to retire by rotation |
| 88. (1) | The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day. | Remuneration of Directors |
| (2) | The remuneration payable to the directors, including manager, if any, shall be determined in accordance with and subject to the provisions of the Act by an ordinary resolution passed by the Company in general meeting. | Remuneration to require members' consent |
| (3) | In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—<br>(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or<br>(b) in connection with the business of the Company. | Travelling and other expenses |
| (4) | Subject to the provisions of these Articles and the provisions of the Act, the Board may, decide to pay a Director out of funds of the Company by way of sitting fees, within the ceiling prescribed under the Act, a sum to be determined by the Board for each meeting of the Board or any committee or sub-committee thereof attended by him in addition to his traveling, boarding and lodging and other expenses incurred | Sitting Fees |
| **APPOINTMENT AND REMUNERATION OF DIRECTORS** | | |
| 89. | Subject to the provisions of the Act and these Articles, the Board of Directors, may from time to time, appoint one or more of the Directors to be Managing Director or Managing Directors or other whole-time Director(s) of the Company, for a term not exceeding five years at a time and may, from time to time, (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places and the remuneration of Managing or Whole-Time Director(s) by way of salary and | Appointment |

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| | commission shall be in accordance with the relevant provisions of the Act. | |
| 90. | Subject to the provisions of the Act, the Board shall appoint Independent Directors, who shall have appropriate experience and qualifications to hold a position of this nature on the Board. | Independent Director |
| 91. | Subject to the provisions of section 196, 197 and 188 read with Schedule V to the Act, the Directors shall be paid such further remuneration, whether in the form of monthly payment or by a percentage of profit or otherwise, as the Company in general meeting may, from time to time, determine and such further remuneration shall be divided among the Directors in such proportion and in such manner as the Board may, from time to time, determine and in default of such determination shall be divided among the Directors equally or if so determined paid on a monthly basis. | Remuneration |
| 92. | Subject to the provisions of these Articles, and the provisions of the Act, if any Director, being willing, shall be called upon to perform extra service or to make any special exertions in going or residing away from the place of his normal residence for any of the purposes of the Company or has given any special attendance for any business of the Company, the Company may remunerate the Director so doing either by a fixed sum or otherwise as may be determined by the Director | Payment for Extra Service |
| 93. | All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine. | Execution of negotiable instruments |
| 94. (1) | Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the Articles. | Appointment of additional directors |
| (2) | Such person shall hold office only up to the date of the next annual general meeting of the Company but shall be eligible for appointment by the Company as a director at that meeting subject to the provisions of the Act. | Duration of office of additional director |
| 95. (1) | The Board may appoint an alternate director to act for a director (hereinafter in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of the Act. | Appointment of alternate director |
| (2) | An alternate director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India | Duration of office of alternate director |
| (3) | If the term of office of the Original Director is determined before he returns to India the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not to the alternate director. | Re-appointment provisions applicable to Original Director |
| 96. (1) | If the office of any director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board. | Appointment of director to fill a casual vacancy |
| (2) | The director so appointed shall hold office only up to the date upto which the director in whose place he is appointed would have held office if it had not been vacated. | Duration of office of Director appointed to fill casual vacancy |
| **Powers of Board** | | |
| 97. | The management of the business of the Company shall be vested in the Board and the Board may exercise all such powers, and do all such acts and things, as the Company is by the Memorandum or otherwise authorized to exercise and do, and, not hereby or by the statute or otherwise directed or required to be exercised or done by | General powers of the Company vested in Board |

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| | the Company in general meeting but subject nevertheless to the provisions of the Act and other Applicable Laws and of the Memorandum and these Articles and to any regulations, not being inconsistent with the Memorandum and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Board which would have been valid if such regulation had not been made. | |
| **Proceedings of the Board** | | |
| 98. (1) | The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.<br>Provided that the gap between the two Board meetings shall not be more than 120 days or such other days as may be provided under applicable law. | When meeting to be convened |
| (2) | The Chairperson or any one Director with the previous consent of the Chairperson may, or the company secretary on the direction of the Chairperson shall, at any time, summon a meeting of the Board. | Who may summon Board meeting |
| (3) | The quorum for a Board meeting shall be as provided in the Act. | Quorum for Board meetings |
| (4) | The participation of directors in a meeting of the Board may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under Applicable Laws. | Participation at Board meetings |
| (5) | At least 7 (seven) Days' written notice shall be given in writing to every Director by hand delivery or by speed-post or by registered post or by facsimile or by email or by any other electronic means, either (i) in writing, or (ii) by fax, e-mail or other approved electronic communication, receipt of which shall be confirmed in writing as soon as is reasonably practicable, to each Director, setting out the agenda for the meeting in reasonable detail and attaching the relevant papers to be discussed at the meeting and all available data and information relating to matters to be discussed at the meeting except as otherwise agreed in writing by all the Directors. | Notice of Board meetings |
| 99. (1) | Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes. | Questions at Board meeting how decided |
| (2) | In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote. | Casting vote of Chairperson at Board meeting |
| 100. | The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the Company, but for no other purpose. | Directors not to act when number falls below minimum |
| 101. (1) | The Chairperson of the Company shall be the Chairperson at meetings of the Board. In his absence, the Board may elect a Chairperson of its meetings and determine the period for which he is to hold office. | Who to preside at meetings of the Board |
| (2) | If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting | Directors to elect a Chairperson |
| 102. (1) | The Board may, subject to the provisions of the Act, delegate any of its powers to Committees consisting of such member or members of its body as it thinks fit. | Delegation of powers |
| (2) | Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board. | Committee to conform to Board regulations |
| (3) | The participation of directors in a meeting of the Committee may be either in person or through video conferencing or audio visual means or teleconferencing, as may be prescribed by the Rules or permitted under Applicable Laws. | Participation at Committee meetings |

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| 103. (1) | A Committee may elect a Chairperson of its meetings unless the Board, while constituting a Committee, has appointed a Chairperson of such Committee. | Chairperson of Committee |
| (2) | If no such Chairperson is elected, or if at any meeting the Chairperson is not present within fifteen minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting. | Who to preside at meetings of Committee |
| 104. (1) | A Committee may meet and adjourn as it thinks fit. | Committee to meet |
| (2) | Questions arising at any meeting of a Committee shall be determined by a majority of votes of the members present. | Questions at Committee meeting how decided |
| (3) | In case of an equality of votes, the Chairperson of the Committee shall have a second or casting vote. | Casting vote of Chairperson at Committee meeting |
| 105. | All acts done in any meeting of the Board or of a Committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified or that his or their appointment had terminated, be as valid as if every such director or such person had been duly appointed and was qualified to be a director. | Acts of Board or Committee valid notwithstanding defect of appointment |
| 106. | Save as otherwise expressly provided in the Act, a resolution in writing, signed, whether manually or by secure electronic mode, by a majority of the members of the Board or of a Committee thereof, for the time being entitled to receive notice of a meeting of the Board or Committee, shall be valid and effective as if it had been passed at a meeting of the Board or Committee, duly convened and held. | Passing of resolution by Circulation |
| **Chief Executive Officer, Manager, Company Secretary and Chief Financial Officer** | | |
| 107. (a) | Subject to the provisions of the Act, -<br>A chief executive officer, manager, company secretary and chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary and chief financial officer so appointed may be removed by means of a resolution of the Board; the Board may appoint one or more chief executive officers for its multiple businesses. | Chief Executive Officer, etc. |
| (b) | A director may be appointed as chief executive officer, manager, company secretary or chief financial officer. | Director may be chief executive officer, etc. |
| **Registers** | | |
| 108. | The Company shall keep and maintain at its registered office all statutory registers namely, register of charges, register of members, register of debenture holders, register of any other security holders, the register and index of beneficial owners and annual return, register of loans, guarantees, security and acquisitions, register of investments not held in its own name and register of contracts and arrangements for such duration as the Board may, unless otherwise prescribed, decide, and in such manner and containing such particulars as prescribed by the Act and the Rules.<br>The registers and copies of annual return shall be open for inspection during business hours on all working days, at the registered office of the Company by the persons entitled thereto on payment, where required, of such fees as may be fixed by the Board but not exceeding the limits prescribed by the Rules. | Statutory registers |
| 109. (a) | The Company may exercise the powers conferred on it by the Act with regard to the keeping of a foreign register; and the Board may (subject to the provisions of the Act) make and vary such regulations as it may think fit respecting the keeping of any such register. | Foreign register |
| (b) | The foreign register shall be open for inspection and may be closed, and extracts may be taken therefrom and copies thereof may be required, in the same manner, mutatis mutandis, as is applicable to the register of members. | |

| Dividends and Reserve | | | |
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| 110. | | The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board but the Company in general meeting may declare a lesser dividend. | Company in general meeting may declare dividends |
| 111. | | Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares and at such times as it may think fit. | Interim dividends |
| 112. | (1) | The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may, from time to time, think fit. | Dividends only to be paid out of profits |
| | (2) | The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve. | Carry forward of Profits |
| 113. | (1) | Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares. | Division of profits |
| | (2) | No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share. | Payments in advance |
| | (3) | All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly. | Dividends to be apportioned |
| 114. | (1) | The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company. | No member to receive dividend whilst indebted to the Company and Company's right to reimbursement therefrom |
| | (2) | The Board may retain dividends payable upon shares in respect of which any person is, under the Transmission Clause hereinbefore contained, entitled to become a member, until such person shall become a member in respect of such shares. | Retention of dividends |
| 115. | (1) | Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct. | Dividend how remitted |
| | (2) | Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. | Instrument of Payment |
| | (3) | Payment in any way whatsoever shall be made at the risk of the person entitled to the money paid or to be paid. The Company will not be responsible for a payment which is lost or delayed. The Company will be deemed to having made a payment and received a good discharge for it if a payment using any of the foregoing permissible means is made. | Discharge to Company |
| 116. | | Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share. | Receipt of one holder sufficient |
| 117. | | No dividend shall bear interest against the Company. | No interest on dividends |

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| 118. | The waiver in whole or in part of any dividend on any share by any document shall be effective only if such document is signed by the member (or the person entitled to the share in consequence of the death or bankruptcy of the holder) and delivered to the Company and if or to the extent that the same is accepted as such or acted upon by the Board. | Waiver of dividends |

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| **Unpaid or Unclaimed Dividend** | | |
| 119. (1) | Where the Company has declared a dividend but which has not been paid or claimed within thirty (30) days from the date of declaration, the Company shall, within seven (7) days from the date of expiry of the said period of thirty (30) days, transfer the total amount of dividend which remains unpaid or unclaimed, to a special account to be opened by the Company in that behalf in any scheduled bank subject to the applicable provisions of the Act and the Rules made thereunder. | Transfer of unclaimed dividend |
| (2) | Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven (7) years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established under section 125 of the Act. Any person claiming to be entitled to an amount may apply to the authority constituted by the Central Government for the payment of the money claimed. | Transfer to IEPF Account |
| (3) | No unclaimed or unpaid dividend shall be forfeited by the Board until the claim becomes barred by Applicable Laws. | Forfeiture of unclaimed dividend |
| **Accounts** | | |
| 120. (1) | The books of account and books and papers of the Company, or any of them, shall be open to the inspection of directors in accordance with the applicable provisions of the Act and the Rules. | Inspection by Directors |
| (2) | No member (not being a director) shall have any right of inspecting any books of account or books and papers or document of the Company except as conferred by Applicable Laws or authorized by the Board. | Restriction on inspection by members |
| **Winding up** | | |
| 115. | Subject to the applicable provisions of the Act and the Rules made thereunder – | Winding up of Company |
| (a) | If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. | |
| (b) | For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. | |
| (c) | The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability. | |
| **Indemnity and Insurance** | | |
| 121. (a) | Subject to the provisions of the Act, every director, managing director, whole-time director, manager, company secretary and other officer of the Company shall be indemnified by the Company out of the funds of the Company, to pay all costs, losses and expenses (including travelling expense) which such director, manager, company secretary and officer may incur or become liable for by reason of any contract entered into or act or deed done by him in his capacity as such director, manager, company secretary or officer or in any way in the discharge of his duties in such capacity including expenses. | Directors and officers right to indemnity |
| (b) | Subject as aforesaid, every director, managing director, manager, company secretary or other officer of the Company shall be | |

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| | indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under applicable provisions of the Act in which relief is given to him by the Court. | |
| (c) | The Company may take and maintain any insurance as the Board may think fit on behalf of its present and/or former directors and key managerial personnel for indemnifying all or any of them against any liability for any acts in relation to the Company for which they may be liable but have acted honestly and reasonably. | Insurance |
| **Secrecy** | | |
| 122. | Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained. | |
| **General Power** | | |
| 123. | Wherever in the Act, it has been provided that the Company shall have any right, privilege or authority or that the Company could carry out any transaction only if the Company is so authorized by its Articles, then and in that case this Article authorizes and empowers the Company to have such rights, privileges or authorities and to carry out such transactions as have been permitted by the Act, without there being any specific Article in that behalf herein provided.<br>The Company shall from time to time comply with all the provisions as stipulated under the SEBI LODR and the rules and the regulation made by SEBI. Any provisions of these Articles which is contrary to the provisions of the SEBI LODR or rules and regulations made by SEBI or the provision of the Act, the said provision shall be deemed to be amended to the extent necessary to make it compliant with the said SEBI LODR or the rules and regulations of the SEBI or the Act. In case of any inconsistency between the provisions of these Articles, SEBI LODR, SEBI rules and regulations and the Act, the provision/compliance which is/are more onerous shall be applicable in such case, and these Articles shall be deemed amended to such extent. | General power and Requirement of compliance with the provisions of SEBI LODR (as amended) and the rules and regulations made by SEBI from time to time. |

## SECTION X: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and 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) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for filing. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office between 10 a.m. and 5 p.m. on all Working Days and will also be available online at www.jyoti.co.in from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

**A. Material Contracts**

1. Issue Agreement dated September 1, 2023 entered between our Company and the BRLMs.

2. Registrar Agreement dated August 31, 2023 entered between our Company and the Registrar to the Issue.

3. Cash Escrow and Sponsor Bank Agreement dated [●] entered into among our Company, the Registrar to the Issue, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s), the Bankers to the Issue.

4. Syndicate Agreement dated [●] entered into among our Company, the BRLMs, and the Syndicate Members.

5. Underwriting Agreement dated [●] between our Company and the Underwriters.

6. Monitoring Agency Agreement dated [●] entered into between our Company and the Monitoring Agency.

**B. Material Documents**

1. Certified copies of the Memorandum of Association and the Articles of Association of our Company, as amended.

2. Certificate of incorporation dated January 17, 1991 under the name of 'AMB Engineering Company Private Limited'.

3. Certificate of incorporation dated May 08, 2002 under the name of 'Jyoti CNC Automations Private Limited'.

4. Certificate of incorporation dated April 28, 2008 under the name of 'Jyoti CNC Automation Private Limited.'

5. Fresh certificate of incorporation dated November 30, 2012 issued upon conversion of our Company to a public limited company under the name of 'Jyoti CNC Automation Limited'.

6. Resolution of our Board dated May 18, 2023 in relation to the Issue and other related matters.

7. Resolution of our Shareholders dated August 19, 2023 authorising the Issue and other related matters.

8. Resolution of our Board dated September 1, 2023 approving the Draft Red Herring Prospectus.

9. Copies of annual reports of our Company for the Fiscal 2022, 2021 and 2020.

10. Examination report on the Restated Consolidated Financial Statements dated August 29, 2023 of our Statutory Auditors, included in this Draft Red Herring Prospectus.

11. Consent letter dated August 30, 2023 from our Statutory Auditors for inclusion of their name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in their capacity as our

Statutory Auditors, and in respect of their (i) examination report, dated August 29, 2023 on our Restated Consolidated Financial Statements; and (ii) the statement of special tax benefits available to our Company and our Shareholders dated August 30, 2023 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

12. Consents of the Directors, our Promoters, our Company Secretary and Compliance Officer, our Chief Financial Officer, the Bankers to our Company, the legal counsel appointed in relation to the Issue, the F&S, the BRLMs, the Registrar to the Issue, Independent Chartered Engineer and practicing Company Secretary as referred to in their specific capacities.

13. Certificate on Key Performance Indicators issued by our Statutory Auditors dated August 30, 2023.

14. Resolution of the Audit Committee dated August 29, 2023 approving the Key Performance Indicators.

15. Industry report dated August 23, 2023 titled '*Assessment of the CNC Machining Centers Market'*, prepared and issued by the F&S, appointed by our Company pursuant to an engagement letter dated May 6, 2022, exclusively commissioned and paid our Company in connection with the Issue, which is available on the website of our Company at www.jyoti.co.in.

16. Consent letter dated August 23, 2023 from F&S to include contents or any part thereof from F&S Report titled '*Assessment of the CNC Machining Centers Market'* dated August 23, 2023 in this Draft Red Herring Prospectus.

17. Tripartite agreement between NSDL, our Company and Registrar to the Issue dated November 12, 2013.

18. Tripartite agreement between CDSL, our Company and Registrar to the Issue dated May 21, 2013.

19. Share Purchase Agreement between HT2ISA (the legal and beneficial owner of Huron, Graffenstaden SAS., an overseas step down subsidiary of our Company) and Jyoti SAS (the wholly owned subsidiary of our Company) dated September 13, 2007 and the Amendment to the Share Purchase Agreement dated November 13, 2007.

20. SEBI final observations letter no. [●] dated [●].

21. Due diligence certificate dated [●] addressed to SEBI from the BRLMs.

22. In principle listing approvals dated [●] and [●], issued by BSE and NSE, respectively.

## DECLARATIONS

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertaking in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

____________________________________

Parakramsinh Ghanshyamsinh Jadeja
*Chairman and Managing Director*
**Place:** Rajkot
**Date:** September 1, 2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertaking in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

____________________________________

Sahdevsinh Lalubha Jadeja
*Whole Time Director*
**Place:** Rajkot
**Date:** September 1, 2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertaking in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

____________________________________
Vikramsinh Raghuvirsinh Rana
*Whole Time Director*
**Place:** Rajkot
**Date:** September 1, 2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertaking in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

Rikesh Chand
*Nominee Director*
**Place:** Mumbai
**Date:** September 1, 2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertaking in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

Yogesh Damodardas Kathrecha
*Independent Director*
**Place:** Rajkot
**Date:** September 1, 2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertaking in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

Vijay Vaman Paranjape
*Independent Director*
**Place:** Mumbai
**Date:** September 1, 2023

## DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statements, disclosures and undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements, disclosures and undertaking in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE DIRECTOR OF OUR COMPANY**

____________________________________

Jignasa Pravinchandra Mehta
*Independent Director*
**Place:** Rajkot
**Date:** September 1, 2023

## DECLARATION

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**SIGNED BY THE DIRECTOR OF OUR COMPANY**

Pravinchandra Ratilal Dholakia
*Independent Director*
**Place:** Rajkot
**Date:** September 1, 2023

## DECLARATION

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**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR MPANY**

_______________________________________

Kamlesh Sureshbhai Solanki
*Chief Financial Officer*
**Place:** Rajkot
**Date:** September 1, 2023