



SHARAT INDUSTRIES LIMITED

CIN - L05005AP1990PLC011276

Regd. Off. : Feed Plant, Hatchery & Farm

Venkanna Palem Village, T.P. Gudur Mandal, Nellore - 524 002, Nellore Dist, A.P.

Processing Plant : Mahalakshampuram Village, T.P. Gudur Mandal, Nellore - 524 002, Nellore Dist, A.P.

E-mail : accounts@sharatindustries.com, Website : www.sharatindustries.com

Date: July 19, 2024

To,
The General Manager
Corporate Relationship Department,
BSE Limited,
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001

Dear Sir/Madam,

Sub: Submission of Letter of Offer for Rights Issue of Sharat Industries Limited
Ref: BSE Scrip Code: 519397

With reference to the issue and allotment of issue of up to 1,55,43,125 partly paid-up equity shares of face value ₹ 10/- each (“Rights Equity Shares”) of our Company for cash at a price of ₹ 31 per equity share (including a share premium of ₹ 21/- per equity share) (the “Issue Price”), aggregating upto ₹ 4,818.37 lakhs on a rights basis to the existing equity shareholders of our company in the ratio of 13 rights equity share(s) for every 20 fully paid-up equity share(s) held by the existing equity shareholders on the record date, that is on July 12, 2024 (the “Issue”), we are hereby submitting Letter of Offer for the said Rights Issue.

All Stakeholder be and hereby informed that:

Issue Opening Date: Wednesday, July 24, 2024

Last Date for on Market Renunciation: Thursday, August 01, 2024

Issue Closing Date: Wednesday, August 07, 2024

This is for your information and records, please acknowledge the same.

Thanking You.

FOR SHARAT INDUSTRIES LIMITED

BALAMURUGAN M
COMPANY SECRETARY & COMPLIANCE OFFICER
M.NO: A66115

Corporate Off. : Flat No. 4, 3rd Floor, Pallavi Apartments,
No. 57/11, Old No. 29/TF4, 1st Main Road,
HDFC Bank Compound, R.A.Puram, CHENNAI - 600 028.
Contact No. : 044-24347867 / 24357868,
E-mail : chennai@sharatindustries.com

Nellore Off. : 16-6-143, Opp. Manasa Apartment,
Srinivasa Agraharam, Nellore - 524 001.
Tel. No. : 0861 - 2331727
E-mail : hrd@sharatindustries.com



SHARAT INDUSTRIES LIMITED

Our Company was incorporated on May 07, 1990 as a Private Limited Company under the provisions of Companies Act, 1956 with the Registrar of Companies, Vijaywada, Andhra Pradesh in the name and style of 'Sharat Sea Foods Private Limited'. The Company got converted into a Public Limited Company on April 20, 1992 and the name was changed to 'Sharat Sea Foods Limited'. Further, the present name of the Company was changed to Sharat Industries Limited on June 13, 1996 and fresh Certificate of Incorporation was issued by the Registrar of Companies, Vijaywada, Andhra Pradesh. The Corporate Identity Number of our Company is L05005AP1990PLC011276. For further details of Incorporation and Change of Registered Office of our Company, please refer to chapter titled "General Information" beginning on page 32 of this Letter of Offer.

Registered Office: Venkannapalem Village, T. P. Gudur Mandal, Nellore, Andhra Pradesh- 524 002

Corporate Office: Flat No. 4, Third Floor, Pallavi Apartments, No. 57/11, Old No. 29/TF4, HDFC Bank Compound, First Main Road, R.A. Puram, Chennai- 600 028

Tel. No.: +91 8897628787; **E-mail:** cs@sharatindustries.com; **Website:** www.sharatindustries.com

Contact person: Mr. Balamurugan M, Company Secretary and Compliance Officer

Corporate Identity Number: L05005AP1990PLC011276

PROMOTERS OF OUR COMPANY

MR. PRASAD REDDY SABELLA, MR. SHARAT REDDY SABELLA, MRS. DEVAKI REDDY SABELLA, MRS. CHARITA REDDY SABELLA

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

THE ISSUE

ISSUE OF UP TO 1,55,43,125 PARTLY PAID-UP EQUITY SHARES OF FACE VALUE ₹ 10/- EACH ("RIGHTS EQUITY SHARES") OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 31 PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ 21/- PER EQUITY SHARE) (THE "ISSUE PRICE"), AGGREGATING UPTO ₹ 4,818.37 LAKHS ON A RIGHTS BASIS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 13 RIGHTS EQUITY SHARE(S) FOR EVERY 20 FULLY PAID-UP EQUITY SHARE(S) HELD BY THE EXISTING EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON JULY 12, 2024 (THE "ISSUE"). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 3.1 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE 87 OF THIS LETTER OF OFFER.

PAYMENT METHOD FOR RIGHTS EQUITY SHARES

AMOUNT PAYABLE PER EQUITY SHARE (₹)	FACE VALUE (₹)	PREMIUM (₹)	TOTAL (₹)
On Application	2.50	5.25	7.75
One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to Time	7.50	15.75	23.25

WILFUL DEFAULTERS OR A FRAUDULENT BORROWER

Neither our Company, our Promoters nor our Directors' are categorized as wilful defaulters or Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters or Fraudulent Borrower issued by the Reserve Bank of India.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the Risk Factors carefully before taking an investment decision in this Issue. For taking an investment decision, Investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares being offered in this Issue have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Investors are advised to refer to the "Risk Factors" on page 18 of this Letter of Offer before making an investment in the Issue.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing equity shares of our Company are listed on BSE limited ("BSE"). We have received "In-Principle" approval from BSE for listing the Rights Equity Shares arising from the Issue vide letter dated May 10, 2024. Our Company will also make applications to BSE to obtain trading approval for the Rights Entitlements as required under the

REGISTRAR TO THE ISSUE



Cameo Corporate Services Limited
CIN: U67120TN1998PLC041613
Subramanian Building, 1, Club House Road, Chennai-600002
Tel No.: +91 44 4002 0700
E-Mail Id: priya@cameoindia.com
Investor Grievance E-Mail Id: investor@cameoindia.com
Website: www.cameoindia.com
Contact Person: Ms. K. Sreepriya
SEBI Registration No.: INR000003753

ISSUE PROGRAMME

ISSUE OPENING DATE	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSING DATE [#]
Wednesday, July 24, 2024	Thursday, August 01, 2024	Wednesday, August 07, 2024

*Eligible Shareholders who missed to renounce their right entitlement on or before the last date of the market renunciation, shall make sure to renounce through off-market transfer on or before 5th August 2024 so that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date. # Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

This Letter of Offer uses the definitions and abbreviations set forth below, which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines, or policies shall be to such legislation, act, regulation, rules, guidelines, or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Sharat Industries Limited”, “SIL”, the/our “Company”, “we”, “our”, “us” or similar terms are to Sharat Industries Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

The words and expressions used in this Letter of Offer, but not defined herein, shall have the same meaning (to the extent applicable) ascribed to such terms under the SEBI (ICDR) Regulations, the Companies Act, 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in section titled “*Statement of Tax Benefits*”, “*Industry Overview*”, “*Financial Information*”, “*Outstanding Litigations and Material Developments*” and “*Terms of the Issue*” on pages 44, 46, 68, 75 and 87 respectively, shall have the meaning given to such terms in such sections.

Conventional or General Terms

Term	Description
Articles or Articles of Association or AOA	The Articles of Association of our Company, as amended from time to time
“Sharat Industries Limited”, or “SIL”, or “Company”, or “Our Company” or “we”, “us”, or “our” and the “Issuer Company”.	Sharat Industries Limited, a Public Limited Company incorporated under the provisions of the Companies Act, 1956.
“We” or “us” or “our”	Unless the context otherwise indicates or implies, refers to Sharat Industries Limited
₹/ Rs. / Rupees / INR	Indian Rupees
ASBA	Application Supported by Blocked Amount
AY	Assessment Year
Board of Directors	Board of Directors of our Company
Companies Act	The Companies Act, 2013 and rules issued thereunder, as amended
Depositories Act	The Depositories Act, 1996 and amendments thereto
DP or Depository Participant	Depository Participant as defined under the Depositories Act
Eligible Shareholder(s) or “Eligible Equity Shareholder(s)”	Eligible holder(s) of the equity shares of Sharat Industries Limited as on the Record Date
Erstwhile Companies Act	The Companies Act, 1956, which has been repealed and replaced by the New Companies Act, 2013
EPS	Earnings Per Share
IT Act	The Income Tax Act, 1961 and amendments thereto
Ind AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standards) Rules 2015, as amended
NAV	Net Asset Value per share.
NEFT	National Electronic Fund Transfer
NR/Non - Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI

Term	Description
NRE Account	Non-resident external account
NRI	Non-resident Indian
OCB	Overseas Corporate Body
PAN	Permanent Account Number
PAT	Profit After Tax
RBI	Reserve Bank of India
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI Listing Regulations/ SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time
SEBI Regulations/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations 2018 and amendments thereto
SAST Regulations, 2011/ Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
Stock Exchange	BSE Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer	The Abridged Letter of Offer to be sent to the Equity Shareholders as on the Record date with respect to this Issue in accordance with SEBI Regulations;
Allotment	Unless the context requires, the allotment of Equity Shares pursuant to the Issue;
Allottee(s)	Persons to whom Equity Shares are issued pursuant to the Issue;
Applicant(s) or Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to this Issue in terms of this Letter of Offer;
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price;
Application Form	Unless the context otherwise requires, an application form through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue;
Application Money	Aggregate amount payable at the time of Application, i.e., ₹ 7.75 per Rights Equity Share in respect of the Rights Equity Shares applied for in this Issue;
ASBA/ Application Supported by Blocked Amount.	Application used by an investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with the SCSB;
ASBA Account	Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the appropriate amount in relation to an application by an ASBA Investor;
ASBA/Investor/ASBA applicant	An investor (Equity Shareholder or Renouncee) who is intending to subscribe the Equity Shares of our Company under this Issue applying through blocking of funds in a bank account maintained with SCSBs;
Banker(s) to the Issue/ Public Issue Bank(s).	The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account will be opened and in this case, being Axis Bank Limited;
Call(s)	The notice issued by our Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies

Term	Description
Call Money(ies)	The balance amount payable by the holders of the Rights Equity Securities pursuant to the Payment Schedule, being ₹ 23.25 per Rights Equity after payment of the Application Money
Controlling Branch of SCBs	Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchange and a list of which is available at http://www.sebi.gov.in , or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Letter of Offer/ LoF	This Letter of Offer dated July 04, 2024
Equity Share(s) or Share(s)	Equity shares of our Company having a face value of ₹10.00 each unless otherwise specified in the context thereof
Equity Shareholder/Shareholder	Means a holder of Equity Shares of our Company
Financial Year/ Fiscal/ Fiscal Year/ FY	Any period of twelve months ended March 31 of that particular year, unless otherwise stated.
Issue/ Rights Issue	<p>Issue of 1,55,43,125 Partly Paid-up Equity Shares of face value of ₹ 10/- each of our Company for cash at a price of ₹ 31/- per Rights Equity Share (including a premium of ₹ 21/- per Rights Equity Share), for an amount collectively not exceeding ₹ 4,818.37 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 13 Rights Equity Share for every 20 Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.</p> <p>On Application, Investors will have to pay ₹ 7.75 per Rights Equity Share which constitutes 25.00% of the Issue Price and the balance ₹ 23.25 per Rights Equity Share which constitutes 75.00% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by the Board of Directors at its sole discretion, from time to time.</p>
Investor(s)	Equity Shareholders as on Record Date and/or Renounees applying in the Issue.
Issue Closing Date	Wednesday, 07 August 2024
Issue Opening Date	Wednesday, 24 July 2024
Issue Price	<p>₹ 31/- for Rights Securities issued in one Rights Entitlement, (i.e. ₹ 31/- per Rights Equity Share, including a premium of ₹ 21/- per Rights Equity Share).</p> <p>On Application, Investors will have to pay ₹ 7.75 per Rights Equity Share which constitutes 25.00% of the Issue Price and the balance ₹ 23.25 per Rights Equity Share which constitutes 75.00% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by the Board of Directors at its sole discretion, from time to time.</p>
Issue Proceeds	The proceeds of the Issue that are available to our Company
Issue Size	The issue of 1,55,43,125 Equity Shares for an amount aggregating up to ₹ 4,818.37 Lakhs.
Letter of Offer	The final Letter of Offer to be filed with the Stock Exchange after incorporating the observations received from the Stock Exchange(s) on the Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchange
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circular and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before August 1, 2024
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant

Term	Description
	in accordance with the SEBI Rights Issue Circular and the circulars issued by the Depositories, from time to time, and other applicable laws
Non-Institutional Investors	All Investors including sub-accounts of FIIs/ FPIs registered with SEBI, which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for a cumulative amount more than ₹2.00 Lakhs
Payment Schedule	Payment schedule under which 25.00% of the Issue Price is payable on Application, i.e., ₹ 7.75 per Rights Equity Share, and the balance unpaid capital constituting 75.00% of the Issue Price i.e., ₹ 23.25 will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to time;
Promoter	The Promoters of our Company, being Mr. Prasad Reddy Sabbella, Mr. Sharat Reddy Sabbella, Mrs. Devaki Reddy Sabbella and Mrs. Charita Reddy Sabbella;
Promoter Group	Unless the context requires otherwise, the entities forming part of the promoter group in accordance with the SEBI Regulations and which are disclosed by our Company to the Stock Exchange from time to time;
Offer Document	Means Letter of Offer/ Abridged Letter of Offer;
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, 2018;
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being July 12, 2024;
Refund through electronic transfer of Funds	Refunds through NECS, Direct Credit, RTGS, NEFT or ASBA process, as applicable
Registrar to the Issue	Cameo Corporate Services Limited
Renounees	Any persons who have acquired Rights Entitlements from the Equity Shareholders through renunciation
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date i.e. Wednesday, July 24, 2024. Such period shall close on Thursday, August 1, 2024, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounee on or prior to the Issue Closing Date i.e. Wednesday, August 7, 2024;
Retail Individual Investors	Individual Investors who have applied for Equity Shares for an amount not more than ₹ 2.00 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Equity Shares that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date.
SCSB(s)	A Self Certified Syndicate Bank registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers the facility of ASBA, including blocking of bank account. A list of all SCSBs is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Working Day(s)	Working day means all days on which commercial banks in Andhra Pradesh are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Andhra Pradesh are open for business. Furthermore, the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Industry Related Terms

Term	Description
BAP	Best Aquaculture Practices
BSCI	Business Social Compliance Initiative
BRC	British Retail Consortium
FDA	Food and Drug Administration
HACCP	Hazard Analysis Critical Control Point
HOSO	Head-On Shell-On
HLSO	Headless Shell-On
HEP	Headless Easy Peeled
PDTO	Peeled and De-Veined Tail-On
PD	Peeled and De-Veined Tail-Off
PUD	Peeled and Un-De-veined

Abbreviations

Term	Description
Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
AGM	Annual General Meeting
Articles	Articles of Association of the Company as originally framed or as altered from time to time in pursuance of any previous Company Act or of this Act
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
CAF	Common Application Form
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act	Unless specified otherwise, this would imply to the provisions of the Companies Act, 2013 (to the extent notified) and /or Provisions of Companies Act, 1956 w.r.t. the sections which have not yet been replaced by the Companies Act, 2013 through any official notification.
COVID- 19	Novel Coronavirus, 2019
DIN	Director Identification Number
DP	Depository Participant
DP ID	Depository Participant's Identity
DR	Depository Receipts
EGM	Extraordinary General Meeting
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 as amended from time to time and the regulations framed there under.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FIs	Financial Institutions
FIPB	The Foreign Investment Promotion Board, Ministry of Finance, Government of India.
FV	Face Value
FPIs	Foreign Portfolio Investors
F. Y.	Financial Year
GOI	Government of India
GST	Goods & Service Tax
HUF	Hindu Undivided Family
Ind AS	Indian Accounting Standards

Term	Description
Indian GAAP/I-GAAP	Generally accepted accounting principles in India.
ISIN	International Securities Identification Number
IT	Information Technology
JV	Joint venture
Ltd.	Limited
MCLR	Marginal Cost of Funds based Lending Rate
NR	Non-Resident
NSDL	National Securities Depository Limited.
Pvt.	Private
PBT	Profit Before Tax
SEBI	Securities and Exchange Board of India
SEBI Rights Issue circular	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
STT	Securities Transaction Tax

NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material and the issue of Rights Entitlements and the Rights Securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may come, are required to inform themselves about and observe such restrictions.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Securities is permitted under laws of such jurisdictions. Further, this Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Securities is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access this Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company and the Stock Exchanges.

Our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer was filed with the Stock Exchange. Accordingly, the Rights Entitlements and the Rights Securities may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter and any other offering materials or advertisements in connection with this Issue may not be distributed, in whole or in part, in or into any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

This Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter may not be used for the purpose of, and do not constitute, an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter must be treated as sent for information only and should not be acted upon for subscription to Rights Securities and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter should not, in connection with the Issue of the Rights Securities or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter in or into any jurisdiction where to do so would or might contravene local securities laws or regulations or would subject the Company or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Application Form or Rights Entitlement Letter is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Securities or the Rights Entitlements referred to this Letter of Offer, the Abridged Letter of Offer, the Application Form or the Rights Entitlement Letter.

Our Company is not making any representation to any person regarding the legality of an investment in the Rights Entitlements or the Rights Securities by such person under any investment or any other laws or regulations. No information in this Letter of Offer should be considered to be business, financial, legal, tax or investment advice.

Any person who makes an application to acquire Rights Entitlements and the Rights Securities offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Securities in accordance with the legal requirements applicable in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Securities will be deemed to make the representations, warranties, acknowledgments and agreements set forth in "*Other Regulatory and Statutory Disclosures*" on page 78.

Neither the delivery of this Letter of Offer nor any sale of Rights Securities hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Securities or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Securities or Rights Entitlements. In addition, our Company is not making any representation to any offeree or purchaser of the Rights Securities regarding the legality of an investment in the Rights Securities by such offeree or purchaser under any applicable laws or regulations.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

THE CONTENTS OF THE DRAFT LETTER OF OFFER, LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, NEITHER OUR COMPANY IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND RIGHT SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (**THE “US SECURITIES ACT”**), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OF AMERICA OR THE TERRITORIES OR POSSESSIONS THEREOF (**THE “UNITED STATES” OR “U.S.”**), EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT. ACCORDINGLY, THE RIGHTS ENTITLEMENTS AND RIGHTS SECURITIES REFERRED TO IN THIS LETTER OF OFFER ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE US SECURITIES ACT (“**REGULATION S**”). THE OFFERING TO WHICH THIS LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS SECURITIES OR RIGHTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States of America when the buy order is made. Envelopes containing an Application Form should not be postmarked in the United States of America or otherwise dispatched from the United States of America or any other jurisdiction where it would be illegal to make an offer under this Letter of Offer. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch this Letter of Offer or Abridged Letter of Offer and the Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Securities will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, that (i) it is not and that at the time of subscribing for the Rights Securities or the Rights Entitlements, it will not be, in the United States of America when the buy order is made and (ii) it is authorized to acquire the Rights Entitlement and the Rights Securities in compliance with all applicable law, rules and regulations.

Our Company reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in or dispatched from the United States of America; (ii) does not include the relevant certification set out in the Application Form headed “Overseas Shareholders” to the effect that the person accepting and/or renouncing the Application Form does not have a registered address (and is not otherwise located) in the United States of America, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; or (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or Allot any Rights Securities in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

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

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

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

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Public Limited (Listed) Company under the laws of India and all the Directors and all Executive Officers are residents of India. It may not be possible or may be difficult for investors to affect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the "Civil Procedure Code"). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- The judgment has not been pronounced by a court of competent jurisdiction.
- The judgment has not been given on the merits of the case.
- The judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable.
- The proceedings in which the judgment was obtained are opposed to natural justice.
- The judgment has been obtained by fraud; and/or
- The judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Certain Conventions

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to Sharat Industries Limited”, “SIL”, the/our “Company”, “we”, “our”, “us” or similar terms are to Sharat Industries Limited or, as the context requires, and references to “you” are to the equity shareholders and/ or prospective investors in the Equity Shares.

FINANCIAL DATA

Unless stated otherwise, the financial data included in this Letter of Offer have been prepared in accordance with the applicable provisions of the Companies Act and Indian Accounting Standard (IND AS).

Our fiscal year commences on 1st April of each year and ends on 31st March of the next year. All references to a particular fiscal year are to the 12 months’ period ended 31st March of that year. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points.

We have prepared our Audited Financial Statements of our Company as of and for the financial year ended March 31, 2024 in accordance with Ind As, Companies Act, and other applicable statutory and / or regulatory requirements. Our Company publishes its financial statements in Indian Rupees.

Unless the context otherwise indicates, any percentage amounts, as set forth in the sections titled “*Risk Factors*” on page 18 of this Letter of Offer have been calculated on the basis of the Financial Statements of our Company prepared in accordance with Ind AS and the Companies Act, 2013.

CURRENCY OF PRESENTATION

In this Letter of Offer, references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million and ‘billion / bn./ Billions’ means ‘one hundred crores’.

Except as otherwise set out in this Letter of Offer, certain monetary thresholds have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

INDUSTRY AND MARKET DATA

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

The industry data used in this Letter of Offer has not been independently verified by our Company or any of their affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. The extent to which market and industry data used in this Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which our business is conducted, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in “*Risk Factors*” on page 20 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. These forward-looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

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

- Our dependence on our processing facilities, and the risks associated with our operations;
- The availability and prices of our raw materials;
- Our ability to manage our working capital requirements;
- Our dependence on major customers, and a loss or significant decrease in business from them;
- Exchange rate fluctuations;
- The import policies of the countries to which we export our products;
- Our ability to obtain, maintain or renew the statutory and regulatory licenses, permits and approvals required for our business and operations;
- Our ability to implement our business strategy or effectively sustain and manage our growth;
- Our ability to accurately forecast the demand for our products, and manage our inventory;
- The general, political, social and economic conditions in the countries to which we export our products; and
- A slowdown in economic growth in India.;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors.

For a further discussion of factors that could cause our actual results to differ, refer to section titled “*Risk Factors*” on page 18 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Future looking statements speak only as of the date of this Letter of Offer. Neither we, our Directors, 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 SEBI and Stock Exchange requirements, our Company will ensure that investors in India are informed of material developments until the grant of listing and trading permission.

SECTION II - LETTER OF OFFER SUMMARY

Summary of Business

Sharat Industries Limited (“SIL”) is the integrated aquaculture company in India. The Company successfully cultured and processed Black Tiger shrimp before eventually producing Scampi shrimp. We pride ourself in being the pioneer of Vannamei (white shrimp) culture in India. For further details, please refer to the section titled “Our Business” beginning on page 51 beginning of this Letter of Offer.

Objects of the Issue:

The issue proceeds are to be utilized for financing the Working Capital Requirement of the Company:

Particulars	Amount (₹ in lakhs)
To augment the existing and incremental working capital requirement of our company*	3,850.00
General Corporate Purpose#	868.37
Net Proceeds from the Issue	4,718.37

#Subject to the finalization of the basis of Allotment and the allotment of the Rights Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Issue Proceeds.

*Assuming full subscription and allotment

For further details, please refer to the section titled “Objects of the Issue” beginning on page 39 of this Letter of Offer.

Intention and Extent of Participation by our Promoter

Our Promoter and Promoter Group vide their letter dated February 14, 2024 have undertaken to subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favor by any other Promoter or member(s) of the Promoter Group of our Company or existing shareholders or third-party investors. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations and in case if acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements triggers open offer obligation under SEBI (SAST) Regulations, our Promoters and our Promoter Group shall comply with the same. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

Summary of Financial Information

The following table sets forth summary financial information derived from the Standalone Audited Financial Statements for the Financial Year ended on 31st March 2024, 31st March 2023 and 31st March 2022.

(₹ in lakhs)

Particulars	For the Financial Year		
	31 st March 2024	31 st March 2023	31 st March 2022
Share Capital	2,391.25	2,391.25	2,391.25
Net worth	8,397.51	7,869.30	7,036.14
Revenue from Operations	30,215.92	33,253.83	24,703.29
Profit after tax	587.30	654.42	345.90
Basic EPS (in ₹)	2.46	2.69	1.53
Diluted EPS (in ₹)	2.46	2.69	1.53
Net Asset Value per share (in ₹)	35.12	32.91	29.42
Total borrowings	9,550.49	8,926.63	8,915.81

Summary of Outstanding Litigation and Defaults

Name of the Cases	Name of the Cases	Total amount involved (₹ in Lakhs)
Litigations involving our Company and Promoters	03	204.42*
Proceedings involving moral turpitude or criminal liability on our Company	-	Nil
Matters involving economic offences where proceedings have been initiated against our Company	-	Nil
Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	-	Nil

*Out of the above stated three case, one case pending with Income Tax dept. has been dropped by CIT Appeal as per their order dated August 25, 2023.

For details, please refer to chapter titled 'Outstanding Litigations and Material Developments' on page 75 of this Letter of Offer.

Auditor Qualification:

No reservations, qualifications and adverse remarks have been made by our Auditors in their reports which have not been given effect to in the Financial Statements for the Financial year March 31, 2024.

Risk Factors:

For details of potential risks associated with our ongoing business activities and industry, investment in Equity Shares of the Company, material litigations which impact the business of the Company and other economic factors please see "Risk Factors" on page 18 of this Letter of Offer.

Contingent Liabilities:

For details of contingent liabilities for the Financial Year March 31, 2024, please see the section titled "Financial Statements" on page 68.

Related Party Transactions:

For details of the related party transactions, as reported in the Financial Statements, see "Financial Statements" on page 68 of this Letter of Offer.

Financial Arrangements:

There have been no financing arrangements whereby the Promoters, members of the Promoter Group, our directors and their relatives have financed the purchase, by any other person, of securities of our Company other than in the normal course of the business of the financing entity during the period of six (6) months immediately preceding the date of the Letter of Offer.

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

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

SECTION III-RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to the country, the industry in which our Company operates in India, our Company or our Equity Shares. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have a material adverse effect on our business, results of operations and financial condition. If any of the following risks, or other risks that are not currently known or are deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Prospective investors should consult their tax, financial and legal advisors about the particular consequences of an investment in this Issue.

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including merits and risks involved.

In this section, unless the context otherwise requires, a reference to “our Company” or to “we”, “us” and “our” refers to our Company and its subsidiary on a consolidated basis.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including considerations described below and in “*Forward Looking Statements*” on page 15 of this Letter of Offer. To obtain a better understanding of our business, you should read this section in conjunction with the section titled “*Financial Statements*” on page 68, together with all other financial information contained in this Letter of Offer.

INTERNAL RISK FACTORS

Business Related Risks

- 1. Our business is dependent on our processing facilities, which are subject to a variety of risks. Any slowdown or shutdown in our processing operations or under-utilization of our processing facilities could have an adverse effect on our business, results of operations and financial condition.***

We conduct our operations through processing facilities situated in Andhra Pradesh. Our business is dependent upon our ability to manage our processing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents and severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. In addition, we may be required to carry out planned shutdowns of our facilities for maintenance, statutory inspections and testing, or may shut down certain facilities for capacity expansion and equipment upgrades. Moreover, because both of our processing facilities are located in Andhra Pradesh, the risk of substantial disruption or shutdown of both facilities due to a single significant natural calamity or other catastrophic event is more pronounced. We may also face protests from local citizens at our existing facilities or while setting up new facilities, which may delay or halt our operations.

Although we have not experienced any significant disruptions at our processing facilities in the past, we cannot assure you that there will not be any disruptions in our operations in the future. Our inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to the slowdown or shut-down of our operations or the under-utilization of our processing facilities, which in turn may have an adverse effect on our business, results of operations and financial condition.

2. ***We are dependent on a continued and sustained availability of raw shrimp, which is the key raw material used in our processing operations. We have not entered into long-term agreements with all of our raw material suppliers, and any increase in the cost of, or a shortfall in the availability or quality of such raw materials could have an adverse effect on our business, revenues and results of operations.***

Raw shrimp is the key raw material for our processing operations, and the continued and sustained availability of quality raw material at competitive prices is essential to the growth of our business. Our cost of materials consumed constitutes the largest component of our cost structure. Our profitability may be adversely affected by changes in production costs as a result of any upward revision in raw material prices. The price and availability of our primary raw material depends on several factors beyond our control, including overall economic conditions, production levels, demand, competition, transportation costs and regulatory restrictions. Further, our supply chain is subject to disruptions and price volatility caused by various factors such as market fluctuations, quality and availability, demand, changes in government policies and regulatory sanctions. Any disease or epidemic affecting the health Shrimps may significantly affect our business operations. We also face a risk that one or more of our existing suppliers may discontinue their supplies to us, and any inability on our part to procure raw materials from alternate suppliers in a timely fashion, or on commercially acceptable terms, may adversely affect our operations. If, for any reason, our major raw material suppliers should curtail or discontinue the delivery of such raw materials to us in the quantities that we need, or on commercially acceptable terms, our processing schedules could be disrupted, and our business, revenues and results of operations could be adversely affected.

3. ***The improper handling, transportation, processing or storage of raw materials or products, or spoilage of and damage to such raw materials and products, or any real or perceived contamination in our products, could subject us to regulatory and legal action, damage our reputation and have an adverse effect on our business, results of operations, profitability and financial condition.***

Our products are intended for human consumption or are typically used as ingredients in products intended for human consumption. Thus, our raw materials and products are subject to a variety of risks such as contamination, disease and spoilage during their processing, transportation or storage. We face an inherent business risk of exposure to product liability and claims in the event that our products fail to meet the required quality standards or are alleged to cause harm to customers. Such risks may be controlled, but not eliminated, by adherence to good processing practices and finished product testing. Any defect in our products and claims by our customers or retail consumers against our products could adversely affect our sales. Further, our business is dependent on the trust that our customers have in the quality of our products. While we have implemented several quality control procedures and perform tests across various stages of our process chain, we cannot assure you that our quality control measures will not fail or that the quality tests performed by us will be accurate at all times. Further, seafood is required to be stored, handled and transported at specific temperatures and under certain food safety conditions. Any shortcoming in the production or storage of our products due to failure of quality assurance procedures, negligence, human error or otherwise, may damage our products and result in non-compliance with applicable regulatory standards. Any allegation, whether accurate or not, that our products contain contaminants could damage our reputation and adversely affect our sales. Further, we may be subject to the risk of legal proceedings and product liability claims being brought by various entities, including our customers, end-users and government agencies for various reasons including for hazardous or contaminated products. If we are a party to a product liability case, we may incur considerable expense on litigation. We cannot assure you that we will not experience product liability losses in the future. Any product liability claim or adverse regulatory action may adversely affect our reputation, as well as entail significant costs, which could adversely affect our reputation, business, results of operations and financial condition. Further, even if any product liability claim is unsuccessful, the negative publicity surrounding any assertion that our products caused injury, illness or death could adversely affect our reputation with existing and potential customers, as well as result in a loss of consumer confidence.

4. ***A significant portion of our procurement network is concentrated in Andhra Pradesh, and any adverse developments affecting the region could have an adverse effect on our business, results of operations and financial condition.***

We primarily source a majority of our raw material from aqua-farms across Andhra Pradesh, more specifically, its coastal belt. Our business is thus, significantly dependent on the general economic and market conditions in the state as well as the state and local government policies relation to the aquaculture industry. Accordingly, any significant social, political or economic disruption, or natural calamities or civil disruptions, or changes in governmental policies in Andhra Pradesh, may have an adverse impact on our procurement network. Moreover, we do not currently maintain any comprehensive insurance to protect us against the risk of any significant business interruptions. For instance, Cyclone Hudhud caused

extensive damage to property in and around the coastal regions of Andhra Pradesh in 2014, and necessitated a large-scale evacuation. Any similar or other event in the future may require us to incur significant expenditure in sourcing our raw materials from other regions and change the way in which we conduct business, which may have an adverse effect on our business, results of operations and financial condition.

5. ***There are certain outstanding litigations involving our Company, our Promoter, our Directors and our Group Entities and any adverse outcome in any of these proceedings may adversely affect our profitability and reputation and may have an adverse effect on our results of operations and financial condition.***

A Summary of material outstanding legal proceedings involving our Company and our Subsidiaries as on date of this Letter of Offer, including the approximate amount involved to the extent ascertainable, is set out below:

Sr. No.	Types of Proceedings	No. of Cases	Amount to the extent quantifiable (in Lakhs)
LITIGATIONS INVOLVING OUR COMPANY			
Litigation matters against our Company			
1)	Tax matters	03	204.42*
Litigation matters filed by our Company			
1)	Civil matters	-	Nil
Litigation involving our Promoter			
1)	Civil Matter	-	Nil
Litigation Involving our Subsidiaries			
	Nil	-	Nil

* Out of the above stated three case, one case pending with Income Tax dept. has been dropped by CIT Appeal as per their order dated August 25, 2023.

6. ***We are exposed to foreign currency exchange rate fluctuations, which may harm our results of operations and cause our results to fluctuate.***

Our financial information is presented in Indian Rupees, we generate part of our sales internationally through export and sales outside of India. These sales are denominated in foreign currencies, primarily in U.S. dollars. Moreover, we may from time to time, have unhedged foreign currency exposure. on account of our foreign currency denominated borrowings. The exchange rate between the Indian Rupee and the U.S. dollar has fluctuated in the past and our results of operations have been impacted by such fluctuations, and may be impacted by such fluctuations in the future as well. For these reasons, our financial condition and results of operations are influenced by fluctuations in the relative values of the relevant currencies, especially between the Indian Rupee and the U.S. Dollar. For example, during times of strengthening of the Indian Rupee, we expect that our overseas sales and revenues will generally be negatively impacted, as foreign currency received will be translated into fewer Indian Rupees. However, the converse positive effect on depreciation of the Indian Rupee may not be sustained or may not show an appreciable impact in our results of operations in any given financial period due to other operational variables impacting our business and results of operations during the same period. Further, due to the time gap between the accounting of sales and actual payments, the foreign exchange rate at which the sale is recorded in the books of accounts may vary with the foreign exchange rate at which the payment is made, thereby benefiting or affecting us negatively, depending on the appreciation or depreciation of Rupee. We may, therefore, be exposed to risks arising from exchange rate fluctuations, may not be able to pass on all losses on account of foreign currency fluctuations to our customers, and suffer losses on account of foreign currency fluctuations. There is no guarantee that we may be able to manage our foreign currency risk effectively or mitigate exchange exposures, at all times and our inability may harm our results of operations and cause our results to fluctuate and/or decline.

7. ***We require a significant amount of working capital for our operations, and any failure to maintain sufficient working capital may have an adverse impact on our business.***

Our operations require a significant amount of working capital. While we typically procure raw materials on the basis of the purchase orders received from our customers, we are required to pay our vendors before we receive payments from our customers. We require a significant amount of cash to fund our raw material procurement. If we fail to maintain sufficient working capital through our sales activities and timely collection of trade receivables

or other means, we may not have sufficient working capital for our operations, which may have a material adverse effect on our business, financial condition and results of operations.

8. *Any failure to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, our business and results of operations may be adversely affected.*

We are required to obtain and maintain a number of statutory and regulatory permits and approvals. A majority of the licenses, permits and approvals are granted for a limited duration. As and when such approvals or licenses expire, we will need to make applications for their renewal or for fresh licenses, permits and approvals. We cannot assure you that any such renewals or fresh licenses, permits and approvals will be issued or granted to us in a timely manner, or at all. If we do not receive such renewals or are unable to obtain fresh licenses, permits and approvals in a timely manner, our business and operations may be adversely affected. Further, the licenses, permits and approvals required by us are subject to numerous terms and conditions. We cannot assure you that these licenses, permits and approvals will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any such terms or conditions, or pursuant to any regulatory action. If we fail to comply with the terms and conditions attached to our licenses, permits and approvals, we may incur increased costs, be subject to penalties, have such licenses, permits and approvals revoked or suffer a disruption in our operations, any of which could adversely affect our business.

9. *We are subject to strict quality requirements, regular inspections and audits, and any failure to comply with quality standards may lead to the delisting of our facilities, cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and prospects.*

Our products are marketed by our customers through various distribution channels to retail chains, stores, restaurants and food service distributors across North America, Europe and Asia. Accordingly, our customers and end-retailers maintain strict qualification and/or certification procedures. Our products go through various quality checks at various stages including random sampling checks and quality checks by internal and external agencies. Further, these products are subject to random sampling checks by regulatory authorities in the countries to which they are exported. Several key customers and end-retailers have audited our facilities and processes, and undertake periodic audits and inspections. Failure of our products to meet prescribed quality standards may result in rejection of our products and subject to the nature of rejection, even the delisting of our facilities on a temporary or permanent basis. This may result in our customers cancelling present or future purchases of our products.

While we have put in place quality control procedures, we cannot assure that our products will always be able to satisfy our prescribed quality standards. Our quality control procedures may fail to test for all possible conditions of use or identify all defects in the processing of our products. Any failure on our part to successfully maintain quality standards for our products may affect our customer relationships, which may adversely affect our business, results of operations and prospects.

10. *We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures could have a material adverse effect on our business growth and prospects, financial condition and results of operations.*

The frozen seafood industry is highly competitive. We compete with several domestic and international seafood processors, primarily in Asian countries. We also face competition from several players in the unorganized sector. We expect that competition will continue to intensify both through the entry of new players and consolidation of existing players. Our competitors may succeed in developing products that are more popular or cheaper than any that we may develop, which may render our products uncompetitive and adversely affect our business and financial results. Some of our competitors may have greater financial resources, better distribution network, technical and marketing resources and generate greater revenues, and therefore may be able to respond better to market changes than we can. Further, our customers and end-retailers also operate within a highly competitive industry, where they are constantly required to adapt to factors such as changing consumer preferences, consolidation and the entry of new regional and local players, and constantly exert downward pricing pressure. We may be adversely affected in case our customers are unable to effectively respond to any factors that adversely impact the competitive landscape of their industry. We believe that our ability to compete depends on a number of factors beyond our control, including the ability of our competitors to attract, train, motivate and retain skilled employees, the price at which our competitors offer comparable products and the extent of our competitor's responsiveness to customer needs. Our

inability to adequately address competitive pressures may have a material adverse effect on our business, prospects, financial condition and results of operations.

11. *Foreign exchange risk refers to the losses that an international financial transaction may incur due to currency fluctuations*

Foreign exchange risk refers to the losses that an international financial transaction may incur due to currency fluctuations. Being a pharmaceutical company exporter generally foreign risk arises when there is accounting gains and loss between the moment of the invoice and settlement, transaction risk between the firm commitment and settlement and budget risk from the moment pricing is set. In simpler terms, any changes in the exchange rates between currencies may affect our business financial performance.

12. *We depend on our management team and the loss of team members may adversely affect our business.*

There have been change in management in the recent past. We believe that we have a team of professionals to oversee the operations and growth of our business. We have a number of technically qualified people in each area of our activity. If one or more members of our management team are unable or unwilling to continue in their present positions because of various factors, such persons would be difficult to replace and our business would be adversely affected. We may lose members of our key management team to our clients or competitors.

13. *Our inability to accurately forecast demand or price for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.*

Our business depends on our estimate of the demand for our products from customers and on the basis of purchase orders that are placed from time to time. The demand for the frozen seafood products is linked to a variety of factors, including the end-retailers' ability to identify and adapt to evolving consumer preferences. If we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may process fewer quantities of products than required, which could result in the loss of business. While we forecast the demand and price for our products and accordingly plan our product volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all. If we overestimate demand, we may incur costs to build capacity or purchase more raw materials and process more products than required. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

14. *Non-compliance with and changes in, safety, health and environmental laws and other applicable regulations, may adversely affect our business, results of operations and financial condition.*

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in India, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges; on the storage, handling, discharge and disposal of substances, employee exposure to hazardous substances and other aspects of our operations. For example, laws in India limit the amount of hazardous and pollutant discharge that our processing facilities may release into the air and water. The discharge of hazardous substances into the air, soil or water beyond these limits may cause us to be liable to regulatory bodies and incur costs to remedy the damage caused by such discharges. Further, any accidents at our facilities may result in personal injury or loss of life of our employees, contract laborers or other people, substantial damage to or destruction of property and equipment resulting in the suspension of operations. Any of the foregoing could subject us to litigation, which may increase our expenses in the event we are found liable, and could adversely affect our reputation. Additionally, the government or the relevant regulatory bodies may require us to shut down our facilities, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers. The adoption of stricter health and safety laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with, and changes in, these laws and regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition.

We are also subject to the laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and

work permits. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products. We cannot assure you that we will not be involved in any potential litigation or other proceedings, or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

15. Any regulatory actions and penalties for any past or future non-compliance may adversely affect our business or reputation, or both.

We have to comply with numerous regulatory filings, maintenance of record etc under the Companies Act, 2013, Securities Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015, Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulation, 2011 and any other laws and regulation as applicable. We may have failed to comply or maintain certain record as per the applicable law and as a result we have been imposed the penalty/fines by the SEBI for such non-compliance. Further in past, due to delays and non-filing of the requisite compliance the trading in our Company's scrip have been suspended on BSE which was later revoked by the BSE vide letter dated June 27, 2019 after completing all the necessary compliances. However, there can be no assurance that there may not be any delay in compliances in future which could affect the listing/trading of the equity shares of our Company at the stock exchange.

Issue Specific Risks

16. Investment in Rights Equity Shares is exposed to certain risks. From the Call Record Date for each Call prior to the final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Further, the Rights Equity Shares will not be traded with effect from the Call Record Date for the final call fixed for the determination of the Investors liable to pay Call Monies, as determined by our Board at its sole discretion, from time to time. The holders of the Rights Equity Shares will not be able to trade in these securities till they are credited to the holders' account as fully paid-up. Further, until the subsistence of Rights Equity Shares, we may not be able to undertake certain forms of equity capital raising.

The Issue Price is ₹ 31/- per Rights Equity Share. On Application, Investors will have to pay ₹ 7.75 (25.00% of the Issue Price) per Rights Equity Share. The balance amount will be payable by the Rights Equity Shareholders on subsequent Calls of ₹ 23.25/- per Rights Equity Share, after payment of the Application Money.

The Rights Equity Shares offered under this Issue will be listed under a separate ISIN. An active market for trading may not develop for the Rights Equity Shares. This may affect the liquidity of the Rights Equity Shares and restrict your ability to sell them.

If our Company does not receive the Call Money as per the timelines stipulated in the Call notice, unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Rights Equity Shares, in accordance with the Companies Act, 2013 and our Articles of Association. For details, see "Terms of the Issue" beginning on page 87. In case our Company declares any dividend, Rights Equity Shareholders are only entitled to dividend in proportion to the amount paid up, and the voting rights (exercisable on a poll) by investors shall also be proportional to such investor's share of the paid-up equity capital of our Company. Therefore, the rights of holders of the Rights Equity Shares will not be *pari passu* with the rights of the other shareholders of our Company in case of non-payment of Call Monies.

The ISIN representing partly paid-up Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call in respect of the partly paid-up Rights Equity Shares, such partly paid-up Rights Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for our fully paid-up Equity Shares. Our Company would fix a Call Record Date for the purpose of determining the list of allottees to whom the notice for the Final Call would be sent. From the Call Record Date for each Call prior to the Final Call, the trading of the Rights Equity Shares would be suspended for an applicable period under the applicable law. Further, with effect from the Call Record Date, trading in the partly paid-up Rights Equity Shares for which final Call have been made, would be suspended prior to the Call Record Date, for such period as may be applicable under the rules and regulations. Furthermore, the holders of the partly paid-up Rights Equity Shares will not be able to trade in these shares until they are credited to the holders' account as fully paid-up Rights Equity Shares. Similarly, for an applicable period,

from the Call Record Date for each Call, the trading of the Rights Equity Shares would be suspended under the applicable law. Further, there is little history of trading of partly paid-up shares in India and therefore there could be less liquidity in this segment, which may cause the price of the Rights Equity Shares to fall and may limit ability of Investors to sell the Rights Equity Shares. There may also be a risk of the Rights Equity Shares not forming part of the index. Further, until the subsistence of Rights Equity Shares, we cannot undertake further rights issues, further public offers or bonus issues. In terms of Regulations 62 and 104 of the SEBI ICDR Regulations, an issuer making a rights issue or further public offer is required to ensure that all its existing partly paid-up equity shares have either been fully paid-up or have been forfeited. Additionally, a bonus issue will not be permitted under law till the subsistence of partly paid-up equity shares in terms of Regulation 293 of the SEBI ICDR Regulations.

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

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020 and January 19, 2021 and April 22, 2021, and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 87 of this Letter of Offer.

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

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

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

19. No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.

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

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

In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Rights Equity Shares shall be made in dematerialized form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 03, 2018 issued by the SEBI, with effect from April 01, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

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

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

22. *Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.*

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

23. *There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.*

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

- Our financial results and the financial results of the other companies in the similar lines of businesses;
- The history of, and the prospects for, our business and the sectors in which we compete;
- The valuation of publicly traded companies that are engaged in business activities similar to us; and
- Significant developments in India’s economic liberalization and deregulation policies.

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

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

If our Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, our Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. For instance, our Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless: (i) a registration statement is in effect, if a registration statement under the U.S. Securities Act is required in order for our Company to offer such rights to holders and sell the securities represented by such rights; or (ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the U.S. Securities Act. Our Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

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

Our revenues are dependent on various factors such as future earnings, financial condition, cash flows, working capital requirements and capital expenditures. The combination of these factors may result in significant variations in our revenues and profits and thereby may impact our ability to pay dividends.

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

We are subject to a daily 'circuit breaker' imposed by the Stock Exchanges, which may not allow transactions beyond specified increases or decreases in the price of our 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 our circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of our Equity Shares.

This circuit breaker will limit the upward and downward movements in the price of our Equity Shares during the day. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

27. *Any future issuance of Equity Shares may dilute the investor's shareholding and sales of the Equity Shares by any of our significant shareholders may adversely affect the trading price of the Equity Shares.*

Any future issuance of the Equity Shares by the Company could dilute your shareholding. Any such future issuance of the Equity Shares or future sales of the Equity Shares by any of our significant shareholders may also adversely affect the trading price of the Equity Shares and impact our ability to raise capital through an offering of our securities. Any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. Additionally, the disposal, pledge or encumbrance of the Equity Shares by any of our significant shareholders, or the perception that such transactions may occur, may affect the trading price of the Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that our significant shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

28. *We cannot guarantee that the Equity Shares issued under this Issue will be listed on the Stock Exchange in a timely manner, if at all.*

In accordance with Indian law and practice, after our Board or committee passes the resolution to allot the Equity Shares but prior to crediting such Equity Shares into the Depository Participant accounts of the investors, we are required to apply to the Stock Exchange for final approval for listing and trading of the Equity Shares. There could be a failure or delay in obtaining these approvals from the Stock Exchange, which in turn could delay the listing of the Equity Shares on the Stock Exchange. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market

risk for such period. Any failure or delay in obtaining these approvals would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, may not be indicative of the prices at which the Equity Shares will trade in the future.

29. *Investors may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares and Equity Shares Rights Entitlements.*

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. However, the Finance Act, 2018, now seeks to tax on such long-term capital gains exceeding ₹ 100,000 arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which our Equity Shares are sold. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

The Finance Act, 2019 has clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount. These amendments came into effect from July 1, 2020.

Further, the Finance Act, 2022, which received the assent of the President of India on March 30, 2023, has, among other things, provided a number of amendments to the direct and indirect tax regime. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares. Investors are advised to consult their own tax advisors and to carefully consider the potential tax consequences of owning Equity Shares. We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations could adversely affect our business. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

EXTERNAL RISK FACTORS

30. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.*

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

31. *We may, at any time in the future, make further issuances or sales of our Equity Shares, and this may significantly dilute your future shareholding and affect the trading price of our Equity Shares.*

Any future equity issuances by us, may lead to the dilution of Investors' shareholdings in our Company. Any future equity issuances by us or sales of our Equity Shares by our Promoter or other major shareholders may adversely affect the trading price of our Equity Shares, which may lead to other adverse consequences for us including difficulty in

raising capital through offering of our Equity Shares or incurring additional debt. In addition, any perception that such issuance or sales of shares may occur, may lead to dilution of your shareholding, significantly affect the trading price of our Equity Shares and our ability to raise capital through an issue of our securities. There can be no assurance that such future issuance by us will be at a price equal to or more than the Issue Price. Further, there can be no assurance that we will not issue further shares or that the major shareholders will not dispose of, pledge or otherwise encumber their shares.

32. *Rights of shareholders under Indian laws may be more limited than 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.

33. *Terrorist attacks, civil unrests and other acts of violence in India and around in the world could adversely affect the financial markets, result in a loss of consumer confidence and adversely affect our business, financial condition and cash flows.*

Terrorist attacks, civil unrests and other acts of violence or war in India and around in the world may adversely affect worldwide financial markets and result in a loss of client's confidence and ultimately adversely affect our business, financial condition and cash flows. India has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighboring countries. Political tensions could create a perception that an investment in Indian companies involves higher degrees of risk and on our business and price of our Equity Shares.

34. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.*

Any adverse revision to India's credit rating for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial performance and our ability to obtain financing to fund our growth on favorable terms or at all.

35. *Natural disasters and health epidemics could have a negative impact on the Indian economy, damage our facilities and also destroy the outlook of our Company.*

Natural disasters such as floods, earthquakes, famines and pandemics have in the past had a negative impact on the Indian economy, with the most recent example being the global outbreak of COVID-19. If any such event were to occur, our business could be affected due to the event itself or due to the inability to effectively manage the effects of the particular event. Potential effects include the damage to infrastructure, damage to our intangible assets and the loss of business continuity. In the event that our facilities are affected by any of these factors, our operations may be significantly interrupted, which may materially and adversely affect our business, cash flows, financial condition and results of operations.

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

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

Further, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of

shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

37. *Significant differences exist between IndAS 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 Ind AS contained in this Letter of Offer.*

Our audited financial statements contained in this Letter of Offer have been prepared and presented in accordance with Ind AS. Ind AS differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Ind AS and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Ind AS contained in this Letter of Offer. Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information and is dependent on your familiarity with Ind AS and the Companies Act. Any reliance by persons not familiar with Ind AS on the financial disclosures presented in this Letter of Offer should accordingly be limited.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("GST") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure.

The Government of India has issued a notification dated September 29, 2016 notifying Income Computation and Disclosure Standards ("ICDS"), thereby creating a new framework for the computation of taxable income. The ICDS became applicable from the assessment year for Fiscal 2018 and subsequent years. The adoption of ICDS is expected to significantly alter the way companies compute their taxable income, as ICDS deviates from several concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. In addition, ICDS shall be applicable for the computation of income for tax purposes but shall not be applicable for the computation of income for minimum alternate tax. There can be no assurance that the adoption of ICDS will not adversely affect our business, results of operations and financial condition.

- The General Anti Avoidance Rules ("GAAR") have been made effective from April 01, 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us.
- A comprehensive national GST regime that combines taxes and levies by the Central and State Governments into a unified rate structure, which came into effect from July 01, 2017. We cannot provide any assurance as to any aspect of the tax regime following implementation of the GST. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materializing, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

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

Any increase in taxes and levies, or the imposition of new taxes and levies in the future, could increase the cost of production and operating expenses. Taxes and other levies imposed by the central or state governments in India that affect our industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

39. We and our Investors resident outside India are subject to foreign investment restrictions under Indian law which may adversely affect our Company's operations and its ability to freely sell the Rights Equity Shares.

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities under the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We 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.

SECTION IV – INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on February 14, 2024 pursuant to section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 87 of this Letter of Offer.

Equity Shares outstanding prior to the Rights Securities being offered by our Rights Entitlement	2,39,12,500 Equity Shares Up to 1,55,43,125 Rights Equity Shares*
Record Date	Friday, July 12, 2024
Face Value per Equity Share	₹10.00 each
Issue Price per Equity Share	₹ 31/- per Rights Equity Share (including a premium of ₹ 21 per Equity Share) On Application, Investors will have to pay ₹ 7.75/- per Rights Equity Share, which constitutes 25% of the Issue Price and the balance ₹ 23.25/- per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board at its sole discretion, from time to ti,,,,,me.
Issue Size	Up to ₹ 4,818.37 Lakhs
Equity Shares subscribed, paid-up and outstanding prior to the Issue	2,39,12,500 Equity Shares For details, please see section titled “ <i>Capital Structure</i> ” beginning on page 36 of this Letter of Offer.
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights)	3,94,55,625 Equity Shares
Terms of the Issue	Please see “ <i>Terms of the Issue</i> ” on page 87 of this Letter of Offer.
Use of Issue Proceeds	Please see “ <i>Objects of the Issue</i> ” on page 39 of this Letter of Offer.
Scrip Code	ISIN: INE220Z01013 BSE: 519397 ISIN for Rights Entitlements: INE220Z20013 ISIN for Partly paid-up Rights Equity Shares: IN9220Z01011
Terms of Payment	The full amount of the Issue Price being ₹ 7.75 will be payable on application

**For Rights Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or is not in multiples of 20, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements*

Terms of Payment of Rights Equity Shares

Amount Payable per Equity Share	Face Value (₹)	Premium (₹)	Total (₹)
On Application	2.50	5.25	7.75
On One or more subsequent Call(s) as determined by our Board at its sole discretion, from time to time	7.50	15.75	23.25
Total	10.00	21.00	31.00

GENERAL INFORMATION

Our Company was incorporated on May 07, 1990 as a Private Limited Company under the provisions of Companies Act, 1956 with the Registrar of Companies, Vijaywada, Andhra Pradesh in the name and style of 'Sharat Sea Foods Private Limited'. The Company got converted into a Public Limited Company on April 20, 1992 and the Name was changed to 'Sharat Sea Foods Limited'. Further, the present name of the Company was changed on June 13, 1996 and fresh Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh. The Corporate Identity Number of our Company is L05005AP1990PLC011276.

Registered Office, Corporate Identity Number and Registration Number

Sharat Industries Limited

Venkannapalem Village, T. P. Gudur Mandal, Nellore,
Andhra Pradesh, 524 002

Tel No.: +91 8897628787

E-mail: cs@sharatindustries.com

Website: www.sharatindustries.com

CIN: L05005AP1990PLC011276

Registration Number: 01-011276

Changes to the address of our registered office

The details of changes in the registered office of our Company are set forth below:

Year	Details of the address of registered office	Reason(s) for change
Incorporation	306, Maheshwari Towers, Al-Khizara Estate, Block A, Road No. 1, Banjara Hills, Hyderabad-500 034	Not Applicable
1997	Venkannapalem Village, T. P. Gudur Mandal, Nellore, Andhra Pradesh, 524002.	For administrative Convenience

Corporate Office

Flat No.4, Third Floor, Pallavi Apartments,
No. 57/11, HDFC Bank Compound,
First Main Road, R.A. Puram,
Chennai - 600 028

Registrar of Companies

The Registrar of Companies, Vijaywada

29-7-33, First Floor, Vishnuvardhanarao Street, Suryaraopet,
Vijayawada-520 002,
Andhra Pradesh

Company Secretary and Compliance Officer

Mr. M. Balamurugan

Venkannapalem Village, T. P. Gudur Mandal, Nellore, Andhra Pradesh, 524 002

Tel No.: +91 8897628787

E-mail: cs@sharatindustries.com

Website: www.sharatindustries.com

Statutory Auditors of our Company

M/s A.R. Krishnan & Associates, Chartered Accountants

Address: Flat No. SF-2, Lokesh Towers,
#37, (old #18) Kodambakkam High Road,
Nungambakkam, Chennai- 600 034

Contact Person: CA Anadaramakrishnan

Tel No.: 044 2827 2555
E-mail: ark@arkca.com
Firm registration no. 009805S
Peer Review: 015281 valid till May 31, 2026

The following table sets out the current details regarding our Board of Directors as on the date of filing of this Letter of Offer:

Name	DIN	Address	Designation
Mr. Prasad Reddy Sabbella	00069094	No. 2, Park Avenue, Kesava Perumal Puram, R.A. Puram, Chennai-Tamil Nadu, 600 028	Managing Director
Mr. Sharat Reddy Sabbella	02929724	No. 2, Park Avenue, Kesava Perumal Puram, Raja Annamalaipuram, Chennai-Tamil Nadu, 600 028	Whole-Time Director
Mr. Shanmugam P.	08877587	1/122 H, Ralliah Dam Road, Near Ralliah Dam Bettatti Yedappalli, The Nilgiris, Tamil Nadu- 643104	Non-Executive Director
Mr. Venkata Muthyam Harihar	08160011	H/41/3, Appu Colony, West Avenue, Thiruvanniyur, Chennai, Tamil Nadu, 600041	Non-Executive Independent Director
Mr. Swayze Mani	09604569	Paramos, 4/302, Eastern Express Highway, Near Jupiter Hospital, Vasant Lawns, Thane 400601	Non-Executive Independent Director
Mrs. Geetha Bindu	07017187	18, Ramachanda Residency-2, 4th Cross M D Block, Bus Stop Malleshwaram, Bangalore North, Malleshwaram, Bangalore, Karnataka 560003	Non-Executive Independent Director

For further details of our Directors, please refer titled “*Our Management*” beginning on page 58 of this Letter of Offer.

Self-certified syndicate bankers;

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

Legal advisors to the issue

Addrey Consultancy

Address: B Wing, 5th Floor, Spectrum Towers, Mindspace, Malad (West), Mumbai 400 064

Tel: 93222 41417

Contact Person: Mr. Pathik Muni

Website: www.addreyconsultancy.com

Email: pathik.muni@adry.in

Registrar and Share Transfer Agent
Cameo Corporate Services Limited
CIN: U67120TN1998PLC041613
Subramanian Building, 1, Club House Road, Chennai-600002
Contact Person: Ms. K. Sreepriya
Tel No.: + 044-28460390
E-Mail Id: priya@cameoindia.com
Investor Grievance E-Mail Id: investor@cameoindia.com
Website: www.cameoindia.com
SEBI Registration No.: INR000003753

AXIS BANK LTD

No.2, First Cross Street,
Lambert Nagar, Opp: CSI Church
Virugambakkam, Chennai – 600092
Contact Person: Mr. Kavaskar R, Assistant Vice President
Tel: 044 – 23641486 / 8939946122
E-mail: kavaskar.r@axisbank.com

Investor Grievances

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre- Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “*Terms of the Issue*” beginning on page 87.

Inter-se Allocation of Responsibilities

Since the issue size is not exceeding ₹ 50 Crore hence our Company has not appointed Merchant Banker to the Issue.

Credit Rating

This being an issue of Right Issue of Equity shares, credit rating is not required.

Monitoring Agency

As per Regulation 41(1) SEBI (ICDR) Regulations, 2018, the requirement of Monitoring Agency is not mandatory if the Issue size is below ₹10,000 Lakhs. Since the Issue size is not exceeding ₹ 50 Crore, our Company has not appointed any monitoring agency for this Issue. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

Underwriting

This Issue of Equity Shares is not being underwritten and no standby support is being sought for the said Issue.

Appraising Agency

The objects of this Issue have not been appraised by any bank or any other independent financial institution.

Expert Opinion

Except for the reports of the Auditor of our Company on the audited Financial Information and Statement of Tax Benefits, included in the Letter of Offer, our Company has not obtained any expert opinions.

Debenture Trustee

Since this is not a Debenture issue, appointment of debenture trustee is not required.

Minimum Subscription

The objects of the Issue are meeting working capital requirements and do not involve financing of capital expenditure for a project.

Further, our Promoters and Promoter Group vide their letter dated February 14, 2024 have undertaken that:

- (a) they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group or existing shareholders or third party investors) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations.
- (b) to subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlement acquired through renunciation, either individually or jointly and/or severally with the Promoter(s) or any other members of the Promoter Group, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the Companies Act, the SEBI ICDR Regulations, the SEBI Listing Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations.

Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

Filing

SEBI vide its Amendment regulations i.e. SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. 28.09.2020, has granted certain relaxations with respect to rights issues under the SEBI ICDR Regulations. One of those relaxations is the increase of threshold of the rights issue size for filing of the Letter of Offer with SEBI. The threshold of the rights issue size under Regulation 3 of the SEBI ICDR Regulations has been increased from Ten Crores to Fifty Crores. Since the size of this Issue falls under the threshold, the Letter of Offer had been filed with the Stock Exchanges and will not be filed with SEBI.

CAPITAL STRUCTURE

The Issue has been authorized by way of a resolution passed by our Board on February 14, 2024 pursuant to section 62 of the Companies Act, 2013.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 87 of this Letter of Offer.

(₹ in Lakhs except per share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorized Share Capital		
5,00,00,000 Equity Shares of ₹10.00 each	5,000.00	-
Issued, subscribed and paid-up capital before the Issue		
2,39,12,500 Equity Shares of ₹10.00 each	2,391.25	-
Present Issue in terms of this Letter of Offer⁽¹⁾		
Up to 1,55,43,125 partly paid-up Rights Equity Shares at a premium of ₹21/- per Rights Equity Share, i.e., at an Issue Price of ₹31/- per Rights Equity Share ⁽²⁾	1,554.31	4,818.37
Issued, subscribed and paid-up Equity share capital after the Issue ⁽³⁾		
3,94,55,625 Equity Shares of ₹10.00 each	3,945.56	-
Subscribed and paid-up Equity share capital⁽³⁾		
2,39,12,500 Fully paid up Equity Shares of ₹10.00 each	2,391.25	
1,55,43,125 partly paid-up Equity Shares of ₹10.00 each ⁽⁴⁾	1,554.31	
Securities Premium Account		
Before the Issue		950.00
After all the Calls are made in respect of Rights Equity Shares*		4,214.06

(1) The Issue has been authorized by our Board through resolution dated February 14, 2024.

(2) On Application, Investors will have to pay ₹7.75/- per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹23.25/- per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on Calls, as determined by our Board/Rights Issue Committee at its sole discretion from time to time.

(3) Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares. Please note that the Payment Schedule and the right to call up the remaining paid-up capital in one or more calls will be as determined by the Board of Directors or its Rights Issue Committee at its sole discretion.

(4) Assuming full payment of all Calls by holders of Rights Securities.

* Subject to finalization of Basis of Allotment, Allotment and deduction of Issue expenses.

Notes to the Capital Structure

- 1) As on the date of this Letter of Offer, our Company does not have any outstanding warrants.
- 2) Our Company does not have a stock option scheme.

Shareholding pattern

- a) Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations. The shareholding pattern of our Company, as on March 31, 2024, can

be accessed on the website of the BSE here: <https://www.bseindia.com/stock-share-price/sharat-industries-ltd/shindl/519397/shareholding-pattern/>

- b) The statement showing holding of Equity Shares of persons belonging to the category “Promoters and Promoter Group” including the details of lock-in, pledge of and encumbrance thereon, as on March 31, 2024, can be accessed on the website of the BSE here: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=519397&qtrid=120.00&QtrName=December%202023>
- c) The statement showing holding of securities of persons belonging to the category “Public” including Equity Shareholders holding more than 1.00% of the total number of Equity Shares as on March 31, 2024, can be accessed on the website of the BSE here: <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=519397&qtrid=120.00&QtrName=December%202023>
- 3) No Equity Shares held by our Promoter or members of our Promoter Group have been locked-in, pledged or encumbered as of the date of this Letter of Offer.
- 4) There has been no acquisition of specified securities by the Promoter and Promoter Group in the last 1 (One) year immediately preceding the date of filing of this Letter of Offer.
- 5) The Equity Shares of our Company are fully paid up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer.
- 6) At any given time, there shall be only one denomination of the Equity Shares. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
- 7) As on the date of this Letter of Offer, our Company has not issued any SR equity shares and there are no outstanding equity shares having special voting rights.
- 8) The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the SAST Regulations, 2011 in connection with the Issue is ₹ 42.16.
- 9) No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Investor for making an application in the rights issue, except for fees or commission for services rendered in relation to the Issue.

10) Intention and extent of participation by the promoter and promoter group in the issue with respect to:

Our Promoter and Promoter Group vide their letter dated February 14, 2023 have undertaken to subscribe, jointly and/or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favor by any other Promoter or member(s) of the Promoter Group of our Company. Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with the SEBI SAST Regulations and in case if acquisition of Rights Equity Shares by our Promoters and our Promoter Group, over and above their Rights Entitlements triggers open offer obligation under SEBI (SAST) Regulations, our Promoters and our Promoter Group shall comply with the same. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of SEBI SAST Regulations is ₹ 42.16.

All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares on the date of this Letter of Offer. Further, the Rights Equity Shares when issued shall be partly paid-up.

No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Investor for making an application in the rights issue, except for fees or commission for services rendered in relation to the Issue.

SECTION V - PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards meeting the following objects:

1. To augment the existing and incremental working capital requirement of our Company
2. General Corporate Purpose.

The main object clause of MoA of our Company enables us to undertake the existing activities and the activities for which the funds are being raised through the Issue. Further, we confirm that the activities which we have been carrying out till date are in accordance with the object clause of our MoA.

Issue Proceeds

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

Particulars	Amount (₹ in lakhs)
Gross Proceeds from the Issue [#]	4,818.37 [#]
Less: Estimated Issue related Expenses	100.00
Net Proceeds from the Issue	4,718.37

#Assuming full subscription and allotment of the Rights Equity Shares

Requirement of funds

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

Particulars	Amount (₹ in lakhs)
To augment the existing and incremental working capital requirement of our Company	3,850
General corporate purposes*	868.37
Net Proceeds from the Issue	4,718.37

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Utilization of Net Proceeds and schedule of implementation

We propose to deploy the Net Proceeds towards the Objects in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below:

(₹ in lakhs)

Sr. No.	Particulars	Amount to be deployed from Net Proceeds	Estimated deployment of Net Proceeds
			Fiscal 2025
1.	To augment the existing and incremental working capital requirement of our Company	3,850	3,850
2.	General corporate purposes*	868.37	868.37
Net Proceeds**		4,718.37	4,718.37

** The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

*** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment.*

The above fund requirements are based on our current business plan, management estimates and have not been appraised by any bank or financial institution. Our Company's funding deployment schedule are subject to revision in the future at the discretion of our Board and will not be subject to monitoring by any independent agency. Further, in case the Net Proceeds are not completely utilised in a scheduled Fiscal Year due to any reason, the same would be utilised (in part or

full) in the next Fiscal Year. For further details, please see the section titled “Risk factors – “The deployment of funds raised through this Issue shall not be subject to monitoring by any monitoring Agency and shall be purely dependent on the discretion of the management of our Company” on page 18.

In case of any increase in the actual utilisation of funds earmarked for any of the Objects of the Issue or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met through means available to us, including by way of incremental debt and/or internal accruals.

Means of Finance

Our Company proposes to meet the entire requirement of funds for the objects of the Issue from

1. Issue of Equity Shares through this Letter of Offer.
2. Internal Accruals.

Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75.00% of the stated means of finance for the aforesaid object, excluding the amount to be raised from the Issue.

The fund requirement and deployment are based on our management estimates and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on our current business plan and our Company may have to revise these estimates from time to time on account of various factors beyond our control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, our Company’s funding requirements and deployment schedules are subject to revision in the future at the discretion of our management.

Details of the Objects of the Issue

The details in relation to objects of the Issue are set forth herein below:

Our business is predominantly working capital intensive. We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals. We operate in highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances, business or strategy, foreseeable opportunity. Consequently, our fund requirements may also change.

The details of our Company’s working capital for the Financial year 2020-2021, 2021-2022, 2022-2023 and Financial Year 2023-24 (Projected) and Financial Year 2024-25 (Projected) and the source of funding, derived from the Audited Financial Statements, are provided in the table below:

	<i>(₹ In lakhs)</i>			
Particulars	FY 2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Audited)	FY 2024-25 (Projected)
Current Assets				
(a) Inventories	5,493.98	5,513.57	6,667.72	7,248.57
(b) Investments	100.17	346.92	375.50	485.69
(c) Trade receivables	5,658.99	5,602.07	5,651.76	8,546.26
(d) Cash and Bank Balances	462.06	853.12	129.29	833.40
(e) Other Current Assets	1,284.98	1,700.25	2,086.51	3,317.43
Total (A)	13,000.19	14,015.93	14,910.77	20,431.34
Current Liabilities				
(a) Short Term Borrowings	7,663.91	7,433.33	8,874.18	7,555.49
(b) Trade payables	1,259.63	1,603.29	1,218.93	1,907.30
(c) Other financial liabilities	552.59	606.76	7.13	237.65
(d) Other current liabilities	159.75	49.29	22.05	507.49
(e) Short term provisions	527.27	550.58	366.12	616.46
Total (B)	10,163.16	10,243.25	10,488.41	10,824.39

Particulars	FY 2021-22 (Audited)	FY 2022-23 (Audited)	FY 2023-24 (Audited)	FY 2024-25 (Projected)
Net Working Capital (A)-(B)-Cash and Bank Balances	2,374.97	2,919.56	4,422.36	8,773.55
Sources of Working Capital				
Working Capital funding through Rights Issue Proceeds to be utilized	-	-	-	3,850.00
Funding through Internal Accruals	2,374.97	2,919.56	3,633.22	4,923.55

The incremental working capital requirements are based on historical Company data and estimation of the future requirements in FY 2023-24.

We have estimated future working capital requirements based on the following:

Particulars	<i>(No. of Days)</i>		
	FY 2022-23 (Audited)	FY 2023-24 (Audited)	FY 2024-25 (Projected)
Current Assets			
Inventories	72.9	91.2	68.5
Trade Receivables	60.6	67.9	66.7
Current Liabilities			
Trade Payables	23.7	21.3	19.7

Justification for estimation:

The above parameters have been taken as per industry norms.

Current Assets	
Inventories	The increase in inventory days from 72.9 in FY 2023 to 91.2 in FY 2024 is attributed to heightened demand and supply chain volatility, prompting the need for strategic adjustments. Conversely, the decrease to 68.5 days in FY 2025 indicates improved efficiency and adept inventory management through the adoption of agile supply chain practices and effective demand forecasting.
Trade Receivables	The increase in trade receivable days from 60.6 in FY 2023 to 67.9 in FY 2024 suggests extra credit time given to the customers in order to build a better relationship with them. However, the subsequent decrease to 66.7 days in FY 2025 indicates the stable terms of the receivable days.
Current Liabilities	
Trade Payables	Trade payable days decreased from 23.7 in FY 2023 to 21.3 in FY 2024, potentially reflecting early payment to the suppliers for better negotiating terms. The subsequent decrease to 19.7 days in FY 2025 suggests a return to efficient payables management, possibly through improved negotiation strategies or enhanced working capital management.

General corporate purposes:

In terms of Regulation 62(2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes shall not be exceeding 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including meeting our working capital requirements, capital expenditure, funding our growth opportunities, including strategic initiatives, meeting expenses

incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilising the amount which is allocated for general corporate purposes under the overall guidance and policies of our Board. The quantum of utilisation of funds towards any of the purposes will be determined by the Board or its committee, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Issue Related Expenses

The Issue related expenses consist of processing fee to the SCSBs, Registrars to the Issue, Printing and Stationery expenses, Advertising Expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchange. Our Company will need approximately ₹ 100.00 lakhs towards these expenses, a break-up of the same is as follows:

(₹ in Lakhs)

Activity	Amount* [^] (₹ In Lakhs)	% of Total Expenses	As a % of Issue Size [#]
Fees of the RTA, and legal advisor, other professional service providers	85.00	85%	1.76%
Fees payable to regulators, including depositories, Stock Exchange	7.00	7%	0.15%
Advertising, Printing, stationery and distribution Expenses	5.00	5%	0.10%
Statutory and other Miscellaneous Expenses	3.00	3%	0.06%
Total estimated issue expenses**[^]	100.00	100%	2.07%

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

*** Subject to finalization of the Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.*

[^]Excluding taxes

[#]Assuming full subscription

Interim use of Funds

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

Bridge Financing Facilities

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

Appraising Entity

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

Monitoring of utilization of funds

Since the proceeds from the Issue are less than ₹10,000 lacs, in terms of Regulation 16(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. As required under the SEBI

Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditor. Further, in terms of Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer.

Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Regulation 18 of the SEBI Listing Regulations.

Strategic and Financial Partners to the Objects of the Issue

There are no strategic or financial partners to the Objects of the Issue.

Key Industry Regulations for the Objects of the Issue

No additional provisions of any acts, regulations, rules and other laws are or will be applicable to the Company for the proposed Objects of the Issue.

Other Confirmations

Except disclosed above, there is no material existing or anticipated transactions in relation to the utilisation of the Net Proceeds with our Promoters, Directors or Key Management Personnel of our Company and no part of the Net Proceed will be paid as consideration to any of them. Except disclosed above, none of our Promoters, members of Promoter Group or Directors are interested in the Objects of the Issue.

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

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To

The Board of Directors
Sharat Industries Limited
Venkannapalem Village, T P Gudurmandal,
Nellore-524002, Andhra Pradesh

Dear Sirs/ Madam,

Statement of Possible Special Tax Benefits available to Sharat Industries Limited and its shareholders under the Indian tax laws in connection with the proposed rights issue of equity shares of the company under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) 2018, as amended ("Regulation")

1. We hereby confirm that the enclosed Annexure 'A', prepared by Sharat Industries Limited ('the Company'), provides the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the IT Act') (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act 2022, i.e. applicable for the Financial Year 2022-23 relevant to the assessment year 2023-24 and The Central Goods and Services Act, 2017, The State Goods and Services Act 2017, The Integrated Goods and Services Tax Act 2017 and The Union Territory Goods and Service Tax Act 2017, as amended (collectively referred to as 'GST Regime') the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively the "Taxation Laws") presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act and GST Regime. Hence, the ability of the Company and / or its shareholders to derive the possible special tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.
2. The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that 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 the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.
3. We do not express any opinion or provide any assurance as to whether:
 - i) the Company or its shareholders will continue to obtain these benefits in future;
 - ii) the conditions prescribed for availing the benefits have been / would be met with; and
 - iii) the revenue authorities/courts will concur with the views expressed herein.
4. The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

For A R Krishnan & Associates

Chartered Accountants

FRN: 009805S


Anandaramkrishnan

Partner

Membership Number: 209122

Place of Signature: Chennai

Date: 28-05-2024



A.R. KRISHNAN & ASSOCIATES

CHARTERED ACCOUNTANTS

ANNEXURE 'A' TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

Outlined below are the possible special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ("the IT Act") (read with Income Tax Rules, circulars, notifications) as amended by the Finance Act 2022, i.e. applicable for the Financial Year 2022-23 relevant to the assessment year 2023-24 and The Central Goods and Services Act, 2017, The State Goods and Services Act 2017, The Integrated Goods and Services Tax Act 2017 and The Union Territory Goods and Service Tax Act 2017, as amended (collectively referred to as "GST Regime"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act") (collectively the "Taxation Laws") presently in force in India.

I. Special tax benefits available to the Company

There are no special tax benefits available to the Company.

II. Special tax benefits available to Shareholders

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

Notes:

1. This statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The subscribers of the Equity Shares in the country other than India are urged to consult their own professional advisers regarding possible income-tax consequences that apply to them.
2. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.
3. The above statement covers only above mentioned tax laws benefits and does not cover benefits under any other law.



SECTION VI – ABOUT THE COMPANY

INDUSTRY OVERVIEW

Global Growth Outlook

Global growth, estimated at 3.1 percent in 2023, is projected to remain at 3.1 percent in 2024 before rising modestly to 3.2 percent in 2025 (Table 1). Compared with that in the October 2023 WEO, the forecast for 2024 is about 0.2 percentage point higher, reflecting upgrades for China, the United States, and large emerging market and developing economies. Nevertheless, the projection for global growth in 2024 and 2025 is below the historical (2000–19) annual average of 3.8 percent, reflecting restrictive monetary policies and withdrawal of fiscal support, as well as low underlying productivity growth. Advanced economies are expected to see growth decline slightly in 2024 before rising in 2025, with a recovery in the euro area from low growth in 2023 and a moderation of growth in the United States. Emerging market and developing economies are expected to experience stable growth through 2024 and 2025, with regional differences.

World trade growth is projected at 3.3 percent in 2024 and 3.6 percent in 2025, below its historical average growth rate of 4.9 percent. Rising trade distortions and geo-economic fragmentation are expected to weigh on the level of global trade. Countries imposed about 3,200 new restrictions on trade in 2022 and about 3,000 in 2023, up from about 1,100 in 2019, according to Global Trade Alert data.

Growth Outlook

Global growth is projected at 3.1 percent in 2024 and 3.2 percent in 2025, with the 2024 forecast 0.2 percentage point higher than that in the October 2023 World Economic Outlook (WEO) on account of greater-than-expected resilience in the United States and several large emerging market and developing economies, as well as fiscal support in China. The forecast for 2024–25 is, however, below the historical (2000–19) average of 3.8 percent, with elevated central bank policy rates to fight inflation, a withdrawal of fiscal support amid high debt weighing on economic activity, and low underlying productivity growth. Inflation is falling faster than expected in most regions, in the midst of unwinding supply-side issues and restrictive monetary policy. Global headline inflation is expected to fall to 5.8 percent in 2024 and to 4.4 percent in 2025, with the 2025 forecast revised down.

With disinflation and steady growth, the likelihood of a hard landing has receded, and risks to global growth are broadly balanced. On the upside, faster disinflation could lead to further easing of financial conditions. Looser fiscal policy than necessary and, than assumed in the projections could imply temporarily higher growth, but at the risk of a more costly adjustment later on. Stronger structural reform momentum could bolster productivity with positive cross-border spillovers. On the downside, new commodity price spikes from geopolitical shocks—including continued attacks in the Red Sea—and supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Deepening property sector woes in China or, elsewhere, a disruptive turn to tax hikes and spending cuts could also cause growth disappointments.

Policymakers' near-term challenge is to successfully manage the final descent of inflation to target, calibrating monetary policy in response to underlying inflation dynamics and—where wage and price pressures are clearly dissipating—adjusting to a less restrictive stance. At the same time, in many cases, with inflation declining and economies better able to absorb effects of fiscal tightening, a renewed focus on fiscal consolidation to rebuild budgetary capacity to deal with future shocks, raise revenue for new spending priorities, and curb the rise of public debt is needed. Targeted and carefully sequenced structural reforms would reinforce productivity growth and debt sustainability and accelerate convergence toward higher income levels. More efficient multilateral coordination is needed for, among other things, debt resolution, to avoid debt distress and create space for necessary investments, as well as to mitigate the effects of climate change.

WORLD ECONOMIC OUTLOOK PROJECTIONS

Table 1. Overview of the World Economic Outlook Projections

(Percent change, unless noted otherwise)

	2022	Estimate 2023	Projections		Difference from October 2023 WEO Projections 1/		Q4 over Q4 2/		
			2024	2025	2024	2025	Estimate	Projections	
							2023	2024	2025
World Output	3.5	3.1	3.1	3.2	0.2	0.0	3.1	3.1	3.1
Advanced Economies	2.6	1.6	1.5	1.8	0.1	0.0	1.6	1.6	1.7
United States	1.9	2.5	2.1	1.7	0.6	-0.1	2.9	1.5	1.9
Euro Area	3.4	0.5	0.9	1.7	-0.3	-0.1	0.2	1.5	1.6
Germany	1.8	-0.3	0.5	1.6	-0.4	-0.4	-0.1	1.1	1.9
France	2.5	0.8	1.0	1.7	-0.3	-0.1	0.6	1.4	1.8
Italy	3.7	0.7	0.7	1.1	0.0	0.1	0.2	1.3	1.0
Spain	5.8	2.4	1.5	2.1	-0.2	0.0	1.5	1.8	2.1
Japan	1.0	1.9	0.9	0.8	-0.1	0.2	1.4	1.6	0.5
United Kingdom	4.3	0.5	0.6	1.6	0.0	-0.4	0.9	0.6	1.8
Canada	3.8	1.1	1.4	2.3	-0.2	-0.1	1.1	1.9	2.2
Other Advanced Economies 3/	2.7	1.7	2.1	2.5	-0.1	0.2	1.5	2.6	2.0
Emerging Market and Developing Economies	4.1	4.1	4.1	4.2	0.1	0.1	4.3	4.3	4.1
Emerging and Developing Asia	4.5	5.4	5.2	4.8	0.4	-0.1	5.2	5.5	4.7
China	3.0	5.2	4.6	4.1	0.4	0.0	5.4	4.4	4.0
India 4/	7.2	6.7	6.5	6.5	0.2	0.2	5.0	7.8	6.7
Emerging and Developing Europe	1.2	2.7	2.8	2.5	0.6	0.0	4.1	2.0	2.9
Russia	-1.2	3.0	2.6	1.1	1.5	0.1	4.4	1.4	1.0
Latin America and the Caribbean	4.2	2.5	1.9	2.5	-0.4	0.1	2.2	1.7	2.6
Brazil	3.0	3.1	1.7	1.9	0.2	0.0	2.3	2.6	1.4
Mexico	3.9	3.4	2.7	1.5	0.6	0.0	3.4	1.9	1.4
Middle East and Central Asia	5.5	2.0	2.9	4.2	-0.5	0.3	-	-	-
Saudi Arabia	8.7	-1.1	2.7	5.5	-1.3	1.3	-4.5	2.8	5.4
Sub-Saharan Africa	4.0	3.3	3.8	4.1	-0.2	0.0	-	-	-
Nigeria	3.3	2.8	3.0	3.1	-0.1	0.0	2.7	3.3	2.9
South Africa	1.9	0.6	1.0	1.3	-0.8	-0.3	1.0	1.2	1.3
<i>Memorandum</i>									
World Growth Based on Market Exchange Rates	3.0	2.7	2.6	2.7	0.2	0.0	2.7	2.5	2.6
European Union	3.6	0.6	1.2	1.9	-0.3	-0.2	0.7	1.4	2.3
ASEAN-5 5/	5.5	4.2	4.7	4.4	0.2	-0.1	4.1	5.2	3.5
Middle East and North Africa	5.6	2.0	2.9	4.2	-0.5	0.3	-	-	-
Emerging Market and Middle-Income Economies	4.0	4.2	4.0	4.0	0.1	0.0	4.3	4.3	4.1
Low-Income Developing Countries	5.2	4.0	5.0	5.6	-0.1	0.0	-	-	-
World Trade Volume (goods and services) 6/	5.2	0.4	3.3	3.6	-0.2	-0.1	-	-	-
Advanced Economies	6.1	0.3	2.6	3.2	-0.4	-0.1	-	-	-
Emerging Market and Developing Economies	3.7	0.6	4.5	4.4	0.2	0.0	-	-	-
Commodity Prices									
Oil 7/	39.2	-16.0	-2.3	-4.8	-1.6	0.1	-2.8	-6.1	-4.9
Nonfuel (average based on world commodity import)	7.9	-6.1	-0.9	-0.4	1.8	-0.3	-2.0	1.5	0.2
World Consumer Prices 8/	8.7	6.8	5.8	4.4	0.0	-0.2	6.0	5.3	3.8
Advanced Economies 9/	7.3	4.6	2.6	2.0	-0.4	-0.2	3.1	2.3	2.0
Emerging Market and Developing Economies 8/	9.8	8.4	8.1	6.0	0.3	-0.2	8.4	7.7	5.2

Note: Real effective exchange rates are assumed to remain constant at the levels prevailing during October 30–November 27, 2023. Economies are listed on the basis of economic size. The aggregated quarterly data are seasonally adjusted. WEO = World Economic Outlook.

1. Difference based on rounded figures for the current and October 2023 WEO forecasts. Countries for which forecasts have been updated relative to October 2023 WEO forecasts account for approximately 90 percent of world GDP measured at purchasing-power-parity weights.
2. For World Output (Emerging Market and Developing Economies), the quarterly estimates and projections account for approximately 90 percent (80 percent) of annual world (emerging market and developing economies) output at purchasing-power-parity weights.
3. Excludes the Group of Seven (Canada, France, Germany, Italy, Japan, United Kingdom, United States) and euro area countries.
4. For India, data and projections are presented on a fiscal year (FY) basis, with FY 2022/23 (starting in April 2022) shown in the 2022 column. India's growth projections are 5.7 percent in 2024 and 6.8 percent in 2025 based on calendar year.
5. Indonesia, Malaysia, Philippines, Singapore, Thailand.
6. Simple average of growth rates for export and import volumes (goods and services).
7. Simple average of prices of UK Brent, Dubai Fateh, and West Texas Intermediate crude oil. The average assumed price of oil in US dollars a barrel, based on futures markets (as of November 29, 2023), is \$ 79.10 in 2024 and \$ 75.31 in 2025.
8. Excludes Venezuela.
9. The assumed inflation rate for the euro area is 2.8% in 2024 and 2.1% in 2025, that for Japan is 2.7% in 2024 and 2.0% in 2025, and that for the United States is 2.2% in 2024 and 1.9% in 2025.

Source: <https://www.imf.org/en/Publications/WEO/Issues/2024/01/30/world-economic-outlook-update-january-2024>

INDIAN AQUACULTURE INDUSTRY

India recorded the highest-ever export of 1.73 MMT worth \$8.09 Bn in FY 2022-23 of fisheries and fisheries products. The fisheries and aquaculture sector shall play a vital role in addressing the rising global demand for an affordable quality source of protein.

India is the third largest fish-producing country in the world accounting for 8% of global production and contributing about 1.09% and over 6.72% to the country's GVA and agricultural GVA respectively. India is the 4th largest exporter of fish and fisheries products with a growth in exports of 26.73% in terms of quantity between FY 2021-22 and FY 2022-23. In terms of employment, the sunrise sector supports the livelihood of over 30 Mn people in India.

The Department of Fisheries, Ministry of Fisheries, Animal Husbandry and Dairying has implemented a flagship scheme "Pradhan Mantri Matsya Sampada Yojana (PMMSY)- to bring about Blue Revolution through sustainable and responsible development of the fisheries sector in India" with the highest ever investment of INR 20,050 Cr for a period of five years effective from FY 2020-21 till FY 2024-25 in all States/Union Territories (UTs).

India's top 5 export destinations for fish and fish products are USA, China, European Union, Southeast Asia, Japan and the Middle East.

With the rising population, stress on existing resources is increasing tremendously to meet the growing demand for nutritional diet. Fisheries and Aquaculture sector plays a vital role in meeting this growing demand for protein.

India Specific Key Facts:

- 13.13 MMT Inland Fisheries production during FY 22-23.
- 4.13 MMT Marine Fisheries production in FY 21-22.
- \$4.54 Mn export of ornamental fisheries in FY during 2021-2022.
- Top exporting destination for Ornamental Fisheries: Thailand; UAE; Singapore; Hong Kong; China; Jordan; Taiwan.
- The potential states identified for the development of Ornamental Fisheries are West Bengal, Tamil Nadu, Maharashtra, Kerala, Odisha, Gujarat, Karnataka, Assam and Manipur.
- 1,547 notified landing centers and 193 fish landing centres have been commissioned.
- 682 cold storages with 466,973.27 MT of capacity.
- 44 Chilled Storages with 23,654.80 MT of capacity.
- 88 Dry Fish Storages with 38,895.92 MT of capacity.
- 622 processing plants with 35,830.63 MT of capacity.
- 67 minor fishing harbours, 7 major fishing harbours have been commissioned.

Union Budget 2023 Highlights

- A new sub-scheme of Pradhan Mantri Matsya Sampada Yojna (PMMSY) named Pradhan Mantri Matsya Kisan Samridhi Sah-Yojana (PM-MKSSY) to be launched.
- Target investment of INR 6000 Cr to enhance the earnings and incomes of fishermen, fish vendors, and micro & small enterprises engaged in the fisheries sector.

Source: <https://www.investindia.gov.in/sector/fisheries-aquaculture>

Pradhan Mantri Matsya Sampada Yojana (PMMSY)

Objectives of PMMSY

- Harness the potential of the fisheries sector in a sustainable, responsible, inclusive and equitable manner.
- Enhance fish production and productivity through expansion, intensification, diversification and productive utilization of land and water.
- Modernize and strengthen the value chain including post-harvest management and quality improvement.
- Double fishers and fish farmers' incomes and generate meaningful employment.
- Enhance the contribution of the fisheries sector to Agricultural GVA and exports.
- Ensure social, physical and economic security for fishers and fish farmers.
- Build a robust fisheries management and regulatory framework.

Targets of PMMSY

- Increasing fish production to 22 million metric tons by 2024-25 from 13.75 million metric tons in 2018-19.
- Enhancing aquaculture productivity to 5 tons per hectare from the current national average of 3 tons.
- Augmenting domestic fish consumption from 5 kg to 12 kg per capita.
- Increasing contribution of fisheries sector to the Agriculture GVA to about 9% by 2024-25 from 7.28% in 2018-19.
- Doubling export earnings to Rs.1,00,000 crores by 2024-25 from Rs.46,589 crores in 2018-19.
- Facilitating private investment and growth of entrepreneurship in the fisheries sector.
- Reduction of post-harvest losses from the reported 20-25% to about 10%.
- Generating 55 lakh direct and indirect employment opportunities along the value chain.
- Doubling the incomes of fishers and fish farmers.

Source: <https://pmmsy.dof.gov.in/>

Fisheries and Aquaculture Infrastructure Development Fund (FIDF) and Blue Revolution

Union Minister of Agriculture and Farmers' Welfare at his inaugural address on Fifth World Fisheries Day, said that under the Blue Revolution scheme, 29,128 hectares has been developed for aquaculture and fishermen are being benefitted. And 7441 traditional boats have been modernized and converted into motorized boats.

The Blue Revolution mission aims at doubling the income of farmers and in the last four & half years, Rs. 1915.33 crore has been released for the implementation of Blue Revolution Schemes.

The government has approved Rs. 7522 crore Fisheries and Aquaculture Infrastructure Development Fund (FIDF).

- It creates employment opportunities to over 9.40 lakhs fishers/fishermen/ fisher folks and other entrepreneurs in fishing and allied activities.
- It attracts private investment in creation and management of fisheries infrastructure facilities.
- It helps in the creation of fisheries infrastructure facilities both in marine and inland fisheries sectors, which would boost fish production and help achieve target of Rs. 15 million tonne by 2020 under Blue revolution.
- It aims to achieve a sustainable growth of 8% to 9% in a move to augment fish production to the level of about 20 million tonnes by 2022-23.

Source: <https://www.insightsonindia.com/fisheries-and-aquaculture-infrastructure-development-fund-fidf/>

Road Ahead

The Indian fisheries and aquaculture sectors have become fastest growing agriculture allied sectors in the country. The share of inland fisheries and aquaculture in overall fish production has gradually increased over the last several years. India has also become top producer and exporter of shrimp as a results of using contemporary technologies. New areas, such as salty and brackish waterways, reservoirs, and flood plains, are being used for profitable aquacultures. Wastelands are being transformed into wealthy lands.

The government has implemented several supportive measures to increase the potential of these sectors. It is developing fishing infrastructure, landing areas, river ranching, and fish seeding on major rivers, including the Ganga, the Brahmaputra, and others. In the Himalayan and North Eastern states, cold water fisheries, trout brooding facilities and hatcheries are being developed.

The government aims to increase fish production from 140 lakh tonnes to 220 lakh tonnes by FY 2025, which can be achieved by marine fisheries, inland fisheries, and aquaculture. The use of deep-sea vessels, modern and effective fishing methods, a network of seamless cold chains, cold storage facilities, ice plants, fish processing units, fish product units and many more have been envisioned. Given the positive developments, it is reasonable to believe that India's fisheries and aquaculture sector have a bright future.

Source: <https://www.ibef.org/blogs/the-fisheries-aquaculture-sector-of-india>

OUR BUSINESS

Our Company was incorporated on May 07, 1990 as a Private Limited Company under the provisions of Companies Act, 1956 with the Registrar of Companies, Andhra Pradesh in the name and style of ‘Sharat Sea Foods Private Limited’. The Company got converted into a Public Limited Company on April 20, 1992 and the Name was changed to ‘Sharat Sea Foods Limited’. Further, the present name of the Company was changed on June 13, 1996, and fresh certificate of incorporation was issued by the Registrar of Companies, Andhra Pradesh. The Corporate Identity Number of our Company is L05005AP1990PLC011276.

Established in 1990, Sharat Industries Limited (“**SIL**”) is the oldest integrated aquaculture company in India. In its initial years, the company successfully cultured and processed Black Tiger shrimp before eventually producing Scampi shrimp. We pride ourself in being the pioneer of Vannamei (white shrimp) culture in India. This was possible through the vision and sustained efforts of its dynamic Managing Director, Mr. Prasad Reddy Sabbella.

Through the efforts of its efficient management and able team, SIL has sustained itself for almost three decades in the ever so fluctuating field of aquaculture in India. With forward thinking and timely action, the company has managed to sail through several turbulent phases in the aquaculture industry. At a time when the aquaculture industry was at an all-time low, owing to the failure of black tiger and scampi culture, SIL gave a new lease of life to the industry by introducing Vannamei breeding and culture in the country. Through this initiative, currently, Vannamei is now a household name in the aquaculture dependent states of India.

Having exported its products to clients all over the world for more than 15 years, SIL is well equipped to cater to the needs of different market segments. The Company's adherence to stringent quality standards has ensured a demand for its wide range of products.

The Company has a blend of youthful and experienced work force that constantly tries to innovate and deliver results by adopting the best practices in the field.

The Company consists of four divisions: (1) Shrimp Hatchery; (2) Farm; (3) Feed Mill; and (4) Processing Plant.

Shrimp Hatchery

The shrimp hatchery at SIL is one of the well-established hatcheries in the country with a production capacity of more than 400 million seedlings. The hatchery currently produces Vannamei seedlings, and is the first hatchery in the country to have introduced and nativised the species, which has its origins in the pacific region.

SIL has a long-term association with SIS, Florida and uses only Specific Pathogen Free (SPF) broodstock for the production of its seedlings. Stringent quality norms ensure the production of robust and disease resistant seedlings.



Farm

Located on the coast of the Bay of Bengal, the Farm consists of a water spread area of about 500 acres. Its proximity to the sea enables the use of sea water for farming operations. The well-planned interlocking canals throughout the farm facilitate an uninterrupted supply of sea water for the healthy growth of shrimp.

With a potential to produce over 2,000 tonnes of shrimp per annum, SIL has one of the largest shrimp farms in the country. A combination of modern technology and environment friendly farming techniques helps SIL produce good quality shrimp, free from antibiotics.

In addition to ensuring good quality end products, SIL places a strong emphasis on sustainable and environment- friendly shrimp farming operations. In recent times, the Company has upgraded its facilities by implementing automation in several sectors of shrimp farming like the feeding process and real-time monitoring of water quality. The Company has also invested extensively in liner ponds and a hi-tech nursery section to further boost productivity and quality.



Feed Mill

To ensure that the shrimp produced in its farm are given the best quality feed, SIL began producing shrimp feed in its very own shrimp manufacturing facility. Originally built to cater exclusively to SIL's farm, the Feed Mill ramped up production in recent years and now supplies feed to several farmers in the state.

With a production capacity of more than 20,000 tonnes, SIL is one of the largest shrimp feed manufacturers in the state. Owing to its high quality and nutritional value, SIL's shrimp feed, VANNASTAR, has come to be widely accepted by shrimp farmers in the state.



Processing Plant

Established well over a decade ago, SIL's Processing Plant consists of state-of-the-art infrastructure and ultra- modern processing equipment. The plant is built in conformity with international standards. The plant has widely accepted accreditations such as EIA, EU and FDA approvals.

With a processing capacity of more than 7,500 tonnes of frozen shrimp per annum, SIL is one of the largest processors and exporters of shrimp in the country. The plant's top laboratory facilities and rigorous testing procedures ensure that all its processed products are antibiotic-free and of superior quality.

Processing Plant Facilities:

- 2 Individual Quick Freezers (combined capacity of 1.5 tonnes per hour)
- 3 Plate Freezers (combined capacity of 1.5 tonnes per hour)
- 1 Blast Freezer (capacity: 15 tonnes per day)
- 6 Cold Stores (combined capacity of 1500 tonnes)
- 1 Cooker
- State-of-the-art Quality Control Lab
- Modernised Effluent Treatment Plant (ETP)
- Over 60,000 Square feet of floor space for processing operations

A Snapshot of activities taken place at the Processing Plant



1



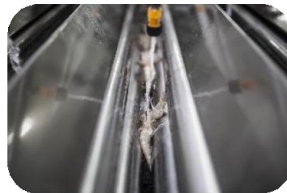
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Our Products

SIL produces a wide range of raw and cooked frozen-shrimp as per the customers' specifications. Some of the product varieties are listed below:

Sr No.	Product	Types
1.	Raw White Shrimp	Raw Head-On Shell-On (HOSO)
		Raw Headless Shell-On (HLSO)
		Raw Headless Easy Peeled
		Peeled and De-Veined Tail-On (PDTO)
		Peeled and De-Veined Tail-Off (PD)
2.	Cooked White Shrimp	Cooked Headless Shell-On
		Cooked Peeled and De-Veined Tail-On
		Cooked Peeled and De-Veined Tail-Off
		Cooked Peeled and Un-De-veined (PUD)
		Cooked Head-On

Sample Snapshot of Products



Supply Chain

With the strategic location of its aquaculture farm and processing plant, SIL ensures the freshest quality shrimp for its processing operations. The Company also has a well-integrated farmer network to ensure product traceability and the procurement of healthy, antibiotic-free shrimp. By being a vertically integrated aquaculture Company, SIL monitors and controls the quality of the product (shrimp) at every stage.

Quality control

SIL have given product quality utmost importance at every stage of our operations. SIL believes that customers should settle for nothing but the best. With our able staff and state-of-the-art testing facilities, SIL ensures that products are rigorously tested based on stringent quality norms.

Company has following certifications with respect to its quality:

- 1) Export Inspection Council (EIC) Approved
- 2) Hazard Analysis Critical Control Point (HACCP) certified
- 3) ISO 22000: 2005 certified
- 4) British Retail Consortium (BRC) - A Grade
- 5) Food and Drug Administration (FDA) Registration
- 6) Business Social Compliance Initiative (BSCI) certified
- 7) Best Aquaculture Practices (BAP) Certification (For Shrimp farm)
- 8) European Union (EU) Approved

Our Competitive Strengths:

We believe that the following are our primary competitive strengths:

Strategic Location of our operational facilities

Our Company operates four divisions (Farm, Hatchery, Feed Mill and Processing Plant). All four divisions are located in the prime aquaculture zone near coastal area of Bay of Bengal. The location of our operational facilities enables us to procure the raw materials (i.e. shrimps) easily and process them immediately after harvest, which results in production of high - quality shrimp products. The abundance, quality and access to shrimps, is a significant strength of our Company.

Smooth flow of operations

Well-established relationships with our customers and suppliers ensure stability in demand and an uninterrupted supply of materials. We are successful in building a strong client base for our business. Our existing relationships help us to get repeat business from our customers. This has helped us to maintain a long - term working relationship with our customers and improve our customer retention strategy. We believe that our existing relationship with our clients represents a competitive advantage in gaining new clients and increasing our business.

Existing Supplier Relationship

Our existing supplier relationship protects the business with terms of supply and pricing of the products, the quality of the products offered etc. We, being a small and medium size organization, rely on personal relationships with our suppliers. Our Company enjoys existing relationship with our suppliers. Further we also leverage the past experience of our management in maintaining effective supplier relationship.

Existing brands

We sell our products under various brands namely “Raw White Shrimp” and “Cooked White Shrimp”. We have launched these brands as part of our marketing strategy to target different segment in different regions and over a period of time, these brands have established their presence in various markets. These brands also enable us to focus on our strategies

based on competition in the respective markets. Also, we are engaged in customized packaging of Shrimps as per requirement of our customers.

Experienced management team

Our Company is managed by a team of experienced personnel with exposure in various aspects of seafood industry. Our Promoter and Managing Director, Mr. Prasad Reddy Sabbella has an overall four decades of experience in the seafood business. Our management team consists of experienced Managerial Persons who oversee every aspect of our business. We believe that the experience of our management team and its in depth understanding of the seafood industry will enable us to continue to take advantage of both current and future market opportunities.

Quality Products

Quality is an important aspect of our industry. We emphasize on ensuring that our quality standards are adhered to at every stage of processing starting from raw material procurement to packaging of final product. We follow HACCP guidelines for hygiene and food safety. We have received the HACCP and BAP certifications for processing and exporting of raw, fresh, chilled and frozen fishery products.

Our Business Strategy:

1. **Product diversification and Increase in Volume of Sales:** As part of our growth strategy, we intend to focus on increase in volume of sales by increasing our area of operation. This is being achieved by setting up a unit at Bay of Bengal, which has a coastal advantage and abundant availability of raw shrimps. It is strategically located at Bay of Bengal, owing to its coastal advantage and its proximity to the ports and availability of raw materials.
2. **Quality Assurance:** We will continue to maintain quality of our existing product to cater to various customers in the market. We endeavour to maintain the quality of our products, and follow strict procedures to ensure quality control, timely delivery and competitive prices. The Company intends to strengthen its product development effort by leveraging skills of its employees which will help to increase the sales of the Company and retain customers.
3. **Increase geographical presence:** Going forward we plan to establish our presence in the more regions. Our emphasis is on expanding the scale of our operations as well as growing our supply chain network, which we believe will provide attractive opportunities to grow our client base and revenues.
4. **Leverage and enhance our brand name:** We believe that our brand commands a recall amongst the consumers in the areas where we operate due to its image and goodwill established over the years. We intend to leverage the brand equity that we enjoy. Also, we plan to leverage our existing brands, which have good recall with customers to introduce a wider range of products.
5. **Improving operational efficiencies:** Our Company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over the peers. We will be addressing the increase in operational output through continuous process improvements, quality check and technology development. Our employees are regularly motivated to increase efficiency with error free exercise. We believe that this can be done through continuous process improvements. Further we believe that this can be done through domestic presence and economies of scale. We believe in strong in-house management to control the entire process. It controls costs by eliminating unnecessary intermediaries for procuring materials in cost efficient manner by optimizing logistics and maximizing labour efficiency.
6. **Leveraging our Market skills and Relationships:** This is a continuous process in our organization and the skills that we impart in our people give importance to customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction. We plan to increase our customers by meeting contracts in hand on time, maintaining our customer relationship and renewing our relationship with existing buyers.

Competition:

We face competition from domestic as well as international players. Our competitiveness depends on several factors like availability of product, product range, product traits, quality, price, brand, customer's requirement and delivery schedules. Our major competitors include The Waterbase Limited, Fedora Sea Foods Private Limited and Munnangi Sea Foods Private Limited. We face competition from international players also. There are no entry barriers in this industry, any new entrant into this industry or any increase in the processing capacity of the existing players would further intensify competition. We believe that our ability to compete effectively is primarily dependent on ensuring consistent product quality and timely delivery at competitive prices, thereby strengthening our brand over the years. We believe that our focus on customer satisfaction and our reliability combined with our quality consciousness provides us with competitive advantage in our business.

Approach to Marketing:

We market our shrimp products through two channels:

- Direct sales to some customers
- Sales through authorised agents.

Our Company markets its products internationally by establishing and maintaining contacts with many retail, foodservice and distributing companies around the globe. Our Company has the facility to produce, process and pack as per the specifications of the customers. Our Company exhibits/ attends various seafood shows around the world such as North American Sea Food Expo and European Sea Food Expo, etc. to showcase and explain the products as well as processing capabilities owned by our Company.

Further, our sales and marketing team is regularly in contact with our customers to understand the evolving needs of customers as well as market trends. We routinely host customer visits, where our customers inspect the products from time to time and also carry out third party food safety and compliance audits.

Existing Capacity and Capacity Utilisation:

In our business, the capacities are approved by The Marine Products Export Development Authority (MPEDA), under Ministry of Commerce & Industry, Government of India to various processing units based on their processing and cold storage facilities. MPEDA has approved total freezing capacity of 32 MT per day for our Processing Plant. The approved capacities and capacity utilization as approved by MPEDA during the last 3 years are as under:

Year	Installed Capacity	Production	Capacity Utilisation*
F.Y. 2020-2021	32MT – 300	4,200	44%
F.Y. 2021-2022	32MT – 300	4,500	47%
F.Y. 2022-2023	32MT – 300	4,800	50%

* For the purpose of assessing annual capacity utilisation we considered 300 days of production per year.

Intellectual Property Details:

The Company is using logos mentioned in below table:

Sr. No.	Logo	Class	Trademark Type	Owner of Trademark	Application No.	Date of application	Status
1	VANNASTAR	31	Device	Sharat Industries Ltd	2181023	July 26, 2011	Registration is expired and it is not yet renewed
2	VANNASTAR	35	Device		2181024	July 26, 2011	Registration is expired and it is not yet renewed

OUR MANAGEMENT

Board of Directors

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than three Directors and not more than fifteen Directors. As on the date of this Letter of Offer, our Board comprises of 6 (six) Directors, of which 1 (one) director is designated as Managing Director and (1) Director is designated as whole time Director, 1 (One) Non-Executive Director and 3 (Three) are Independent Directors including 1 (one) Independent Women Director. The composition of the Board and the various committees of the Board are in conformity with Section 149 of the Companies Act, 2013 and the SEBI Listing Regulations.

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

Sr. No.	Name, DIN, Date of Birth, Age, Address, Occupation, Date of Expiration of current term, Designation, Date of Appointment and Nationality	Other Directorships
1)	<p>Mr. Prasad Reddy Sabbella</p> <p><i>DIN:</i> 00069094</p> <p><i>Date of Birth:</i> June 27, 1956</p> <p><i>Age:</i> 68 years</p> <p><i>Address:</i> No. 2, Park Avenue, Kesava Perumal Puram, Raja Annamalaipuram, Chennai-Tamil Nadu, 600 028</p> <p><i>Occupation:</i> Business</p> <p><i>Date of expiration of current term of office of Director:</i> re-appointment for a fresh term of 3 (Three) years from April 01, 2023 to March 21, 2026</p> <p><i>Designation:</i> Managing Director</p> <p><i>Date of Appointment:</i> May 07, 1990</p> <p><i>Nationality:</i> Indian</p>	<p>Private Limited Company: Sharat Foods Private Limited[#]</p>
2)	<p>Mr. Sharat Reddy Sabbella</p> <p><i>DIN:</i> 02929724</p> <p><i>Date of Birth:</i> July 10, 1989</p> <p><i>Age:</i> 34 years</p> <p><i>Address:</i> No. 2, Park Avenue, Kesava Perumal Puram, Raja Annamalaipuram, Chennai-Tamil Nadu, 600 028</p> <p><i>Occupation:</i> Business</p> <p><i>Date of expiration of current term of office of Director:</i> re-appointment for a fresh term of 3 (three) years from April 01, 2023 to March 31, 2026.</p>	<p>Private Limited Company: United Aquatech Private Limited Sharat Foods Private Limited[#]</p>

Sr. No.	Name, DIN, Date of Birth, Age, Address, Occupation, Date of Expiration of current term, Designation, Date of Appointment and Nationality	Other Directorships
	<p><i>Designation:</i> Whole-Time Director</p> <p><i>Date of Appointment:</i> January 31, 2013</p> <p><i>Nationality:</i> Indian</p>	
3)	<p>Mr. Shanmugam</p> <p><i>DIN:</i> 08877587</p> <p><i>Date of Birth:</i> June 18, 1968</p> <p><i>Age:</i> 56 years</p> <p><i>Address:</i> 1/122 H, Ralliah Dam Road, Near Ralliah Dam Bettatti Yedappalli, The Nilgiris, Tamil Nadu-643104</p> <p><i>Occupation:</i> Business</p> <p><i>Date of expiration of current term of office of Director:</i> liable to retire by rotation</p> <p><i>Designation:</i> Non-Executive Director</p> <p><i>Date of Appointment:</i> November 12, 2020</p> <p><i>Nationality:</i> Indian</p>	Nil
4)	<p>Mr. Venkata Muthyam Harihar</p> <p><i>DIN:</i> 08160011</p> <p><i>Date of Birth:</i> October 1, 1990</p> <p><i>Age:</i> 33 years</p> <p><i>Address:</i> H/41/3, Appu Colony, West Avenue, Thiruvanmiyur, Chennai, Tamil Nadu, 600 041</p> <p><i>Occupation:</i> Business</p> <p><i>Date of expiration of current term of office of Director:</i> for a period of 05 (five) consecutive years from September 28, 2020 to September 28, 2025.</p> <p><i>Designation:</i> Independent Director</p> <p><i>Date of Appointment:</i> September 28, 2020</p> <p><i>Nationality:</i> Indian</p>	<p>Private Limited Company: Fourier Services Private Limited Tavisa Energy Private Limited</p>

Sr. No.	Name, DIN, Date of Birth, Age, Address, Occupation, Date of Expiration of current term, Designation, Date of Appointment and Nationality	Other Directorships
5)	<p>Mr. Swayze Mani</p> <p><i>DIN:</i> 09604569</p> <p><i>Date of Birth:</i> November 30, 1961</p> <p><i>Age:</i> 62</p> <p><i>Address:</i> Paramos, 4/302, Eastern Express Highway, Near Jupiter Hospital, Vasant Lawns, Thane 400601</p> <p><i>Occupation:</i> Business</p> <p><i>Date of expiration of current term of office of Director:</i> for a period of 05 (five) consecutive years from May 16, 2022.</p> <p><i>Designation:</i> Independent Director</p> <p><i>Date of Appointment:</i> May 16, 2022</p> <p><i>Nationality:</i> Indian</p>	<p>Limited Liability Partnership: Peach ESG Tech LLP</p>
6)	<p>Mrs. Geetha Bindu</p> <p><i>DIN:</i> 07017187</p> <p><i>Date of Birth:</i> June 15, 1969</p> <p><i>Age:</i> 55</p> <p><i>Address:</i> 18, Ramachanda Residency-2, 4th Cross M D Block, Bus Stop Malleshwaram, Bangalore North, Malleshwaram, Bangalore, Karanataka 560003</p> <p><i>Occupation:</i> Professional</p> <p><i>Date of expiration of current term of office of Director:</i> for a period of 5 consecutive years from February 10, 2023 to February 09, 2028</p> <p><i>Designation:</i> Independent Director</p> <p><i>Date of Appointment:</i> February 10, 2023</p> <p><i>Nationality:</i> Indian</p>	<p>Private Limited Company: Dhash PV Technologies Private Limited</p>

#Company Strike Off

Brief Biographies of Our Directors

Mr. Prasad Reddy Sabbella: He is one of the Promoter, and Managing Director of our Company since May 07, 1990. He holds Post-graduate in Sociology from Jamia Millia Islamia (University in Delhi). A first-generation entrepreneur with nearly 4 decades of experience, he is considered as a visionary in the seafood sector and was instrumental in conceptualizing and setting up Sharat Industries Ltd as an integrated aquaculture company. He is widely regarded as a pioneer in the sector owing to his efforts in introducing the Vannamei Species of Shrimp in India, spurring a revolution in the aquaculture industry

Mr. Sharat Reddy Sabbella: He is one of the Promoter, and Whole-Time Director. He holds a Bachelor's Degree in Mechanical Engineering from the College of Engineering and a Master's degree in Industrial Engineering and Operations Research from Pennsylvania State University (USA). Accumulating a decade of experience in the Aquaculture Industry, he has played a pivotal role in the Company's growth for the past 5 years. Currently, he assumes the role of overseeing operations at Company, where his responsibilities encompass creating a strategic roadmap for the Company's future, shaping and executing strategies, and prioritizing operational initiatives in line with overall organizational growth objectives. His expertise spans finance, management, operations, and sales/marketing, and he places a strong emphasis on innovation and the strategic use of technology to enhance business efficiency.

Mr. Shanmugam: He is Non-Executive Director of our Company since November 12, 2020. He holds a Bachelor's Degree in Commerce from Delhi University, reflecting his academic foundation. His professional expertise lies in the domains of marketing and finance. Specifically, he demonstrates proficiency in analyzing market trends. Furthermore, he excels in crafting comprehensive marketing strategies and providing sound financial guidance to enhance the overall performance of the Company.

Mr. Venkata Muthyam Harihar: He is Non-Executive and Independent Director of our Company since September 28, 2020. He obtained a Bachelor's Degree in Information Technology from Sri Sairam Engineering College. His professional journey includes roles such as a Risk Analyst at Facebook India, Sales Manager at Freshworks India, and Sales Leader at Rippling India. Additionally, he actively contributes to business operations in the capacity of a Director at Fourier Services Private Limited and Tavis Energy Private Limited.

Mr. Swayze Mani: He is Non-Executive and Independent Director of our Company since May 16, 2022. He earned a Bachelor's Degree in Commerce from the University of Mumbai. With an extensive career spanning over 25 years, he has specialized in Human Resource Management. His primary expertise revolves around effectively managing personnel and cultivating strong client relationships.

Ms. Geetha Bindu: She is Non-Executive and Independent Director of our Company being appointed on February 10, 2023. She is a Practicing Chartered Accountant with more than 15 years of professional experience and specialize in the field of Direct taxation and Auditing.

Confirmations

None of our Directors is or was a director of any listed companies, whose shares have been or were suspended from being traded on any stock exchanges having nationwide terminals, during the five (5) years preceding from the date of this Letter of Offer, during their term of directorship in such company.

None of our Directors is or was, a director of any listed companies, which has been or were delisted from any stock exchange(s), during the five (5) years preceding from the date of this Letter of Offer, during their term of directorship in such company.

None of our Directors have been debarred or prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors, have been identified as Willful Defaulters or Fraudulent Borrowers.

None of our Directors are declared as Fugitive Economic Offenders.

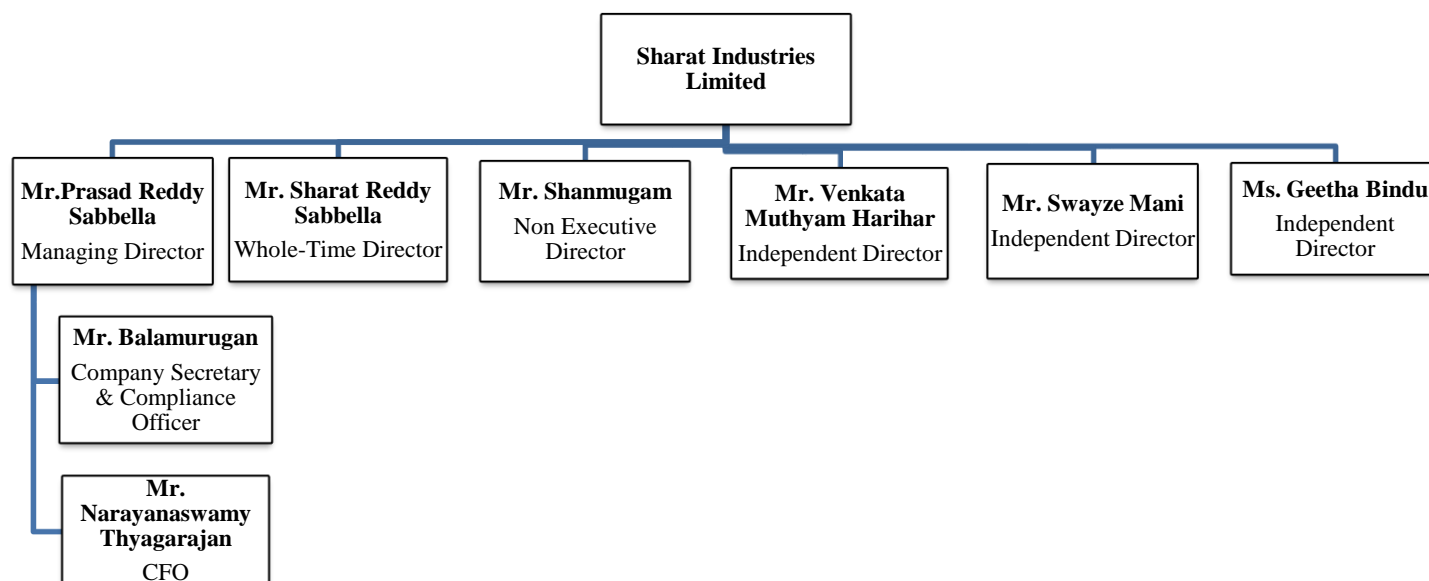
None of our Directors are, in any manner, associated with the securities market.

The present directors in our Board are not related to each other within the meaning of section 2(77) of the Companies Act, 2013 except Mr. Sharat Reddy Sabbella – Whole time Director who is the son of Mr. Prasad Reddy Sabbella- Managing Director of the Company.

We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers, or others, pursuant to which any of our directors were selected as Directors or members of the senior management.

Except statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Managerial Personnel has entered into a service contract with our Company, pursuant to which they are entitled to any benefits upon termination of employment.

Management Organization Structure:



Corporate Governance

The provisions of the Companies Act, 2013 with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the applicable provisions of the Act and the Regulations, in respect of corporate governance including constitution of our Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board’s supervisory role from the executive management team and constitution of the Committees, as required under the law.

Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the Companies Act, 2013. Our Board functions either directly, or through various committees constituted to oversee specific operational areas.

Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations, if applicable:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders’ Relationship Committee
4. Corporate Social Responsibility Committee

Details of each of these committees are as follows:

Audit Committee

Our Audit Committee was last reconstituted by our Board of Directors in their meeting held on March 01, 2023, with the following members forming a part of the said committee:

Name of the Members	Designation	Chairman/Member
Mrs. Geetha Bindu	Independent Director	Chairperson
Mr. Harihar Venkata Muthyam	Independent Director	Member
Mr. Swayze Mani	Independent Director	Member

The committee acts as a bridge between the Board, the Statutory Auditors and the internal auditors. The Committee functions as per the provisions of regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and section 177 of Companies Act, 2013. The responsibilities of the Committee, inter-alia, include:

- (a) Overall review of the Company's periodical financial statements; financial reporting process; disclosure policies and ensuring that they are appropriate, accurate and credible and more particularly:
 - a. To select and establish accounting policies and changes if any in accounting policies and procedures.
 - b. To answer qualifications if any given in the draft auditors' report.
 - c. On the major entries made in the accounts based on the exercise of judgment made by the management.
 - d. The Going Concern concept assumption.
 - e. Compliance with the Accounting Standards as prescribed by ICAI.
 - f. Compliance with requirements of stock exchanges and legal requirements concerning the financial statements.
 - g. To review management discussion and analysis of financial condition and results of operation.
 - h. To review statement of significant related party disclosures submitted by the management.
 - i. To evaluate internal financial controls and risk management systems.
- (b) Recommending the appointments and removal of external auditor, fixation of audit fee and also approval for payment for other services.
- (c) Periodic review of the adequacy of the internal audit, internal controls and discussions with the external auditors thereon. Depending upon the necessity the senior personnel from the concerned department are called to the meeting

The Company Secretary, shall act as the secretary to the Committee.

All members of Audit Committee have knowledge of financial management, audit and accounts. The statutory auditors, the internal auditors and senior management were invited to attend all the meetings of the committee Nomination and Remuneration Committee.

All the recommendations made by the Audit Committee were accepted by the Board.

Nomination and Remuneration Committee

Our Nomination and Remuneration Committee was last reconstituted by our Board of Directors in their meeting held on March 01, 2023. The members of the said committee are as follows:

Name of the Members	Designation	Chairman/Member
Mrs. Geetha Adhyam Bindu	Independent Director	Chairperson
Mr. Harihar Venkata Muthyam	Independent Director	Member
Mr. Swayze Mani	Independent Director	Member

The Committee was constituted in terms of the requirement of Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and Section 178 of the Companies Act, 2013. The responsibility of the committee includes:

- (a) To formulate criteria for determining qualifications, positive attributes and independence of a director.
- (b) To identify persons who are qualified to become Directors and Key Managerial Personnel in accordance with the criteria laid down in this policy and recommend their appointment to Board.
- (c) To formulate criteria for evaluation of Directors, the Board and various Committees of the Board.
- (d) To carry out evaluation of Director's performance.
- (e) To recommend to the Board policy relating to remuneration for Directors, Key Managerial and Senior Management Personnel.
- (f) Succession planning for replacing Key Executives and overseeing the Implementation of the same.

The Company Secretary, shall act as the secretary to the Committee.

The frequency of meetings, powers of Nomination and Remuneration Committee shall be as per the provisions of the Companies Act, 2013, SEBI LODR and other applicable rules & regulations.

Performance Evaluation Criteria for Independent Directors

The Nomination and Remuneration Committee has devised criteria for evaluation of the performance of the Directors including Independent Directors. Their criteria provide for certain parameters below

- (a) Attendance at Meetings - attendance at Board Meetings, General and Committee meetings.
- (b) Other Directorships held by the Non-Executive Director in listed or unlisted Companies.
- (c) Other companies in which Non-Executive Director is a chairperson.
- (d) Participation at Board/Committee meetings.
- (e) Review of Financial Statements, risks and business performance
- (f) Time devoted towards discussion with Management.

The performance evaluation of the Chairman and the Non-independent Directors was carried out by the Independent Directors; the Directors expressed their satisfaction with the evaluation process.

Stakeholders' Relationship Committee

The Committee, inter-alia, approves issuance of duplicate share certificates as well as oversees and reviews all matters connected with the securities transfer, transmission, nomination, dematerialization and rematerialisation including redressing grievances related thereto. The Committee also considers redressing of shareholder's complaints relating to non-receipt of notices/annual reports and dividends etc.

Our Stakeholders' Relationship Committee was last reconstituted by our Board of Directors in their meeting held on March 01, 2023. The members of the said committee are as follows:

Name of the Members	Designation	Chairman/Member
Mrs. Geetha Adhyam Bindu	Independent Director	Chairperson
Mr. Harihar Venkata Muthyam	Independent Director	Member
Mr. Swayze Mani	Independent Director	Member

Mr. M Balamurugan, Company Secretary is the Compliance Officer to the Committee.

Corporate Social Responsibility Committee

Our Corporate Social Responsibility Committee was constituted by our Board of Directors in their meeting held on November 14, 2023. The members of the said committee are as follows:

Name of the Members	Designation	Chairman/Member
Mr Sharat Reddy Sabbella	Whole-time director	Chairperson
Mr. Prasad Reddy Sabbella	Managing Director	Whole-time Director
Mr. Harihar Venkata Muthyam	Independent Director	Member
Mr. Swayze Mani	Independent Director	Member

The scope and function of the Committee and its terms of reference shall include the following:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company in accordance with the provisions of the Companies Act, 2013;
2. Review and recommend the amount of expenditure to be incurred on activities to be undertaken by our Company;
3. Monitor the Corporate Social Responsibility Policy of our Company and its implementation from time to time; and
4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Mr. M Balamurugan, Company Secretary is the Compliance Officer to the Committee.

KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Following are the Key Managerial Personnel of our Company:

Details of Key Managerial Personnel and Senior management Personnel

In addition to our Managing Director, Mr. Prasad Reddy Sabbella and Whole-time director, Mr. Sharat Reddy Sabbella, whose details have been provided under paragraph above titled '*Brief Biographies of our Directors*', given below are the details of our Key Managerial Personnel as on the date of filing of this Letter of Offer:

Mr. Balamurugan- Company Secretary and Compliance Officer

Date of Joining: April 22, 2023

Qualifications: Master of Business Administration (Corporate Secretaryship), Associate Member of ICSI

Age: 40 Years

Experience and expertise in specific functional areas:—He is a qualified Company Secretary and holds Bachelor's Degree in Law along with a Master's Degree in Corporate Secretaryship. He is a qualified professional with extensive experience in corporate governance and legal compliance. He has 15 years of work experience as a Senior Executive Company Secretary in various Listed Entities. His expertise lies in ensuring regulatory compliance, maintaining corporate records, and facilitating effective communication between the Company, its Board, and Shareholders.

Mr. Narayanaswamy Thyagarajan -Chief Financial Officer

Date of Joining: February 21, 2023

Qualifications: Bachelor of Commerce, Fellow Member of the Institute of Cost Accountants of India

Age: 54 Years

Experience and expertise in specific functional areas: He is a qualified Cost Accountant with more than 25 years' experience in Finance and Taxation.

Relationship Between Key Managerial Personnel / Directors

Mr. Prasad Reddy Sabbella is the father of Mr. Sharat Reddy Sabbella.

Apart from the above details, there is no relationship between other Directors of the Company.

STATUS OF EACH KEY MANAGERIAL PERSONNEL AS A PERMANENT EMPLOYEE OR OTHERWISE

All our Key Managerial Personnel are permanent employees of our Company.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to working capital requirements, profit earned during the Fiscal, capital expenditure requirements, cash flow to meet contingencies, liquidity, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company may enter into to finance our fund requirements for our business activities.

All dividend payments are made in cash to the Shareholders of our Company. Our Company has not adopted any Dividend Distribution Policy as on the date of this Letter of Offer since the requirements under Regulation 43A of SEBI Listing Regulations are not applicable to the Company. However, depending upon the availability of distributable profits and fund flow, dividends may be recommended by the Board of Directors and shall pay dividends in accordance with the provisions of the Companies Act, 2013, the Memorandum of Association and Articles of Association and other Applicable Laws.

Dividends paid on Equity Shares:

The details of dividend for the last three Financial Years and from April 1, 2023 till date of this Letter of Offer are set out in the following table:

Equity Shares

Particulars	From April 1, 2023 till the date of this Letter of Offer	For the financial year ended March 31, 2023	For the financial year ended March 31, 2022	For the financial year ended March 31, 2021
Equity Share Capital	2,391.25	2,391.25	2,391.25	2,201.25
Face value per share (in ₹)	10.00	10.00	10.00	10.00
Amount of Dividend (in ₹ lakhs)*	59.78	Nil	Nil	Nil
Dividend per share (in ₹)	Re.0.25	Nil	Nil	Nil
Rate of dividend (%)	2.5%	Nil	Nil	Nil
Corporate Dividend Tax (%)	Nil	Nil	Nil	Nil
Mode of payment of dividend	NEFT/RTGS/ECS/Dividend Warrants	N.A.	N.A.	N.A.

*Excluding dividend distribution tax

The amount paid as dividends in the past is not necessarily indicative of dividend amount, if any, which may be declared or paid in the future and there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see “*Risk Factor – Our ability to pay dividends in the future will depend upon our future earnings, financial condition or cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements*” on page 18 of this Letter of Offer.

SECTION VII-FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Number
1)	Audited Standalone Financial Statements as at and for the year ended March 31, 2024	ASF 1 – ASF 53

INDEPENDENT AUDITORS' REPORT

**To The Members of
SHARAT INDUSTRIES LIMITED**

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone Ind AS financial statements of Sharat Industries Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2024, the Statement of Profit and Loss (including other comprehensive income) for the year then ended, the Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2024, the profit for the year ended on that date total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the Ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the



context of our audit of the financial statements as a whole, and in forming our opinion thereon and we have determined that there are no key audit matters to communicate in our report.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

Management's Responsibilities for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act 2013, with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position and financial performance, of the Company in accordance with the Accounting Principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error. In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial



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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Independent Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of subsection (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.



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- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
- e) On the basis of the written representations received from the directors as on 31st March, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect of the adequacy of the Internal Financial Controls over Financial Reporting of the company and its operating effectiveness of such controls, refer to our separate report in “**Annexure B**”.
- g) In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position in its standalone Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund.
 - iv. (a) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person or entity, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person or entity, including foreign entities (“Funding Parties”), with



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the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(c) Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

- v) The company has not declared or paid any dividend during the year in contravention of the provisions of section 123 of the Companies Act, 2013.
- i) Based on our examination carried out in accordance with the Implementation Guidance on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 Edition) issued by the Institute of Chartered Accountants of India, which included test checks, we report that the company has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with. Our examination of the audit trail was in the context of an audit of financial statements carried out in accordance with the Standard of Auditing and only to the extent required by Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. We have not carried out any audit or examination of the audit trail beyond the matters required by the aforesaid Rule 11(g) nor have we carried out any standalone audit or examination of the audit trail.”
- (j) With respect to the matter to be included in the Auditors’ Report under Section 197(16) of the Act, in our opinion and according to the information and explanations given to us, the remuneration paid to the directors during the year is in accordance with the section 197 of the Act. The remuneration paid to any director is not in excess of the limit.

For A R KRISHNAN & ASSOCIATES
Chartered Accountants

FRN : 009805S



Anandaram
ANANDARAMAKRISHNAN

Partner

M. No. : 209122

UDIN : 24209122BKEPRU9161

Place: Chennai

Date: 28/05/2024

“ANNEXURE A” TO THE INDEPENDENT AUDITORS’ REPORT OF SHARAT INDUSTRIES LIMITED

In terms of the information and explanations sought by us and given by the Company and the books and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that: -

i) In respect of its fixed assets:

- a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
B) The company has maintained proper records showing full particulars of intangible assets;
- b) All the Property, Plant and Equipment have been physically verified during the year by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the Property, Plant and Equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company.
- d) The company is following cost model, hence revaluation of property, plant and equipment (including right of use assets) or intangible assets or both for the year is not applicable.
- e) No proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, if so, whether the company has appropriately disclosed the details in its financial statements.

ii) In respect of inventories:

- a) The Inventory has been physically verified at reasonable intervals during the year by the management. In our opinion, the frequency of verification is reasonable and the procedures followed were appropriate. No Discrepancies were noticed on verification between the physical stocks and book records that were 10% or more in the aggregate for each class of inventory.



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- b) The company has been sanctioned working capital of Rs. 85.00 Crores, in aggregate, from banks or financial institutions on the basis of security of current assets; and the statements filed by the company with banks or financial institutions are in agreement with the books of account of the Company.
- iii) In respect of loans, secured or unsecured, granted to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013:

The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) of the Order are not applicable to the Company and hence not commented upon.

- iv) According to the information and explanations given to us and on the basis of examination of the records, the company has not provided any loans or any guarantee or security or made any investment as specified under section 185 and section 186 of the Companies Act, 2013. Hence, the clause 3(iv) of the order is not applicable.

- v) In respect of public deposits:

The Company has not accepted any deposits from the public. Therefore, the provisions of section 73 and 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended) with regard to the deposits accepted from the public and from the members are not applicable to the Company. . Hence, the clause 3(v) of the order is not applicable.

- vi) In respect of cost records:

The Central Government of India has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for any of the services rendered by the Company. Hence, the clause 3(vi) of the order is not applicable.

- vii) In respect of statutory dues:

- a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with appropriate authorities during the year. There were no undisputed amounts payable in respect of the aforesaid statutory dues outstanding as at March 31, 2024 for a period of more than six months from the date they became payable.



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- b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2024 on account of disputes are given below:

Name of the Statute	Nature of dues	Forum where the Dispute is pending	Period to which the amount relates	Amount (. in Lakhs)
Customs Act, 1962	Customs Duty	In the High Court of Judicature of Andhra Pradesh at Hyderabad.	2004-2005	76.31
Finance Act, 1994 (Chapter IV)	Service Tax	In the High Court of Judicature of Andhra Pradesh at Hyderabad.	2015-2016	31.50

- viii) In respect of surrendered or disclosed an unrecorded income:

The company has not surrendered or disclosed any unrecorded income during the year in the tax assessments under Income Tax Act, 1961 (43 of 1963).

- ix) a) According to the information and explanations given to us and as per the records produced to us, the company does not make any default in repayment of loan or other borrowings or in the payment of interest thereon to any lender.
- b) As per the information obtained, the company has not been declared as wilful defaulter by any bank or financial institutions or other lender.
- c) In respect of term loan, the company were applied for the purpose of which the loans were obtained.
- d) In respect of short term loan, the fund raised on short term basis have not been utilized for long term purpose.
- e) Based on the information furnished to us, the company does not have any subsidiaries, joint ventures or associates, hence clause 3(ix)(e) of the order is not applicable to the company.



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f) As per the information and explanation obtained to us, the company does not have any subsidiaries, joint ventures or associates to raise loan against securities held in the subsidiaries, joint ventures or associates. Hence clause 3(ix)(f) of the order is not applicable to the company.

x) In respect of fund raised.

a) The company has not raised money by way of initial public offer or further public offer (including debt instrument) during the year.

b) The company has made private placement of shares during the year, requirement of section 42 and section 62 of companies act 2013 has been complied and fund raised has been used for the purpose for which the funds were raised.

xi) In respect of fraud

a) No material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of audit

b) No report was filed under sub-section (12) of section 143 of the companies with the central government.

c) During the year no whistle-blower complaints were received by the company.

xii) In respect of Nidhi Company:

The Company is not a Nidhi Company. Hence, paragraph 3(xii) of the Order is not applicable.

xiii) In respect of transactions with related parties:

All transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable and details of such transactions have been disclosed in the Financial Statements etc., as required by the applicable Indian Accounting Standards.

xiv) In respect of internal audit system.

a) The Company has internal audit system as appropriate with size and nature of its business.

b) In respect of Internal audit report, internal audit report for the period were considered during the audit.

xv) In respect of non-cash transactions with directors:



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The Company has not entered into any non-cash transactions with directors or persons connected with him hence this clause is not applicable.

xvi) In respect of Non-banking financial activities.

- a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- b) The Company does not conduct any Non-banking financial or Housing Finance activities
- c) The company is not a core investment company (CIC) as defined in regulation made by the Reserve Bank of India, Hence the clause 3(xvi)(c) of the order is not applicable.

xvii) As per the information and explanation furnished to us, the company did not make any cash loss during the year.

xviii) Based on the information and explanation given to us, no such resignation of the statutory auditor was occurred during the year.

xix) On the basis of the financial ratios, ageing and expected date of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statement, based on our knowledge of the director and management plans, in our opinion there is no material uncertainty exist as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from balance sheet date.

xx) According to the information and explanation given to us, the company Liability towards CSR activities are spent and no unspent amount of CSR liability is with Company, hence clause 3(xx) of the order is not applicable.

For A R KRISHNAN & ASSOCIATES
Chartered Accountants
FRN : 009805S



Anandaraman
ANANDARAMAKRISHNAN

Partner

M. No. : 209122

UDIN : 24209122BKEPRU9161

Place: Chennai

Date: 28/05/2024

**“ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT OF
SHARAT INDUSTRIES LIMITED**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of SHARAT INDUSTRIES LIMITED (“the Company”) as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

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

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



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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were



A.R. KRISHNAN & ASSOCIATES
CHARTERED ACCOUNTANTS

operating effectively as of March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For A R KRISHNAN & ASSOCIATES
Chartered Accountants
FRN : 009805S

Anandaramkrishnan
ANANDARAMAKRISHNAN

Partner
M. No. : 209122
UDIN : 24209122BKEPRU9161

Place: Chennai
Date: 28/05/2024

SHARAT INDUSTRIES LIMITED
BALANCE SHEET AS AT March 31, 2024

(Rs. in Lakhs)

	Particulars	Note No.	As At March 31, 2024	As At Mar 31, 2023
I	ASSETS			
	(1) Non-Current Assets			
	(a) Property, Plant & Equipment	3	4,623.29	4,931.84
	(b) Capital Work in Progress	3	157.73	140.00
	(c) Intangible Assets	3	-	-
	(d) Intangible Assets under Development			
	(e) Financial Assets	4	4.90	4.90
	(f) Deferred Tax Asset			
	(g) Other Non-Current Assets	4.1	262.92	253.34
	(h) Trade Receivables	4.2	430.40	435.41
	Total Non-Current Assets		5,479.25	5,765.50
	(2) Current Assets			
	(a) Inventories	5	6,667.72	5,513.57
	(b) Financial Assets			
	(i) Investments			
	(ii) Trade Receivables	6	5,651.76	5,602.07
	(iii) Cash and Cash Equivalents	7	129.29	853.12
	(iv) Bank Balances Other than (iii) above	8	375.50	346.92
	(v) Others	8.1	235.82	465.37
	(c) Other Current Assets	9	1,850.69	1,234.86
	Total Current Assets		14,910.77	14,015.92
	TOTAL ASSETS		20,390.02	19,781.42
II	EQUITY & LIABILITIES			
	(1) Equity			
	(a) Equity Share Capital	10	2,391.25	2,391.25
	(b) Other Equity	11	6,006.26	5,478.05
	Total Equity		8,397.51	7,869.30
	(2) Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	12	676.32	1,050.21
	(ii) Other Financial liabilities[other than those specified in (b) below]	12.1	501.97	497.09
	(iii) Trade Payables	12.2	-	20.00
	(b) Provisions	13	36.39	29.41
	(c) Deferred Tax Liabilities (Net)	14	289.42	235.81
	Total Non-Current Liabilities		1,504.09	1,832.52
	(3) Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	15	8,874.18	7,876.43
	(ii) Trade Payables	16	1,218.93	1,603.29
	(iii) Other Financial liabilities[Other than those specified in (c) below]	17	7.13	9.52
	(b) Other Current Liabilities	18	22.05	21.08
	(c) Provisions	19	366.12	569.28
	Total Current Liabilities		10,488.41	10,079.60
	TOTAL EQUITY & LIABILITIES		20,390.02	19,781.42
	Significant Accounting Policies & Notes forming part of the financial statements	1 & 2		

The accompanying notes are integral part of the financial statements.
As per our report of even date

For A.R.Krishnan & Associates
Chartered Accountants
F.R.No. 0098055

Anandaram
B. Anandaramakrishnan
Partner
M.No. 209122
UDIN: 24209122BKPRV7389

Place : Nellore
Date : 28-05-2024

For and on behalf of the Board of Directors

S. Prasad Reddy *S. Sharat Reddy*
S. Prasad Reddy S. Sharat Reddy
Managing Director Executive Director
DIN : 00069094 DIN: 02929724

N. Thyagarajan *M. Balamurugan*
N. Thyagarajan M. Balamurugan
Chief Financial Officer Company Secretary

SHARAT INDUSTRIES LIMITED
Statement of Profit and Loss for the Year Ended Mar 31, 2024

(Rs. in Lakhs)

	Particulars	Note No.	For the Year ended March 31, 2024	For the Year ended Mar 31, 2023
I	Revenue from Operations	20	30,215.92	33,253.83
II	Other Income	21	58.77	346.89
III	Total Income (I+II)		30,274.69	33,600.72
IV	Expenses			
	(a) Cost of Materials Consumed	22	24,370.26	25,363.90
	(b) Purchase of Stock in trade			
	(c) Changes in Inventory	23	-1,418.75	-859.06
	(d) Employee Benefits Expense	24	720.686	765.54
	(e) Finance Costs	25	938.78	858.68
	(f) Depreciation and Amortisation Expense	3	469.50	424.03
	(g) Other Expenses	26	4,428.29	6,138.92
	Total Expenses (IV)		29,508.77	32,692.02
V	Profit Before Exceptional items and Tax (III-IV)		765.92	908.69
VI	Exceptional Items			
VII	Profit Before Tax (V-VI)		765.92	908.69
VIII	Tax Expense			
	(a) Current Tax		125.28	152.13
	(b) Mat Credit Entitlement		82.63	84.42
	(c) Deferred Tax		-29.29	17.72
IX	Profit/(Loss) for the year (VII-VIII)		587.30	654.42
X	Other Comprehensive Income Items that will not be reclassified to profit/(loss)		0.69	-11.27
XI	Total Comprehensive Income for the year (comprising of profit for the year and other comprehensive income [IX+X])		587.99	643.16
XII	Earnings per Equity Share [Nominal Value of Rs.10/- per share]	27		
	(1) Basic		2.46	2.69
	(2) Diluted		2.46	2.69
	Face Value of the Share		10	10
	Significant Accounting Policies & Notes forming part of the financial statements			

The accompanying notes are integral part of the financial statements.

As per our report of even date

For A.R.Krishnan & Associates
Chartered Accountants
F.No. 0098055


B. Anandaramkrishnan

Partner
M.No. 209122
UDIN: 24209122BKPRV7389

Place : Nellore
Date : 28-05-2024

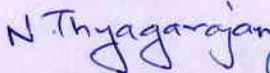
For and on behalf of the Board of Directors



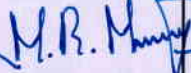
S. Prasad Reddy
Managing Director
DIN : 00069094



S. Sharat Reddy
Executive Director
DIN: 02929724



N. Thyagarajan
Chief Financial Officer



M. Balamurugan
Company Secretary

SHARAT INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED Mar 31, 2024

(Rs. in Lakhs)

S.No	Particulars	For the Year ended March 31, 2024	For the Year ended March 31, 2023
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit / (Loss) Before Extraordinary Items and Tax	765.92	908.69
	Adjustments for:		
	Depreciation and impairment of Property, plant and equipment	469.50	424.03
	Amortisation and impairment of intangible assets		
	Loss on sale of Investments		
	Finance Costs	938.78	858.68
	Gratuity	0.96	-15.61
	Wealth Tax		
	(Profit)/Loss on Sale of Vehicle		
	Interest Income	(20.65)	-22.67
	Creditors no Longer Payable		
	Capital Subsidy		
	Provision for Bad and Doubtful Debts		
	Operating Profit/(Loss) Before Working Capital Changes	2,154.51	2,153.13
	Changes in Working Capital:		
	Adjustment for (Increase) / Decrease in Operating Assets		
	Inventories	-1,154.15	-19.59
	Trade Receivables	-44.68	141.95
	Short term Loans and Advances	229.55	-78.58
	Bank Balances Other than cash & Cash Equivalents	-28.58	-246.75
	Others	-615.82	-336.69
	Adjustment for Increase / (Decrease) in Operating Liabilities		
	Trade Payables	-384.36	343.66
	Other Current Liabilities	-1.42	-78.68
	Long Term Provisions	6.98	15.03
	Short Term Provisions	-203.15	-8.47
	Cash generated from operations	(41.12)	1,885.00
	Cash outflow due to Exceptional Items		
B.	Cash generated from operations	(41.12)	1,885.00
	Net Income Tax (Paid)/Refund	-125.28	-152.13
	NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES - A	(166.40)	1,732.87
	CASH FLOW FROM INVESTING ACTIVITIES		
	Capital Expenditure on Fixed Assets	-160.96	-770.38
	Decrease / (Increase) in Capital Work in Progress	-17.73	114.66
	Proceeds from Sale of Fixed Assets		
	Long Term Loans and Advances	-9.57	1.00
	Interest Received	20.65	22.67
	Investment in Joint Venture		-4.90
	NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES - B	(167.61)	-636.94
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Proceeds / (Repayment) from / of Long Term Borrowings	-373.89	-180.56
	Current Maturities of Long term Debt/ Other Financial Liabilities	4.88	13.50
	Other Short term Borrowings	997.75	191.37
	Trade Payables	-20.00	-60.50
	Finance Costs	-938.78	-858.68
	capital subsidy received from government		
	Share Warrants related Premium Money received		190.00
	Interim Dividend Paid	-59.78	
	NET CASH FROM / (USED IN) FINANCING ACTIVITIES - C	(389.82)	-704.87
	Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(723.83)	391.06
	Cash and Cash Equivalents at the beginning of the year (i.e. 1st April)	853.12	462.06
	Cash and Cash Equivalents at the end of the Year (i.e., 31st March 2024)	129.29	853.12
	Reconciliation of Cash and Cash Equivalents with the Balance sheet		
	Cash and Cash Equivalents as per Balance Sheet (Refer Note No.13)		
	Cash and Cash Equivalents at the end of the year		
	Comprises:		
	Cash on hand	10.17	5.11
	Balance with Banks		
	- in Current Accounts	119.12	848.01
	- in Deposit Accounts		
		129.29	853.12

As Per our Report of even date

For A.R.Krishnan & Associates
Chartered Accountants
F.R. No. 0098055



B. Anandaramkrishnan
Partner
M.No. 209122
UDIN: 24209122BKEPRV7389

Place : Nellore
Date : 28-03-2024

For and on behalf of the Board of Directors



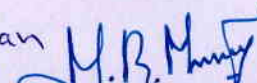
S. Prasad Reddy
Managing Director
DIN : 00069094



S. Sharat Reddy
Executive Director
DIN: 02929724



N. Thyagarajan
Chief Financial Officer



M. Balamurugan
Company Secretary

(I) Assets

1) Non Current Assets			
Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
Non Current Assets			
Financial Assets			
Equity instruments in Joint Venture	4.00	4.90	4.90
Other Non-Current Assets	4.10		
Unsecured, Considered Good (to Parties other than related Party)		-	
Capital Advances			
Advances Other than Capital Advances			
Balances With Government Authorities			
Security Deposits		262.92	253.34
Other Advances			
Total (a+b+c)		262.92	253.34
(h) Trade Receivables	4.20	430.40	435.41
Less : Allowance for Doubtful debts			
Total		430.40	435.41
2) Current Assets			
(A) Inventories :	5.00		
(As valued and certified by the Management)			
(i) Raw Materials		292.20	367.85
(ii) Finished Goods		6,231.98	4,813.23
(iii) Stock of Spares		143.54	332.49
(iv) Biological Asset			
		6,667.72	5,513.57
(B) Financial Assets :			
(i) Trade Receivables :	6.00		
Trade Receivables		5,673.96	5,624.28
Less : Allowance for Doubtful debts			
		5,673.96	5,624.28
Receivables from Related Parties			
Total		5,673.96	5,624.28
Current		5,673.96	5,624.28
Non-Current			
Breakup of Good and Doubtful Debts			
Unsecured, Considered good		5,673.96	5,624.28
Unsecured, Considered doubtful			
Total		5,673.96	5,624.28
Impairment Allowance (allowance for bad and doubtful debts):			
Unsecured, Considered good		5,673.96	5,624.28
Unsecured, Considered doubtful		(22.21)	(22.21)
Total		5,651.76	5,602.07

Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
(ii) Cash and Cash Equivalents :	7.00		
(a) Cash on hand		10.17	5.11
(b) Balances with Banks:			
i) in Current Accounts		119.12	848.01
ii) Deposits with original maturity of less than 3 months			
Current		129.29	853.12
Non-Current			
(ii) Bank Balances Other Than Referred Above	8.00		
(a) Earmarked balances :			
i) Unclaimed dividend account			
ii) In deposit accounts		375.50	346.92
(b) Balances with banks :			
Deposits with original maturity of more than 3 months			
(c) EEFC Balances			
(d) Deposit Accounts			
Total		375.50	346.92
(v) Others	8.10	235.82	465.37
(C) Other Current Assets	9.00		
(a) Loans and Advances to Employees			
Unsecured, considered good		5.60	1.89
Less : Provision for Doubtful Advances			
		5.60	1.89
(b) Loans and Advances to Vendors & Others		15.04	15.70
(c) Prepaid Expenses		36.00	33.80
(d) Balances with Government Authorities		317.65	565.30
(e) Others		1,476.40	618.18
		1,850.69	1,234.86

(II) EQUITY & LIABILITIES

1) Equity

Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
a) Equity Share Capital			
Authorised : Equity Shares of Rs. 10/- each No. of shares FY : 5,00,00,000	10.00	5,000.00	5,000.00
		5,000.00	5,000.00
Issued, Subscribed and Paid up: Equity Shares of Rs. 10/- each fully paid up No. of shares FY : 2,20,12,500 (PY : 2,20,12,500)		2,391.25	2,391.25
		2,391.25	2,391.25
(a) All the Equity Shares carry equal rights and obligations including for dividend and with respect to voting rights.			
(b) Reconciliation of the number of shares outstanding at the beginning and at the end of the year:			
Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
Equity Shares: Number of Shares at the beginning of the year Add: Allotted during the year Less: Bought back during the year Number of Shares at the end of the year		239.125	239.125
		239.125	239.125
(c) Details of Shareholders holding more than 5% shares :			
Name of Share holder	Note No.	As At Mar 31, 2024 <u>No. of Shares - % held</u>	As At Mar 31, 2023 <u>No. of Shares - % held</u>
S. Prasad Reddy S. Sharat Reddy		7297641 - 33.15% 1803300 - 8.19%	7297641 - 33.15% 1803300 - 8.19%
b) Other Equity			
Capital Reserve Opening Balance Add: Additions during the year Closing Balance	11.00	1,408.32	1,408.32
		1,408.32	1,408.32
Capital Subsidy Opening Balance Closing Balance			
Share Premium Opening Balance Add: Additions during the year Closing Balance		950.00	950.00
		950.00	950.00
Surplus/(Deficit) in Statement of Profit and Loss Opening Balance Add: Profit for the year Add/(Less) : Adjustment on Account of Term Loan Ind As Adjustment Less: Interim Dividend Closing Balance		3,119.73 587.99 (59.78) 3,647.94	2,476.57 643.16 3,119.73
Total (A+B+C+D)		6,006.26	5,478.05

2) Non Current Liabilities

Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
(a) Financial Liabilities	12.00		
(i) Borrowings			
Term Loan from Bank (Secured)		615.52	844.41
Hire Purchase Loans From Banks		32.74	62.14
From Others		28.05	143.66
		676.32	1,050.21
(ii) Other Financial Liabilities			
Other Loans	12.10	420.65	420.65
Advances from Customers		25.00	15.00
MPEDA		56.31	61.43
Deferred Advance from Rental Deposits		-	-
		501.97	497.09
(iii) Trade Payables	12.20	-	20.00
(b) Provisions	13.00		
Provision for employee benefits			
Post Retirement Benefits		36.39	29.41
Compensated Absences		-	-
		36.39	29.41
(c) Deffered Tax Liability	14.00		
On account of brought forward Losses			
Deferred Tax Liability			
On difference between book balance and tax balance of fixed assets		289.42	318.44
Deferred Tax Asset			
On Account of Minimum Alternate Tax		0.00	82.63
Net Deferred Tax Asset		289.42	235.81

A. Nature of Security:

- Term Loan from Axis Bank is secured by the charge on Fixed Assets to be Procured.
- Hire Purchase Loans are secured by way of hypothecation / charge of respective vehicles financed.

3. Current Liabilities

Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
(a) Financial Liabilities			
(i) Borrowings	15.00		
Loans Payable on Demand			
From Banks		8,255.44	7,269.67
Current Maturities of Long Term Borrowings		618.74	606.76
		8,874.18	7,876.43
(ii) Trade Payables	16.00		
Trade Payables to Micro ,Small and Medium Enterprises			
Trade Payables to Related Parties			
Trade Payables Other than Micro Small and Medium Enterprises			
- For Supplies and Services		1,073.35	1,587.73
- For Expenses and Others		145.59	15.56
		1,218.93	1,603.29
(iii) Other Financial Liabilities	17.00		
Provision for Gratuity		7.13	9.52
		7.13	9.52
(b) Other Current Liabilities	18.00		
(i) Statutory Remittances		22.05	21.08
(ii) Advances from Customers			
(iii) MPEDA			
		22.05	21.08
(c) Provisions	19.00		
Provision for others			
(a) Provision for Taxes (Net of Advance Tax)		62.47	28.21
(b) Provision for Expenses		303.66	541.07
		366.12	569.28
TOTAL (a+b+c)		10,488.41	10,079.60

4) Revenues			
Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
Revenue from Operations:	20.00		
(a) Sale of Products		29,048.90	31,988.00
(b) Sale of Services		-	168.66
(c) Other Operating Revenues		1,167.02	1,097.17
		30,215.92	33,253.83
Sale of Products:			
Sale of Shrimp - Export		21,080.71	23,072.44
Sale of Feed		4,986.63	7,049.18
Sale of Raw Shrimp		3,072.20	2,026.32
Sale of Chemicals		-	-
Sale of Shrimp - Interstate		-	-
Total		29,139.54	32,147.93
Less:			
Sales Return		(5.15)	
Turnover Discount		(85.49)	(159.94)
Net Turnover		29,048.90	31,988.00
Sale of Services:			
Job Work Charges		-	168.66
		-	168.66
Other Operating Revenue:			
Export Incentives		1,115.95	1,051.67
Sale of Shrimp shell waste/Scrap		39.61	26.26
Miscellaneous Income		11.46	19.24
		1,167.02	1,097.17
Other Income :	21.00		
(a) Interest Income			
(i) On Bank Deposits		20.65	15.25
(ii) On Others		8.94	7.43
(b) Net gain on Foreign Currency Transactions		(1.53)	190.88
(c) Other Non-Operating Income		30.71	133.33
(d) Profit on sale of vehicle		-	-
		58.77	346.89

Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
Consumption of Raw Materials and Packing Materials	22.00		
Opening Stock		616.85	1,456.32
Add: Purchases		24,105.65	24,524.43
		24,722.50	25,980.75
Less: Closing Stock - Raw Material		352.24	616.85
		24,370.26	25,363.90
Changes in Inventory of finished goods:	23.00		
Inventories at the end of the year			
Finished Goods - Feed & Shrimps		6,231.98	4,813.23
		6,231.98	4,813.23
Inventories at the beginning of the year			
Finished Goods - Feed & Shrimps		4,813.23	3,954.17
		4,813.23	3,954.17
Stock Loss			
(a) Finished goods/Stock in trade			
(b) Work-in-progress			
Total Stock loss			
(Increase) / Decrease in stock		(1,418.75)	(859.06)

Particulars	Note No.	As At Mar 31, 2024	As At Mar 31, 2023
Employee Benefits Expense :	24.00		
Salaries, wages and bonus		692.54	725.23
Staff Welfare and contribution to other Funds		28.14	40.32
		720.69	765.54
Finance Costs :	25.00		
Interest Expense on:			
(i) Interest		938.78	858.68
(ii) Other Borrowing Costs		-	-
		938.78	858.68
Other Expenses	26.00		
Manufacturing Expenses			
Power & Fuel		739.86	684.10
Repairs & Maintenance			
- Buildings		4.02	3.43
- Plant & Machinery		65.63	52.04
- Electricals		20.17	35.62
Other Manufacturing Expenses		1,135.54	1,508.55
	(a)	1,965.22	2,283.74
Selling Expenses			
Advertisement		3.91	4.31
Ocean freight and export expenses		1,632.79	2,576.30
Marketing Expenses		141.10	119.90
Discount Allowed		4.75	69.98
	(b)	1,782.56	2,770.48
Other expenses			
Audit Fees			
For Statutory Audit		2.50	2.50
For Taxation purpose		1.00	1.00
Return preparation		0.50	0.50
For Other Services			
Audit Expense		2.64	1.18
Bank Charges		32.53	50.70
Bad Debts		-	257.61
Donation		1.27	1.35
Consultancy Fees		176.01	149.21
Communication Expenses		3.07	3.43
General Expenses		56.28	53.52
Fuel Charges		-	-
Insurance		22.47	18.62
Legal, Statutory & Documentation Charges		4.27	4.28
Listing Fee		3.25	3.00
Loss on sale of vehicle		-	1.43
Inspection Charges		0.09	0.13
Office Maintenance		15.88	28.12
Printing & Stationery		8.09	8.78
Registration & Renewals		23.60	11.21
Rates & Taxes		216.11	222.89
Security Charges		30.74	36.26
Office Rent		15.72	20.53
Foreign Currency Loss			
Foreign Currency Loss - NL		5.11	135.29
Cold Storage Maintenance			
Revocation Fees to SEBI			
Travelling & Conveyance Expenses		27.79	44.07
Vehicles Maintenance		31.58	29.09
	(c)	680.52	1,084.70
Grand Total (a+b+c)		4,428.29	6,138.92

Earnings per Share	27.00	As At Mar 31, 2024	As At Mar 31, 2023
Profit / (Loss) After Tax attributable to Equity Shareholders		587.99	643.16
Weighted average number of equity shares		239.13	239.13
Basic & Diluted Earnings per Share		2.46	2.69
Face Value of the Share		10.00	10.00

Notes to the Financial Statements for the year ended March 31, 2024

Corporate Information

Sharat Industries Limited (“the Company”) is a listed public Company incorporated in the year 1990 in India under the Companies Act, 1956. The Company is in the business of Shrimp Aquaculture and manufacturer and sale of shrimp feeds.

1 Basis of Preparation of Financial Statements Statement of Compliance with Ind AS

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the ‘Ind AS’) as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 (‘Act’) read with of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act.

Basis of preparation and measurement

The financial statements have been prepared on the historical cost basis, except for certain financial assets and liabilities which are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an Orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Notes to the Financial Statements for the year ended March 31, 2024

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The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is Unobservable

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2 Significant Accounting Policies

2.1 Property, Plant and Equipment (PPE)

On adoption of Ind AS, the Company retained the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and used that as its deemed cost as permitted by Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

Property, plant and equipment are initially recognized at cost. The initial cost of property, plant and equipment comprises its purchase price, including non-refundable duties and taxes net of any trade discounts and rebates. The cost of property, plant and equipment includes interest on borrowings (borrowing cost) directly attributable to acquisition, construction or production of qualifying assets subsequent to initial recognition. Property, plant and equipment are stated at cost less accumulated depreciation (other than freehold land, which are stated at cost) and Impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value Depreciation on tangible assets is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act, 2013. The useful lives have been determined based on technical evaluation done by the management's expert which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognized in profit or loss. Fully depreciated assets still in use are retained in financial statements.

2.1. Intangible assets

Intangible assets that are acquired are recognized at cost initially and carried at cost less accumulated amortization and accumulated impairment loss, if any. All intangible assets are tested for impairment. Amortization expenses and impairment losses and reversal of impairment losses are taken to the Statement of Profit and Loss.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses on derecognition are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(i) Computer software

Computer software are stated at cost, less accumulated amortization and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(ii) Amortization methods and periods

Intangible assets with finite useful live are amortized over their respective individual estimated useful lives on a straight-line basis.

2.3 Capital work-in-progress and intangible assets under development

Capital work-in-progress/intangible assets under development are carried at cost, comprising direct cost, related incidental expenses and attributable borrowing cost.

2.4 Non-derivative Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets 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.

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

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

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

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in profit or loss.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method.

Equity instruments

An equity instrument is a contract that evidences residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments recognized by the Company are measured at the proceeds received net off direct issue cost.

Offsetting of financial instruments

Financial assets and financial liabilities are off set and the net amount is reported in financial statements if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

2.5 Impairment

Financial assets (other than at fair value)

Financial assets (other than at fair value) The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost and FVTOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

PPE and intangible assets

Property, plant and equipment and intangible assets with finite life are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e., higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the Statement of Profit and Loss.

2.6 Inventories

Inventories are valued at lower of cost (on weighted average basis) and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to their present location and condition, including all taxes and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Biological assets of the Company comprise of live stocks of shrimps' breeders and different phases of shrimp that are classified as current biological assets.

The Company recognizes biological assets when, and only when, the Company controls the assets as a result of past events, it is probable that future economic benefits associated with such assets will flow to the Company and the fair value or cost of the assets can be measured reliably. Expenditure incurred on biological assets are measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. The gain or loss arising from a change in fair value less costs to sell of biological assets are included in Statement of Profit and Loss for the period in which it arises.

2.7 Revenue recognition

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

Sale of goods

Revenue from sale of shrimps is recognized when all the significant risks and rewards of ownership have been passed to the buyer- normally when the shipment is loaded which is in accordance with industry practice and entitlement of export subsidies are based on shipment of goods. Shipments that have been dispatched but have not been delivered at the end of the financial reporting period have been recognized as “Revenue on Shipments in Transit”.

Export benefits are accounted on recognition of export sales.

Revenue from the sale of Feeds is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Income recognition for services takes place as and when the services are performed.

Interest Income

Interest income from financial assets is recognized when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.8 Research and Development expenses

Research expenditure is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized. Tangible assets used in research and development are capitalized.

2.9 Leases

Leases are classified as finance leases whenever the terms of lease transfer substantially all the risks and rewards of ownership to the lessee. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(i) Operating Lease:

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term except where another systematic basis is more representative of the time pattern in which economic benefits from leased assets are consumed. The aggregate benefit of incentives (excluding inflationary increases where rentals are structured solely to increase in line with the expected general inflation to compensate for the lessor's inflationary cost increases, such increases are recognized in the year in which the benefits accrue) provided by the lessor is recognized as a reduction of rental expense over the lease term on a straight-line basis.

(ii) Finance Lease:

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognized as expenses in the periods in which they are incurred.

2.10 Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving disposal of an investment, the investment that will be disposed of is classified as held for sale when the criteria described above are met.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.11 Employee benefit expenses

Employee benefits consist of contribution to provident fund, superannuation fund, gratuity fund and compensated absences.

(i) Post-employment benefit plans

Defined Contribution plans

Payments to defined contribution retirement benefit scheme for eligible employees in the form of superannuation fund are charged as an expense as they fall due. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made.

The Company also makes contribution towards provident fund, in substance a defined contribution retirement benefit plan for qualifying employees. The provident fund is deposited with the Provident Fund Commissioner which is recognized by the Income Tax authorities.

Defined benefit plans

The Company operates various defined benefit plan such as gratuity fund.

The liability or asset recognized in the balance sheet in respect of its defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the said obligation is determined by discounting the estimated future cash outflows, using market yields of government bonds that have tenure approximating the tenures of the related liability.

The interest income / (expense) are calculated by applying the discount rate to the net defined benefit liability or asset. The net interest income / (expense) on the net defined benefit liability or as set is recognized in the Statement of Profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost.

(ii) Short term employee benefit

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in twelve months immediately following the year end are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits after deducting amounts already paid. Where there are restrictions on avilment of encashment of such accrued benefit or where the avilment or encashment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

2.12 Foreign currency translation

The functional currency of the Company is Indian rupee

On initial recognition, all foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of the transaction. As at the reporting date, foreign currency monetary assets and liabilities are translated at the exchange rate prevailing on the Balance Sheet date and the exchange gains or losses are recognized in the Statement of Profit and Loss.

2.13 Borrowing cost

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

2.14 Income tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current tax

Current tax is measured at the amount of tax expected to be payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Current tax assets and current tax liabilities are off set when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred tax assets are recognized only to the extent that it is probable that either future taxable profits or reversal of deferred tax liabilities will be available, against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are off set when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

2.15 Accounting of provisions, contingent liabilities and contingent assets

Provisions are recognized, when there is a present legal or constructive obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and when a reliable estimate of the amount of the obligation can be made. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where the effect is material, the provision is discounted to net present value using an appropriate current market-based pre-tax discount rate and the unwinding of the discount is included in finance costs.

Contingent liabilities are recognized only when there is a possible obligation arising from past events, due to occurrence or non-occurrence of one or more uncertain future events, not wholly within the control of the Company, or where any present obligation cannot be measured in terms of future outflow of resources, or where a reliable estimate of the obligation cannot be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not disclosed in the financial statements unless an inflow of economic benefits is probable.

2.16 Earnings per share (EPS)

Basic EPS is computed by dividing the profit or loss attributable to the equity shareholders of the Company by the weighted average number of Ordinary shares outstanding during the year. Diluted EPS is computed by adjusting the profit or loss attributable to the ordinary equity shareholders and the weighted average number of ordinary equity shares, for the effects of all dilutive potential Ordinary shares.

27 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognized in the financial statements:

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Impairment of non- financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Inventories

Management estimates the net realizable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realization of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Defined Benefit Obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as attrition rate, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analyzed in Note 28).

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain assets.

Fair value measurement of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non- financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and time between the acquisition of assets for processing and their realization in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current or noncurrent classification of assets and liabilities.

28 Group Structure - Related Party Relationship

S. No	Name of the Related Party	Relationship
1	S. Prasad Reddy	Key Managerial Person (Managing Director)
2	S. Sharat Reddy	Key Managerial Person (Executive Director)
3	S. Devaki Reddy	Relative of Key Managerial Person (Wife of S. Prasad Reddy, Managing Director)
4	N Thyagarajan	Key Managerial Person - Chief Financial Officer
5	Katyayini Aquatech Pvt Ltd	S Devaki Reddy – One of the Directors in the Company
6	SP Enterprises	S Prasad Reddy – Managing Partner of the firm S Sharat Reddy – One of the Partners of the firm
7	United Aquatech Pvt Ltd	Associate Company

Related Party Transactions - Other than KMP
(Rs.in Lakhs)

Particulars	Name of the company	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of shrimp	Katyayini Aquatech P Ltd	1810.03	1,016.24
	SP Enterprises	1209.92	418.90
	United Aquatech Pvt Ltd	163.39	276.60
Sale of Shrimp / Feed	Katyayini Aquatech P Ltd	1691.07	1,146.03
	SP Enterprises	652.08	797.75
	United Aquatech Pvt Ltd	35.51	192.57

Transactions with key management personnel:
(Rs.in Lakhs)

Key management Personnel	Particulars of payment	For the year ended March 31, 2024	For the year ended March 31, 2023
S. Prasad Reddy	Remuneration	72.00	72.00
S. Sharat Reddy	Remuneration	60.00	60.00
S Devaki Reddy	Rent	8.82	8.82
N. Thyagarajan	Salary	9.00	0.9
M. Bala Murugan	Salary	11.40	0.0

29 Gratuity and other post-employment benefit plan
(Rs.in Lakhs)

Sl. No.	Particulars	As At March 31, 2024	As At March 31, 2023
	Defined Benefit Plan		
a)	Defined benefit obligation at the beginning of the year	38.93	18.53
b)	Current Service Cost	5.25	5.10
	Interest Cost	2.84	1.15
	Actuarial (Gain)/loss	-0.96	15.61
	Benefits Paid	(2.54)	(1.47)
	Defined benefit obligation at the end of the year	43.52	38.93
	Expense recognized during the year		
	Current Service Cost	5.25	5.10
	Interest Cost	2.84	1.15
	Actuarial Assumptions		
	Discount Rate (per Annum)	7.18%	7.30%
	Rate Escalation in salary (per Annum)	10.00%	10.00%

Sensitivity Analysis (Gratuity)

(Rs.in lakhs)

		Amount	Impact (Absolute)	%	Amount	Impact (Absolute)	%
(a)	Discount Rate(-0.50/+0.50%)	44.07	0.55	1.26%	42.99	(0.53)	-1.22%
(b)	Salary Inflation(-1/+1%)	42.49	(1.03)	-2.36%	44.59	1.07	2.46%
(c)	Withdrawal rate(-5/+5%)	45.24	1.73	3.97%	42.10	(1.42)	-3.26%

Maturity Profile of Defined Benefit Obligation (Gratuity)

(Rs.in lakhs)

Particulars	31-Mar-24	31-Mar-23
Year 1	10.93	9.53
Year 2	8.52	7.79
Year 3	7.69	6.61
Year 4	6.13	5.65
Year 5	6.56	4.51
After 5th Year	13.63	14.13
Total	53.46	48.22

30 Commitments and contingencies

Contingent Liabilities

The Company is involved in a number of judicial, appellate and arbitration proceedings (including those described below) concerning matters arising in the course of conduct of the Company's businesses. A summary of claims asserted on the Company in respect of these cases have been summarized below.

Tax contingencies

Amounts in respect of claims asserted by various revenue authorities on the Company, in respect of taxes, which are in dispute, have been tabulated below:

Nature of Tax	As at March 31, 2024 (Rs. in lakhs)	As at March 31, 2023 (Rs. in lakhs)
Customs & Excise Duty	76.31	76.31
Service Tax	31.50	31.50
Income Tax (CIT, Appeals)	0	96.61

The management believes that the claims made are untenable and is contesting them. As of the reporting date, the management is unable to determine the ultimate outcome of above matters. However, in the event the revenue authorities succeed with enforcement of their assessments, the Company may be required to pay some or all of the asserted claims and the consequential

interest and penalties, which would reduce net income and could have a material adverse effect on net income in the respective reported period.

Contingencies related to guarantees.

Particulars	As at March 31, 2024 (Rs. in lakhs)	As at March 31, 2023 (Rs. in lakhs)
Financial guarantees given to Companies	1300.00	1300.00

Guarantee creates a possible obligation on the company. The management believes that the likelihood of an actual outflow of resources due to these guarantees are remote and the potential liability is not expected to materialize.

Amount in respect of other claims

Bank Guarantees issued on behalf of the company

Name of bank	As at March 31, 2024 (Rs. in lakhs)	As at March 31, 2023 (Rs. in lakhs)
Federal bank	15.2	15.2
Axis Bank	150.81	148.96
Total	166.01	164.16

However, in respect of the above matters, management does not believe, based on currently available information, that the outcomes of the litigation, will have a material adverse effect on the Company's financial condition, though the outcomes could be material to the Company's operating results for any particular period, depending, in part, upon the operating results for such period.

31 Operating Segment Reporting

The Company's only Business is Integrated Aqua Culture and related activities and hence there is no separate reportable segment as per Indian Accounting Standard 108 on "Operating Segment" prescribed in Companies (Indian Accounting Standards) Rules, 2015.

32 Financial risk management objectives and policies

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables, and other current liabilities. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loans and receivables, trade and other receivables, and cash and short-term deposits that arise directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk.

The Company's senior management oversees the management of these risks. The Company's senior management advises on financial risks and the appropriate financial risk governance framework.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

Market risk

Market risk is the risk that the fair values of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk. Financial instruments affected by market risk include loans and borrowings, deposits, available-for-sale investments.

The sensitivity analyses in the following sections relate to the position as at March 31, 2024 and March 31, 2023

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on the net interest income for one year, based on the average rate of borrowings held during the year ended March 31, 2024, all other variables being held constant. These changes are reasonably possible based on observation of current market conditions.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the long-term debt obligations with average interest rates.

The calculations are based on a change in the average market interest rate for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. If interest rates increase or decrease by 100 basis points with all other variables being constant, the Company's profit after tax for the year ended March 31, 2024 would decrease or increase by Rs. Nil. (March 31, 2023 : Rs. Nil).

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The Company's exposure to foreign currency arises where a Company holds monetary assets and liabilities denominated in a currency different to the functional currency of that entity:

Currency	As at March 31, 2024		Currency	As at March 31, 2023	
	Financial assets	Financial liabilities		Financial assets	Financial liabilities
USD	14,28,088	7,22,413	USD	18,45,180	9,65,245

Set out below is the impact of a 10% change in the US dollar on profit arising as a result of the revaluation of the Company's foreign currency financial instruments:

Currency	As at March 31, 2024		Currency	As at March 31, 2023	
	Closing rate	Effect of 10% strengthening of USD on net earnings		Closing rate	Effect of 10% strengthening of USD on net earnings
USD	83.41	70,567.50	USD	82.17	87,993.50

The impact on total equity is the same as the impact on net earnings as disclosed above.

Credit risk

Credit risk is the risk that a counter party fails to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example trade receivables, deposits, loans etc. the Company's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at March 31, as summarized below:

(Rs. In Lakhs)

Classes of Financial Assets	As at March 31, 2024	As at March 31, 2023
Investments	-	-
Trade Receivable	6,082.16	6,037.48
Cash and bank balances	129.29	853.12
Bank Balances other than above bank balances	375.50	346.92
Other Financial assets		
Total	6,586.95	7,237.52

The Company continuously monitors defaults of customers and other counterparties, identified either individually or by the Company, and incorporate this information into its credit risk controls. The Company's policy is to transact only with counterparties who are highly creditworthy which are assessed based on internal due diligence parameters.

In respect of trade receivables, the Company is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates management consider the credit quality of trade receivables that are not past due or impaired to be good.

The credit risk for cash and cash equivalents, fixed deposits and mutual funds are considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Other financial assets mainly comprise of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

Liquidity risk

The following is an analysis of the Company's contractual undiscounted cash flows payable under financial liabilities as at March 31, 2024 and March 31, 2023.

(Rs. In. Lakhs)

As at 31st March 2024	Current	Non current		Total
	Within 12 Months	1-5 years	More than 5 years	
Borrowings	8,874.18	676.32	-	9,550.50
Trade Payables	1,218.93	-	-	1,218.93
Other Financial Liabilities	7.13	81.32	420.65	509.10
Total	10,100.24	757.64	420.65	11,278.53
As at 31st March 2023	Current	Non current		Total
	Within 12 Months	1-5 years	More than 5 years	
Borrowings	7,876.43	1,050.21	-	8,926.63
Trade Payables	1,603.29	20.00	-	1,623.29
Other Financial Liabilities	9.52	497.09	-	506.60
Total	9,489.23	1,567.29	-	11,056.53

Trade Receivables-Billed-Current (Rs. In lakhs)

Particulars	As At	As At
	31 st March 2024	31 st March 2023
Trade Receivables-Billed	5673.96	5624.28
Less: Allowance for Doubtful trade receivables – Billed	-22.21	-22.21
Considered Good	5651.76	5602.07

Ageing for Trade Receivables – Current Outstanding as at 31st March 2024

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Receivables – Billed							
Undisputed trade receivables-considered good	3025.23	1952.57	673.96	-	-	-	5651.75
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables-considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	3025.23	1952.57	673.96	-	-	-	5651.75

Ageing for Trade Receivables – Current Outstanding as at 31st March 2023

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Receivables – Billed							
Undisputed trade receivables-considered good	2672.93	2137.17	791.97	-	-	-	5,602.07
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables-considered good	-	-	-	-	-	-	-
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	2672.93	2137.17	791.97	-	-	-	5,602.07

Trade Receivables-Billed-Non-Current (Rs. in Lakhs)

Particulars	As At 31st March 2024	As At 31st March 2023
Trade Receivables-Billed	430.40	435.41
Less: Allowance for Doubtful trade receivables – Billed	-	-
Considered Good	430.40	435.41

Ageing for Trade Receivables – Non-Current Outstanding as at 31st March 2024

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Receivables – Billed							
Undisputed trade receivables- considered good	-	-	-	-	-	-	-
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	-	143.73	286.68	430.40
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	-	-	-	-	143.73	286.68	430.40

Ageing for Trade Receivables – Non-Current Outstanding as at 31st March 2023

(Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6month – 1Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Receivables – Billed							
Undisputed trade receivables- considered good	-	-	-	-	-	-	-
Undisputed trade receivables – Which have significant increase in Credit risk	-	-	-	-	-	-	-
Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	202.84	232.57	-	435.41
Disputed trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables – credit impaired	-	-	-	-	-	-	-
Total	-	-	-	202.84	232.57	-	435.41

Trade Payables**Ageing for Trade Payables – Current Outstanding as at 31st March 2024 (Rs. in Lakhs)**

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Payables MSME*		-	-	-	-	-
Others	1218.93	-	-	-	-	1218.93
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
Total	1218.93	-	-	-	-	1218.93

*MSME as per the Micro, Small and Medium Enterprises Development Act, 2006

Ageing for Trade Payables – Current Outstanding as at 31st March 2023 (Rs. in Lakhs)

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Payables MSME*	41.5	33.93	-	-	-	75.43
Others	544.91	982.96				1527.87
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
Total	586.41	1016.88				1603.29

Trade Payables**Ageing for Trade Payables – Non-Current Outstanding as at 31st March 2024****(Rs. in Lakhs)**

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Payables MSME*	-	-	-	-	-	-
Others	-	-	-	-	-	-
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
Total	-	-	-	-	-	-

MSME as per the Micro, Small and Medium Enterprises Development Act, 2006*Ageing for Trade Payables – Non-Current Outstanding as at 31st March 2023****(Rs. in Lakhs)**

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 Year	1-2 Years	2-3 Years	More Than 3 Years	
Trade Payables MSME*	-	-	-	-	-	-
Others	-	-	-	-	20	20
Disputed Dues – MSME*	-	-	-	-	-	-
Disputed Dues – Others	-	-	-	-	-	-
Total	-	-	-	-	20	20

Financial Ratios

Ratio	2023-2024	2022-2023
Current Ratio	1.42	1.39
Debt-Equity Ratio	1.66	1.71
Debt Service Coverage Ratio	1.58	1.35
Return on Equity Ratio	7.0%	8.3%
Inventory Turnover Ratio	3.77	4.45
Trade Receivables Turnover Ratio	4.99	5.44
Trade Payables Turnover Ratio	16.96	16.55
Net Capital Turnover Ratio	6.83	8.45
Net Profit Ratio	1.9%	2.0%
Return on Capital Employed	17.8%	18.8%

Disclosure of Shareholding Promoters

Disclosure of shareholding of promoters as at 31st March 2024 is as follows:

Promoter Name	Shares held by promoters				% Changing During the Year
	As at 31 st March 2024		As at 31 st March 2023		
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
PRASADREDDY SABBELLA	72,97,641	30.52%	72,97,641	30.52%	0.0%
S SHARAT REDDY	18,03,300	7.54%	18,03,300	7.54%	0.0%
DEVAKI REDDY SABBELLA	1,85,500	0.77%	1,85,500	0.77%	0.0%
S CHARITA REDDY	28,000	0.12%	28,000	0.12%	0.0%
Total	93,14,441	38.95%	93,14,441	38.95%	0.0%

Disclosure of shareholding of promoters as at 31st March 2023 is as follows:

Promoter Name	Shares held by promoters				% Changing During the Year
	As at 31 st March 2023		As at 31 st March 2022		
	No. of Shares	% of total Shares	No. of Shares	% of total Shares	
PRASADREDDY SABBELLA	72,97,641	30.52%	72,97,641	30.52%	0.0%
S SHARAT REDDY	18,03,300	7.54%	18,03,300	7.54%	0.0%
DEVAKI REDDY SABBELLA	1,85,500	0.77%	1,76,500	0.74%	0.04%
S CHARITA REDDY	28,000	0.12%	28,000	0.12%	0.0%
Total	93,14,441	38.95%	93,05,441	38.91%	0.04%

A) Capital work-in-progress

Ageing for capital work-in-progress as at March 31, 2024 is as follows: (Rs. in lakhs)

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 Years	2-3 Years	More than 3 Years	
Capital Work in Progress	32.01	95.09		-	127.1
CWIP - Condenser	-	-		-	-
CWIP - Intangible Assets	15.63	15.00		-	30.63
Total	47.64	110.09		-	157.73

Ageing for capital work-in-progress as at March 31, 2023 is as follows: (Rs. in lakhs)

Particulars	Amount in capital work-in-progress for a period of				Total
	Less than 1 year	1 - 2 Years	2-3 Years	More than 3 Years	
Capital Work in Progress	95.09	-	-	-	95.09
CWIP - Condenser	29.91	-	-	-	29.91
CWIP - Intangible Assets	15.00	-	-	-	15.00
Total	140.00	-	-	-	140.00

33 Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth and maximize the shareholders' value. The Company's overall strategy remains unchanged from previous year. The Company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through a mixture of equity, internal fund generation and borrowed funds. The Company's policy is to use short term and long-term borrowings to meet anticipated funding requirements. The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements. Net debt is long term and short-term debts as reduced by cash and cash equivalents (including restricted cash and cash equivalents) and short-term investments. Equity comprises share capital and free reserves (total reserves including capital reserve). The following table summarizes the capital of the Company:

(Rs. in Lakhs)

Particulars	March 31, 2024	March 31, 2023
Share Capital	2391.25	2391.25
Free Reserves (Excluding Capital Reserve)	3647.94	3119.73
Equity (A)	6039.19	5510.98
Short term borrowings	8255.44	7269.67
Long Term Borrowings	1178.29	1547.29
Current Maturities of Long-term borrowings	618.74	606.76
Debt (B)	10052.47	9423.72
Cash and Cash Equivalents	129.29	853.12
Short Term Investments	-	-
Total Cash (C)	129.29	853.12
Net Debt (B-C) =D	9923.18	8570.60
Net Debt to Equity Ratio (D/A) =E	1.64	1.56

Loans availed from banks/financial institutions against current assets:

The quarterly returns or statements filed by the Company for working capital limits with such banks and financial institutions are in agreement with the books of account of the Company

34 Previous year figures

Previous year's figures have been restated, rearranged and regrouped, wherever necessary to enable comparability of the current year's position of accounts with that of the relative previous year's position.

35 Approval of Financial Statements

The financial statements were approved for issue by the Board of Directors on 28th May 2024.

For A.R. KRISHNAN & ASSOCIATES

Chartered Accountants

FRN No: 0098055



B. Anandaramakrishnan

Partner

M.No: 209122


For and on behalf of the Board of Directors



S. PRASAD REDDY
Managing Director
(DIN : 00069094)



S. SHARAT REDDY
Executive Director
(DIN : 02929724)



N. Thyagarajan
Chief financial officer



M. Balamurugan
Company Secretary

Place: Nellore

Date: 28th May 2024

ACCOUNTING RATIOS AND CAPITALIZATION STATEMENT

ACCOUNTING RATIOS

The following tables present certain Key Accounting Ratios computed on the basis of amounts derived from the Audited for the Financial year ended March 31, 2024:

Particulars	Audited Financial for the year ended March 31, 2024
Earnings Per Share (EPS) (Basic and Diluted) (₹)	2.46
Return on Net Worth (%)	7.00
Net Asset Value per Share (₹)	35.12
EBITDA (₹ in Lakhs)	2,174.20
EBITDA (%)	7.20

Formula:

- 1) **Earnings Per Share (₹):** Net Profit after tax for the year attributable to Equity Shareholders divided by weighted average no of equity shares outstanding during the period.
- 2) **Return on Net Worth (%):** Net Profit after tax for the year attributable to Equity Shareholders divided by Net Worth at the end of the period multiplied by 100.
- 3) **Net Asset Value Per Share (₹):** Net Assets as at the year-end/ period end divided by total number of equity shares outstanding at the end of the period.
- 4) **EBITDA (₹ in lakhs):** Profit before tax plus finance costs plus depreciation and amortization expense.
- 5) **EBITDA (%):** $[EBITDA / (Total Revenue)] * 100$

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our Consolidated Audited Financial Statement as of and for the Financial Year ended March 31, 2024 included in this Letter of Offer. Our Audited Financials Statement for the Financial Year 2024 are prepared in accordance with the provisions under the Companies Act, 2013 and Ind AS, including the notes and schedules thereto, included in the section titled "Financial Information" on page 68.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the sections titled "Risk Factors" and "Forward Looking Statements" on pages 18 and 15 respectively.

Unless otherwise specified in this section or unless the context otherwise requires, the following discussion is based on our Consolidated Audited Financial Statement for the year ended March 31, 2024 and financial information for the year ended March 31, 2023 which is derived from the comparatives of the Consolidated Audited Financial Statement for the year ended March 31, 2024 and in relevant parts, on internally prepared statistical information available to our management and publicly available information.

Our fiscal year ends on March 31 of each year, so all references to a particular "Fiscal Year" and "Fiscal" are to the twelve (12) month period ended March 31 of that fiscal year. Unless otherwise specified, all amounts in this section are stated on a consolidated basis. In this section, any references to the "Company", "we", "us" and "our" is refer to Sharat Industries Limited on a consolidated basis, as applicable in the relevant fiscal period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

Established in 1990, Sharat Industries Limited ("SIL") is the oldest integrated aquaculture company in India. In its initial years, the Company successfully cultured and processed Black Tiger shrimp before eventually producing Scampi shrimp. Sharat Industries Limited prides itself in being the pioneer of Vannamei (white shrimp) culture in India. This was possible through the vision and sustained efforts of its dynamic Managing Director, Mr. Prasad Reddy Sabbella.

Through the efforts of its efficient management and able team, SIL has sustained itself for almost three decades in the ever so fluctuating field of aquaculture in India. With forward thinking and timely action, the Company has managed to sail through several turbulent phases in the aquaculture industry. At a time when the aquaculture industry was at an all-time low, owing to the failure of black tiger and scampi culture, SIL gave a new lease of life to the industry by introducing Vannamei breeding and culture in the Country. Thanks to this initiative, today, Vannamei is now a household name in the aquaculture dependent states of India.

SIGNIFICANT DEVELOPMENTS AFTER MARCH 31, 2024

To our knowledge and belief, no circumstances other than those disclosed in this Letter of offer have arisen since the date of the last financial statements contained in this Letter of offer which materially affect or is likely to affect, the trading and profitability of our company, or the value of our assets or our ability to pay material liabilities within the next 12 months.

SIGNIFICANT FACTORS AFFECTING OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Our financial condition and results of operations are affected by numerous factors and uncertainties, including those discussed in the section titled 'Risk Factors' on page 18. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- General economic and business conditions;
- Increasing competition in the industry;
- Changes in laws and regulations that apply to the industry;

- Our ability to attract and retain clients
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Any adverse outcome in the legal proceedings in which we are involved;
- Inability to obtain maintain or renew requisite statutory and regulatory permits and approvals or noncompliance with and changes in safety, health and environmental laws and other applicable regulations may adversely affect our business, financial condition, results of operation and prospects;
- Conflict of interest with our Subsidiary, Individual Promoter and other related parties;
- Changes in fiscal, economic or political conditions in India; and
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

SIGNIFICANT ACCOUNTING POLICIES

For disclosure of our Significant Accounting policies as at and for the year ended March 31, 2024, as required by Ind AS and other applicable standards, see section titled “*Financial Information*” on page 68.

CHANGE IN ACCOUNTING POLICIES

Except as mentioned in chapter “*Financial Information*” on page 68 of this Letter of Offer, there has been no change in the accounting policies during the Financial Year March 31, 2024.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

There are no reservations or qualifications or adverse remarks in the auditors’ report for Financial Year March 31, 2023.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

1. *Income*

Our total income comprises (i) revenue from operations, and (ii) other income.

- **Revenue from Operations:** Revenue from Operations comprises of (i) Revenue from sale of products; (ii) Revenue from sale of services and (iii) Revenue from Other operating revenues.
- **Other income-** Other income primarily comprises of interest income, Net gain on Foreign currency transactions, Other Non-Operating Income.

2. *Expenses*

Our total expenses are constituted of (i) Cost of materials consumed, (ii) Changes in inventories of finished goods, work-in-progress and stock-in-trade, (iii) Employee Benefit expenses, (iv) Finance cost, (v) Depreciation and amortization expenses, and (vi) Other Expenses:

- **Cost of materials consumed:** The cost included in consumption of raw material.
- **Changes in inventories of finished goods, work-in-progress and stock-in-trade:** Changes in inventories of Finished Goods and work-in-progress and stock-in-trade comprises of difference in closing balance vis-à-vis opening balance.
- **Employee Benefit Expenses:** Employee benefit expense consists of salaries and wages and bonus, staff welfare and contribution to other Funds.
- **Depreciation and amortization expenses:** It consist of depreciation on property, plant & equipment.

- Finance Cost: Finance cost includes interest expense on interest and other borrowing costs.
- Other expenses: Other Expenses includes manufacturing expenses, selling expenses, freight charges, Legal statutory and Documentation charges, Insurance, Audit fees and expenses, general expenses, Listing fee, rates and taxes, security charges, consultancy fees etc.

SUMMARY OF THE RESULTS OF OPERATIONS

The following discussion on the financial operations and performance should be read in conjunction with the Consolidated financial results of the company.

Particulars	For the year ended March 31, 2024	% of Total Revenue	For the year ended March 31, 2023	% of Total Revenue
Revenue from operation	30,215.92	99.81%	33,253.83	98.97%
Other income	58.77	0.19%	346.89	1.03%
Total Revenue	30,274.69	100.00%	33,600.72	100.00%
Expenses				
Cost of materials consumed	24,370.26	80.50%	25,363.90	75.49%
Purchase of stock-in-trade	-		-	0.00%
Changes in inventories of finished goods, work-in progress and stock-in-trade	(1,418.75)	(4.69)%	(859.06)	2.56%
Employee benefits expense	720.69	2.38%	765.54	2.28%
Finance costs	938.78	3.10%	858.68	2.56%
Depreciation and amortization expenses	469.50	1.55%	424.03	1.26%
Other expenses	4,428.29	14.63%	6,138.92	18.27%
Total Expenses	29,508.77	97.47%	32,692.02	97.30%
Profit before tax extraordinary item	765.92	2.53%	908.69	2.70%
Extraordinary item	-		4.90	0.01%
Profit / (Loss) before Tax	765.92	2.53%	903.79	2.72%
Tax Expenses				
Current tax	125.28	0.41%	152.13	0.45%
Mat Credit Entitlement	82.63	0.27%	84.42	0.25%
Deferred tax charge/ (credit)	(29.29)	(0.10)%	17.72	0.05%
Net Profit after tax	587.30	1.94%	649.52	1.93%
Other comprehensive income	0.69	0.00%		
Items that will not be reclassified to profit or loss				
(i) Items that will not be reclassified to profit or loss			-	0.00%
(ii) Income tax relating to items that will not be reclassified to profit or loss			(11.27)	0.03%
Other comprehensive (loss)/ income for the period/ year	0.69	0.00%	(11.27)	
Total comprehensive income/ (loss) for the period/ year	587.99	1.94%	638.26	1.90%

Financial Year 2024 compared to Financial Year 2023

Total Income

Total Income decreased from ₹ 33,600.72 Lacs in year ended March 31, 2023 to ₹ 30,274.69 Lacs in year ended March 31, 2024 with a resultant decrease of 9.90 % in year ended March 31, 2024 mainly due to decrease in the revenue from sale of products and other operating revenues and other income.

Revenue from Operations

Revenue from Operations decreased from ₹ 33,253.83 Lacs in year ended March 31, 2023 to ₹ 30,215.92 Lacs in year ended March 31, 2024 with a resultant decrease of 9.14% in year ended March 31, 2024 mainly due to decrease in the revenue from sale of products and other operating revenues.

Other Income

Other Income decreased from ₹ 346.89 Lacs in year ended March 31, 2023 to ₹ 58.77 Lacs in year ended March 31, 2024 with a resultant decrease of 83.06% in year ended March 31, 2024 due to significant decrease in Net gain on Foreign Currency Transaction and Other Non-Operating Income.

Total Expenses

Total Expenses decreased from ₹ 32,692.02 Lacs in year ended March 31, 2023 to ₹ 29,508.77 Lacs in year ended March 31, 2024 with a resultant decrease of 9.74 % in year ended March 31, 2024 due to decrease in Cost of raw materials consumed during the year, employee benefit expenses and other expenses.

Total expenditure comprises of:

Cost of Material Consumed

Cost of materials consumed decreased from ₹ 25,363.90 Lacs in year ended March 31, 2023 to ₹ 24,370.26 Lacs in year ended March 31, 2024 with a resultant decrease of (3.92) % in year ended March 31, 2024 due to decrease in purchases of raw materials during the year and decrease in the closing stock of raw materials.

Changes in inventories of finished goods, work-in-progress and stock-in-trade

Changes in inventories of finished goods, work-in-progress and stock -in-trade increased from negative ₹ 859.06 Lacs in year ended March 31, 2023 to in year ended March 31, 2024 with a resultant increase of 65.15% in year ended March 31, 2024.

Employee benefit Expenses.

Employee Benefit Expenses decreased from ₹ 765.54 Lacs in year ended March 31, 2023 to ₹ 720.69 Lacs in year ended March 31, 2024 with a resultant decrease of 5.86% in year ended March 31, 2024 mainly due to decrease in the staff welfare expenses and salaries and wages including bonus.

Finance Cost

Finance cost increased from ₹ 858.68 Lacs in year ended March 31, 2023 to ₹ 938.78 Lacs in year ended March 31, 2024 with a resultant increase of 9.33% in year ended March 31, 2024 due to increase in the interest cost.

Depreciation & amortization Expenses

Depreciation and amortization increased from ₹ 424.03 Lacs in year ended March 31, 2023 to ₹ 469.50 Lacs in year ended March 31, 2024 with a resultant increase of 10.72 % in year ended March 31, 2024 due to increase in the depreciation of property, plant and equipment.

Other Expenses

Other expenses decreased from ₹ 6138.92 Lacs in year ended March 31, 2023 to ₹ 4,428.29 Lacs in year ended March 31, 2024 with a resultant decrease of 27.87 % in year ended March 31, 2024 primarily due to decrease in bad debts.

Profit/ (Loss) before tax

Profit before tax decreased from ₹ 903.79 Lacs in year ended March 31, 2023 to ₹ 765.92 Lacs in year ended March 31, 2024 with a resultant decrease of 15.71 % in year ended March 31, 2023.

Profit for the year

Net Profit after tax decreased from ₹ 649.52 Lacs in year ended March 31, 2023 to ₹ 587.30 Lacs in year ended March 31, 2024 with a resultant decrease of 7.88% in year ended March 31, 2024.

Total comprehensive income for the year

Total comprehensive income for the year decreased from ₹ 638.26 Lacs in year ended March 31, 2023 to ₹ 587.99 Lacs in year ended March 31, 2024 with a resultant decrease of 7.88 % in year ended March 31, 2024.

SECTION VIII - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

Except as disclosed below, there are no outstanding litigations involving our Company and our Subsidiaries including, suits, criminal or civil proceedings and taxation related proceedings that would have a material adverse effect on our operations, financial position or future revenues. In this regard, please note the following:

Notwithstanding such materiality policy approved by the Board, our Company has, solely for the purposes of this Issue, disclosed in this section, all outstanding civil, regulatory and tax proceedings involving our Company where the monetary amount of claim involved in such proceedings is in excess of 1% of the profit after tax of our Company for the year ended March 31, 2023 as per the Audited Financial Statements; or in excess of 1% of the net worth of our Company as on March 31, 2023 as per the Audited Financial Statements, whichever is lower, ("Materiality Threshold") or where amount is not quantifiable or is below the Materiality Threshold but which materially and adversely affect the operations or the financial position of our Company. ₹ 6.50 lakhs, which is 1% of the profit after tax of our Company for the year ended March 31, 2023 and ₹ 78.64 lakhs, which is 1% of the net worth of our Company as on March 31, 2023. Accordingly, ₹ 6.50 lakhs, which is 1% of the profit after tax of our Company, has been considered as the Materiality Threshold for identification of material litigation involving our Company.

In determining whether any outstanding litigation against our Company, other than litigation involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings relating to economic offences against our Company, would have a material adverse effect on our operations or financial position or impact our future revenues, we have considered all pending litigations involving our Company, other than criminal proceedings, statutory or regulatory actions, as 'material';

It is clarified that for the purposes of the above, pre-litigation notices (other than those issued by statutory or regulatory authorities) received by our Company shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company is impleaded as a defendant in litigation proceedings before any judicial forum.

LITIGATION INVOLVING OUR COMPANY

There are no issues of moral turpitude or criminal liability, material violations of statutory regulations or economic offences or material pending matters involving our Company, except as follows:

A. Proceedings involving issues of moral turpitude or criminal liability

i. Criminal Litigations initiated against our Company:

As on the date of this Letter of Offer, there are no criminal litigations initiated against our Company.

ii. Criminal Litigations initiated by our Company.

As on the date of this Letter of Offer, there are no criminal litigations initiated by our Company.

B. Matters involving material violations of statutory regulations by our Company

As on the date of this Letter of Offer, there are no proceedings/matters involving material violations of statutory regulations by our Company

C. Economic offences where proceedings have been initiated against our Company

As on the date of this Letter of Offer, there are no economic offences initiated against our Company.

D. Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

Civil Litigations initiated against our Company

As on the date of this Letter of Offer, there are no outstanding civil litigations initiated against our Company exceeding the materiality threshold.

Civil Litigations initiated by our Company

As on the date of this Letter of Offer, there are no outstanding civil litigations initiated by our Company exceeding the materiality threshold.

Tax Proceedings initiated against our Company

As on the date of this Letter of Offer, there are no outstanding tax proceedings initiated against our Company exceeding the materiality threshold, except as follows:

Sr. No.	Financial Year	Case Details	Amount involved (₹ in lakhs)	Current Status
1	2004-2005	Custom Duty under Customs Act, 1962	76.31	Pending with Department
2	2015-2016	Service Tax under Finance Act, 1994 (Chapter IV)	31.50	Pending with Department
3	2017-2018	Income Tax, Income Tax Act, 1967	96.61	CIT Appeal is awarded in favor of the Company and the amount demanded is dropped as per vide order dated August 24, 2023

E. LITIGATIONS INVOLVING OUR PROMOTERS

NIL

F. LITIGATIONS INVOLVING OUR SUBSIDIARIES

NIL

Disclosures pertaining to wilful defaulters or fraudulent borrower

Neither our Company, our Directors nor our Promoters are or have been declared as wilful defaulter or fraudulent borrower by a bank or financial institution or a consortium thereof in accordance with the guidelines on wilful defaulters and fraudulent borrower issued by RBI.

Material development since the date of the last audited accounts

To our knowledge no circumstances have arisen since the date of the latest audited financial statements i.e. March 31, 2023, which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

GOVERNMENT AND OTHER APPROVALS

Our Company is required to comply with the provisions of various laws and regulations and obtain approvals, registrations, permits and licenses under them for conducting our operations. The requirement for approvals may vary based on factors such as the activity being carried out and the legal requirements in the jurisdiction in which we are operating. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

Our Company has obtained all material consents, licenses, permissions and approvals from governmental and regulatory authorities that are required for carrying on our present business activities. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we will apply for their renewal, from time to time.

As on the date of this Letter of Offer, there are no pending material approvals required for our Company, to conduct our existing business and operations.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the following:

- 1) Resolution passed by our Board of Directors under Sections 62(1)(a) and other provision of the Companies Act, at their meeting held on February 14, 2024.
- 2) In-principle approval from BSE pursuant to the letter dated May 10, 2024.

The Right Issue Committee in their meeting held on July 04, 2024 have determined the Issue Price as ₹ 31/-per Equity Share and the Rights Entitlement as 13 Rights Equity Share(s) for every 20 Equity Share(s) held on the Record Date.

On Application, the Investors will have to pay ₹ 7.75 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹23.25 per Rights Equity Share, which constitutes 75% of the Issue Price, will have to be paid, on one or more subsequent Call(s), as determined by our Board/ Committee at its sole discretion, from time to time.

As per In-principle approval from BSE pursuant to the letter dated May 10, 2024 letter no LOD/RIGHT/AB/FIP/258/2023-24 instructed to company that its shall be noted that issue shall open after completion of 21 days which is provided for converting physical shareholding of the Public shareholders into dematerialized form.

Further based on above instruction our company published the notice through advertisement dated May 10, 2024, in Financial Express – English – All India Edition, Jansatta – Hindi – All India Edition and Visalandhra – Telugu – Nellore Edition to physical shareholders of the Company for dematerializing their shares within 21 days to participate in the proposed Rights issue of the company.

Prohibition by SEBI and various agencies/ other Regulatory Bodies

Our Company, Promoters, members of Promoter Group and directors, have not been or are not prohibited from accessing or operating in the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of the companies with which our Promoter or our directors are associated as promoter or directors have been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our Company, Promoter or director have been identified as willful Defaulters by the RBI. None of our Directors are associated with the securities market in any manner. Neither our Promoter nor our directors are declared as Fugitive Economic Offenders.

None of our Directors hold current or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

None of our Directors hold or have held directorships in the last ten (10) years in a listed company whose shares have been delisted from any recognised stock exchange in India during the term of their directorship in such company.

We confirm that there are no proceedings initiated by SEBI, Stock Exchange or ROC, etc. on our Company/Promoters/Directors/Group Companies.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, to the extent it may be applicable to them as on date of this Letter of Offer.

Eligibility for the Issue

Our Company is a listed company incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on the BSE Limited. Our Company undertakes to make an application to the Stock Exchange for listing of the Rights Equity Shares to be issued pursuant to this Issue.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with requirements of Regulation 61 and 62 of the SEBI ICDR Regulations to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to stock exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue.

Applicability of the SEBI ICDR Regulations

The present Issue being of less than ₹5,000 Lakhs, Our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI, i.e. www.sebi.gov.in.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations:

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

- 1) Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of the Letter of Offer with the SEBI and until date.
- 2) The reports, statements and information referred to above are available on the websites of stock exchanges.
- 3) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Letter of Offer have been made in terms of Clause (4) of Part B of Schedule VI of SEBI ICDR Regulations.

Disclaimer Clause of SEBI

This Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is not exceeding ₹ 5,000 Lakhs.

Disclaimer from our Company

Our Company accept no responsibility for statements made otherwise than in this Letter of Offer or in the advertisement or any other material issued by or at the instance of our Company and that anyone placing reliance on any other source of information would be doing so at their own risk.

We shall make all information available to the Eligible Equity Shareholders and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with the SEBI.

Applicants will be required to confirm and will be deemed to have represented to our Company and its respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and that they shall not issue, sell, pledge or transfer their Rights Entitlement or Rights Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and are relying on independent advice/ evaluation as to their ability and quantum of investment in this Issue. Our Company and its respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Investor on whether such Investor is eligible to acquire any Rights Equity Shares.

Cautions

Our Company shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Nellore, Andhra Pradesh only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue is BSE.

Disclaimer Clause of BSE

“BSE Limited (“the Exchange”) has given vide its letter dated May 10, 2024, permission to this Company to use the Exchange’s name in this Letter of Offer as the stock exchange on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever”

Consents

Consents in writing of (a) each of our Directors, Legal Advisor, Registrar to the Issue, Statutory Auditor, have been obtained, and such consents have not been withdrawn up to the date of the Letter of Offer; of (b) Banker(s) to the Issue will be obtained up to the date of the Letter of Offer.

Expert

Our Company has received written consent dated February 14, 2024, from the Statutory Auditors, A R Krishnan & Associates, Chartered Accountants to include their name as required under Section 26(5) of the Companies Act 2013 read with SEBI ICDR Regulations in this Letter of Offer as an “expert” as defined under Section 2(38) of the Companies Act 2013 to the extent and in its capacity as an independent Statutory Auditor and in respect of its (i) examination report dated May 28, 2024, August 12, 2023, and May 27, 2022 on our Financial Statement for the financial years ended March 31, 2024, March 31, 2023, and March 31, 2022; and (ii) the statement of tax benefits dated February 14, 2024, included in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer.

Except for the reports of the Auditor of our Company on the Audited Financial Information and Statement of Tax Benefits, included in the Letter of Offer, our Company has not obtained any expert opinions.

Performance vis-à-vis objects – Public/Rights Issue of our Company

The Company in its Extra-ordinary General meeting held on December 08, 2021 has approved issuance 19,00,000 Shares convertible into Equity Shares warrants at a price of Rs. 50/- per share warrants (including premium of Rs. 40/-) and raise funds up to Rs. 9,50,00,000 (Rupees Nine crores and Fifty Lakhs Only) on private placement basis. Subsequently, a Board meeting was held on January 31, 2022 allotted 19,00,000 Equity shares at a price of Rs. 50/- per Equity Shares (including premium of Rs. 40/-) in lieu of fully subscribed share warrants of the Company.

The Shareholder in their meeting held on February 13, 2023 has approved for revising the price of the 19,00,000 (Nineteen lakhs only) Equity Shares allotted pursuant to conversion of warrants by way of a preferential issue on January 31, 2022 from Rs.50/- (Rupees Fifty only) per Equity Share to Rs.60/- (Rupees Sixty only) per Equity Share and subsequently the Board took note of receipt of differential price Rs. 10/- per equity shares in their meeting held on February 23, 2023.

The Board Meeting held on January 18, 2022 has approved the issue and allotment of fully paid up Equity shares of face Value of Rs. 10/- each for an aggregate amount less than Rs. 50 Crores, on Rights basis. The Company also filed the Letter of offer on January 18,2022 and received the in-principle approval from BSE Limited on February 18, 2022. However, company has not proceed with the Rights issue post receipt of In-principle letter.

Apart from this, our Company has not undertaken any public or rights issue in the preceding five years.

Performance vis-à-vis objects – Last issue of listed Subsidiaries

Our Company does not have any listed Subsidiary as on the date of this Letter of Offer.

Selling Restrictions

The distribution of this Letter of Offer, Abridged Letter of Offer, Entitlement Letter, Application Form and the issue of Rights Equity Shares, to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this the Letter of Offer, Abridged Letter of Offer, Entitlement Letter or Application Form may come are required to inform themselves about and observe such restrictions.

We are making this Issue of Equity Shares on a rights basis to the Eligible Equity Shareholders and will send/ dispatch the Letter of Offer / Abridged Letter of Offer, Entitlement Letter and Application Form only to email addresses of such Eligible Equity Shareholders who have provided an Indian address to our Company. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to e-mail the Letter of Offer / Abridged Letter of Offer, Entitlement Letter and Application Form, shall not be sent the Letter of Offer / Abridged Letter of Offer, Entitlement Letter and Application Form. Further, the Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. Investors can also access the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company and the Stock Exchanges. Accordingly, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Entitlement Letter and the Application Form.

No action has been or will be taken to permit this Issue in any jurisdiction or the possession, circulation, or distribution of this Letter of Offer /Abridged Letter of Offer and Application Form or any other material relating to our Company, the Equity Shares or Rights Entitlement in any jurisdiction where action would be required for that purpose.

Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, Abridged Letter of Offer, Entitlement Letter and Application Form may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer,

Abridged Letter of Offer, Entitlement Letter and Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Letter of Offer, Abridged Letter of Offer, Entitlement Letter and Application Form must be treated as sent for information only and should not be copied, redistributed or acted upon for subscription to Rights Equity Shares or the purchase of Rights Entitlements. Accordingly, persons receiving a copy of this Letter of Offer, Abridged Letter of Offer, Entitlement Letter and Application Form should not, in connection with the issue of the Rights Entitlements or Rights Equity Shares, distribute or send such document in, into the United States or any other jurisdiction where to do so would, or might contravene local securities laws or regulations or would subject the Company or its respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, Abridged Letter of Offer, Entitlement Letter and/or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Entitlement or Rights Equity Shares referred to in this Letter of Offer, Abridged Letter of Offer, Entitlement Letter and Application Form. Envelopes containing an Application Form should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares in this Issue must provide an Indian address.

No information in this Letter of Offer should be considered to be business, financial, legal, tax or investment advice.

Any person who makes an application to acquire Rights Entitlement and the Rights Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction, without requirement for our Company, or its respective affiliates to make any filing or registration (other than in India).

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

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

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in India and in jurisdictions where such offer and sale of the Rights Equity Shares and/ Or Rights Entitlements are permitted under laws of such jurisdictions, but not in the United States. The offering to which this Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights.

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

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. No payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing

to hold such Rights Equity Shares in registered form must provide an address for registration of the Rights Equity Shares in India.

We, the Registrar or any other person acting on behalf of us, reserve the right to treat as invalid any Application Form which: (i) does not include the certification set out in the Application Form 141 to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations; (ii) appears to us or its agents to have been executed in, electronically transmitted from or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where we believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and we shall not be bound to allot or issue any Rights Equity Shares in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States

Eligible Investors

The rights or Rights Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offer and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Listing

The existing Equity Shares are listed on BSE. We have made an application to BSE for obtaining in-principle approval in respect of the Rights Equity Shares. We will apply to BSE for listing and trading of the Rights Equity Shares.

If the permission to deal in and an official quotation of the securities is not granted by the Stock Exchange on the expiry of 15 days from the Issue Closing Date, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

Filing

This Letter of Offer is being filed with the Stock Exchanges i.e. BSE as per the provisions of the SEBI ICDR Regulations, Further, in terms of SEBI ICDR Regulations, our Company shall file the copy of this Letter of Offer with the SEBI at its office located at SEBI Bhavan, Plot No. C4-A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051, Maharashtra, India and through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, for the purpose of their information and dissemination on its website.

Issue Related Expenses

The Issue related expenses consist of fees payable to Legal Counsel, processing fee to the SCSBs, Registrars to the Issue, printing and stationery expenses, advertising expenses and all other incidental and miscellaneous expenses for listing the Rights Equity Shares on the Stock Exchanges. Our Company will need approximately ₹ 100.00 Lakhs towards these expenses, a break-up of the same is as follows:

(₹ in Lakhs)

Activity	Amount*^	% of Total Expenses	As a % of Issue Size#
Fees of the RTA, and legal advisor, other professional service providers	85.00	85%	1.76%
Fee payable to regulators, including depositories, Stock Exchanges and SEBI	7.00	7%	0.15%
Advertising, marketing expenses, shareholder outreach, etc.	5.00	5%	0.10%
Statutory and other Miscellaneous Expenses	3.00	3%	0.06%
Total estimated issue expenses***^	100.00	100%	2.07%

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

** Subject to finalization of the Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.

^Excluding taxes

#Assuming full subscription

Investor Grievances and Redressal System

We have adequate arrangements for redressal of investor complaints in compliance with the corporate governance requirements under the SEBI LODR Regulations as well as a well-arranged correspondence system developed for letters of routine nature. The share transfer and dematerialization for our Company is being handled by the Registrar and Share Transfer Agent, Cameo Corporate Services Limited. The Redressal norm for response time for all correspondence including shareholder's complaints is within 7 (seven) to 10 (ten) days.

The Stakeholders' Relationship Committee consists of Mrs. Geetha Adhyam Bindu, as Chairperson and Mr. Harihar Venkata Muthyam, and Mr. Swayze Mani, as members of the said committee. All Investor Grievances received by our Company have been handled by the Registrar and Share Transfer agent in consultation with the Compliance Officer.

Investor grievances arising out of this Issue

Our Company's Investor Grievances arising out of the Issue will be handled by Cameo Corporate Services Limited, who is the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue giving full details such as Folio No, name and address, contact telephone / cell numbers, email id of the first applicant, number and type of shares applied for, Application Form serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7-10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavor of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the Investor grievances in a time bound manner.

Investors may contact the compliance officer and/ or Registrar to the Issue at the below mentioned address in case of any pre-Issue/ post -Issue related problems such as non-receipt of allotment advice/ demat credit etc.

Additionally, we have been registered with the SEBI Complaints Redress System ("SCORES") as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 03, 2011. This would enable investors to lodge and follow up their complaints

and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website www.scores.gov.in

Investors may contact the Registrar for any pre-Issue or post Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), email address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see “Terms of the Issue” on page 87. The contact details of the Registrar to the Issue are as follows:

REGISTRAR TO THE ISSUE

Cameo Corporate Services Limited

Subramanian Building, 1, Club House Road, Chennai-600002

Contact Person: Ms. K. Sreepriya

Tel No.: +91 44 4002 0700

E-Mail Id: priya@cameoindia.com

Investor Grievance E-Mail Id: investor@cameoindia.com

Website: www.cameoindia.com

The contact details of the Company Secretary are as follows:

Company Secretary and Compliance Officer:

Mr. M. Balamurugan

Venkannapalem Village, T. P. Gudurmandal, Nellore, Andhra Pradesh, 524002

Tel No.: +91 8897628787

E-mail: cs@sharatindustries.com

Website: www.sharatindustries.com

Status of outstanding investor complaints

As on the date of the LOF, there were nil outstanding investor complaints.

Changes in Statutory Auditors during the last three years

There has been no change in the statutory auditors in the last 3 years.

Minimum Subscription

The objects of the Issue involve financing other than the financing of capital expenditure for a project. Further, our Promoters and Promoter Group vide letter dated February 14, 2024 have undertaken that they will subscribe fully to the extent of their rights entitlement and that they shall not renounce their rights (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of our Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, minimum subscription criteria are not applicable to the Issue.

SECTION IX – OFFERING INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up in accordance with instructions provided therein and this Letter of Offer and Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section. Depending on the Issue opening date and applicability of the Circular and any further amendments or clarifications thereto, suitable modifications will be made in the Letter of Offer in this regard.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. As per the said circular, in case the physical shareholders who have not been able to open a demat account or are unable to communicate their demat details, in terms of clause 1.3.4 of the SEBI – Rights Issue Circular, to the Company or Registrar to the Issue, for credit of REs within specified time. Investors are requested to note that application in this Issue can only be made through ASBA.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

IMPORTANT

1) Dispatch and availability of Issue materials:

In accordance with the SEBI ICDR Regulations, our Company will send through email or registered post or speed post, the Abridged Letter of Offer, the Application Form and other applicable Issue material to the email addresses or registered address of all the Eligible Equity Shareholders who have provided their Indian addresses to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and in case such Eligible Equity Shareholders have not registered their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. This Letter of Offer will be provided to those who make a request in this regard.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have registered their e-mail address, the Letter of Offer will be sent only to their registered e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access the Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) on the websites of our Company at www.sharatindustries.com; the Registrar to the Issue at <http://rights.cameoindia.com/sharat>; the Stock Exchange at www.bseindia.com and to update the respective Indian

addresses/e-mail addresses/phone or mobile numbers in the records maintained by the Registrar or by our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/sharat>.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar i.e. <https://rights.cameoindia.com/sharat> by entering their DP ID and Client ID or Folio Number and PAN (in case of Eligible Equity Shareholders holding Equity Shares in physical form). The link for the same shall also be available on the website of our Company i.e. www.sharatindustries.com.

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible. In light of the current COVID-19 situation, our Company and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Abridged Letter of Offer, the Entitlement Letter and the Application Form attributable to the non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Entitlement Letters are delayed or misplaced in transit.

Please note that neither our Company nor the Registrar shall be responsible for non-dispatch of physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction outside India, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

2) Facilities for Application in this Issue:

In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process or the (instituted only for resident Shareholders in this Issue, in the event the Shareholders are not able to utilize the ASBA facility

for making an Application despite their best efforts). Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see “Procedure for Application through the ASBA Process” on page 100.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account.

In accordance with the SEBI Rights Issue Circular, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Equity Shares may also apply in this Issue during the Issue Period.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account. Investors may apply for the Equity Shares by:

Shareholders may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. The Eligible Equity Shareholders who have not received the Application Form can download the Form available at the websites of the Registrar, Stock Exchanges and the Company, and submit the filled Form at Designated Branch of the SCSB.

Shareholders are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/ electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected.

ASBA facility: Investors shall submit the Application Form in physical mode to the Designated Branch of the SCSBs or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) authorizing the SCSB to block the Application Money in an ASBA Account maintained with the SCSB. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.

Shareholders applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process. For details, see “Procedure for Application through the ASBA Process” on page 100.

Please note that subject to SCSBs complying with the requirements of SEBI Circular CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs.

Further, in terms of the SEBI Circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

3) Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholder

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., <https://rights.cameoindia.com/sharat>) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date). The link for the same shall also be available on the website of our Company (i.e., www.sharatindustries.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE220Z20013. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on by sending a request letter with signature of all shareholders alongwith self attested copy of pan card, copy of aadhar card/ driving licence/ voter id/ passport, copy of any one share certificate and copy of client master to the Registrar at investor@cameoindia.com. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings or (f) Non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date i.e. Friday, 2 August, 2024, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., www.linkintime.co.in). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts

Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., www.linkintime.co.in) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company.

4) Application by Eligible Equity Shareholders holding Equity Shares in physical form.

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 106 and 114.

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Basis for This Issue

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialized form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialized form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity

Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar i.e. <https://rights.cameoindia.com/sharat> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company i.e. www.sharatindustries.com.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialized form. If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar i.e. <https://rights.cameoindia.com/sharat>. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Abridged Letter of Offer and the Application Form and other applicable Issue materials only to email addresses of Eligible Equity Shareholders who have provided an Indian address to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard. The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar at <https://rights.cameoindia.com/sharat>, our Company through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) and on the Stock Exchange websites. The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re- distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes an Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Rights Equity Shares under the laws of any jurisdiction which apply to such person.

PRINCIPAL TERMS OF THIS ISSUE

Face Value

Each Rights Equity Share will have the face value of ₹10.00.

Issue Price

Each Rights Equity Share is being offered at a price of ₹ 31 per Rights Equity Share (including a premium of ₹ 21 per Rights Equity Share). On Application, Investors will have to pay ₹ 7.75 per Rights Equity Share which constitutes 25.00% of the Issue Price and the balance ₹ 23.25 per Rights Equity Share which constitutes 75.00% of the price of each Rights Equity Share respectively, will have to be paid, on one or more subsequent Call(s) for Rights Equity Shares, as determined by the Board of Directors at its sole discretion, from time to time.

The Issue Price has been decided prior to the determination of the Record Date.

Rights Entitlement Ratio

The Rights Securities are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 13 Rights Equity Share for every 20 Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat accounts either in full or in part. The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favor of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer. For details, see “Procedure for Renunciation of Rights Entitlements” on page 102.

The Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Credit of Rights Entitlements in Dematerialized Account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and (ii) a demat suspense escrow account opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with our Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (e) credit of the Rights Entitlements returned/reversed/failed; or (f) the ownership of the Equity Shares currently under dispute, including any court proceedings.

In this regard, our Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE220Z20013. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date i.e., by Friday, 2 August, 2024, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense

escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer. Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after entering in their respective details along with other security control measures implemented thereat.

Trading of the Rights Entitlements

In accordance with the SEBI Rights Issue Circular, the Rights Entitlements credited shall be admitted for trading on the Stock Exchanges under ISIN INE220Z20013. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. Investors shall be able to trade their Rights Entitlements either through On Market Renunciation or through Off Market Renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

The On-Market Renunciation shall take place electronically on the secondary market platform of the Stock Exchanges on T+2 rolling settlement basis, where T refers to the date of trading. The transactions will be settled on trade-for-trade basis. The Rights Entitlements shall be tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e. from Wednesday, July 24, 2024 to Thursday, August 1, 2024 (both days inclusive). No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounees on or prior to the Issue Closing Date. For details, see “*Procedure for Renunciation of Rights Entitlements – On Market Renunciation*” and “*Procedure for Renunciation of Rights Entitlements – Off Market Renunciation*” on page 102.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Terms of Payment

₹ 31/- per Rights Equity Share (including premium of ₹ 21/- per Rights Equity Share) shall be payable as follows:

Particulars	Face value (₹ per Rights Equity Share)	Premium (₹ per Rights Equity Share)	Total (₹ per Rights Equity Share)
On Application	2.50	5.25	7.75
On Calls(s) to be made by our Company*	7.50	15.75	23.25
Total	10.00	21.00	31.00

**Our Company shall have the right to call up the remaining paid-up capital in one or more Call(s), as determined by our Board at its sole discretion, from time to time.*

Rights Equity Shares in respect of which the Calls payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and our Articles of Association.

Where an Applicant has applied for additional Rights Equity Shares and is allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The un-blocking of ASBA funds / refund of monies shall be completed within such period as may be prescribed. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

Record Date for Calls and Suspension of Trading

Our Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchange for the purpose of determining the list of Rights Equity Shareholders to whom the notice for the Calls would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the calls have been made may be suspended prior to the Call Record Date.

Procedure for Calls for Rights Equity Shares

Our Company would convene a meeting of our Board to pass the required resolutions for making the Calls and suitable intimation would be given by our Company to the Stock Exchange. Further, advertisements for the same will be published in English National daily newspaper; and Telugu language daily newspaper; (Telugu being the regional language of Karnataka, where our Registered office is situated), all with wide circulation.

The Calls shall be deemed to have been made at the time when the resolution authorizing such Calls are passed at the meeting of our Board/ Committee. The Calls may be revoked or postponed at the discretion of our Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 14 days' notice for the payment of the Calls. Our Board may, from time to time at its discretion, extend the time fixed for the payments of the Calls. Our Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Calls, and if it does not receive the Call Money as per the timelines stipulated unless extended by our Board, the defaulting Rights Equity Shareholders will be liable to pay interest as may be fixed by our Board unless waived or our Company may forfeit the Application Money and any Call Money received for previous Calls made.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

Fractional Entitlements

The Rights Securities are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 13 Rights Equity Shares for every 20 Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or is not in the multiple of 20 Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Security if they apply for additional Rights Securities over and above their Rights Entitlements, if any, subject to availability of Rights Securities in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 20 Equity Shares, such Equity Shareholder will be entitled to 13 Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Securities in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 2 Equity Shares shall have 'zero' entitlement for the Rights Securities. Such Eligible Equity Shareholders are entitled to apply for additional Rights Securities and will be given preference in the Allotment of one Rights Security, if such Eligible Equity Shareholders apply for additional Rights Securities, subject to availability of Rights Securities in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favor of third parties.

Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and allotted under this Issue shall, upon being fully paid up, rank *pari-passu* with the existing Equity Shares, in all respects including dividends. In respect of the Rights Equity Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of our Company.

Listing and Trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter dated May 10, 2024. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The Rights Securities shall be listed and admitted for trading on the Stock Exchange under separate ISINs for Rights Equity Shares. The procedures for listing and trading of Rights Securities shall be completed within seven Working Days from the date of finalization of the Basis of Allotment.

For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 519397). The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by Our Promoter and Our Promoter Group

For details of the intent and extent of subscription by our Promoter and the Promoter Group, see “*Capital Structure- Subscription to this Issue by our Promoter and Promoter Group*” on page 36.

Rights of Holders of Rights Equity Shares of Our Company

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

- a) The right to receive dividend, if declared;
- b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner”; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issu

GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in dematerialized mode is 1 (one) Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014. Since the Allotment is in dematerialized form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialized form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialized form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI Relaxation Circulars, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible

Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation which includes regional language newspaper. The Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 04, 2018 read with Foreign Exchange (Non-Debt Instruments) Regulations, 2019, issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favor of a person named by them; or (iii) apply for the shares renounced in their favor. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at investor@cameoindia.com.

The Abridged Letter of Offer, the Application Form and other applicable Issue materials shall be sent to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to our Company. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and to obtain prior approval from RBI for applying in this Issue.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at <https://rights.cameoindia.com/sharat> or investor@cameoindia.com.

PROCEDURE FOR APPLICATION

How to Apply?

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

For details of procedure for application by the resident Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, see “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 106 .

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Application Form

The Application Form for the Rights Equity Shares offered as part of this Issue would be sent to email address of the Eligible Equity Shareholders who have provided an Indian address to our Company. The Application Form along with the Abridged Letter of Offer and other applicable Issue material shall be sent through email and/or speed post/registered post/courier at least three days before the Issue Opening Date. In case of non-resident Eligible Equity Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through to email address if they have provided an Indian address to our Company.

Please note that neither our Company nor the Registrar shall be responsible for delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the email addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

To update the respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/sharat>. Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of our Company at www.sharatindustries.com; the Registrar at <https://rights.cameoindia.com/sharat>; and the Stock Exchanges at www.bseindia.com.

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar i.e. <https://rights.cameoindia.com/sharat> by entering their DP ID and Client ID or Folio Number (in case of resident Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company i.e. www.sharatindustries.com

The Application Form can be used by the Investors, Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlements credited in their respective demat accounts or demat suspense escrow account, as applicable. Please note that one single Application Form shall be used by the Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by

such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts, Investors are also advised to ensure that the Application Form is correctly filled up stating therein, (i) the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Please note that Applications without depository account details shall be treated as incomplete and shall be rejected. Applicants should note that they should very carefully fill-in their depository account details and PAN number in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Incorrect depository account details or PAN number could lead to rejection of the Application. For details see “*Grounds for Technical Rejection*” on page 109 Our Company, the Registrar and the SCSB shall not be liable for any incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, see “*Application on Plain Paper under ASBA process*” on page 103 Options available to the Eligible Equity Shareholders.

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder are entitled.

- a) If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:
- b) Apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- c) Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- d) Apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- e) Apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Rights Equity Shares; or
- f) Renounce its Rights Entitlements in full.

In accordance with the SEBI Rights Issue Circular, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such resident Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner*” on pages 106 and 114.

Procedure for Application through the ASBA Process

Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form, or have otherwise provided an authorization to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Self-Certified Syndicate Banks

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated

Branches of SCSBs collecting the Application Form, please refer the above-mentioned link. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at the Designated Branches of the SCSBs, in case of Applications made through ASBA facility.

Acceptance of this Issue

Investors may accept this Issue and apply for the Rights Equity Shares (i) submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section “*Application on Plain Paper under ASBA process*” on page 103.

Additional Rights Equity Shares

Investors are eligible to apply for additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner prescribed under the section “*Basis of Allotment*” on page 113.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Rights Equity Shares.

Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares. Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date cannot renounce until the details of their demat account are provided to our Company or the Registrar and the dematerialized Rights Entitlements are transferred from suspense escrow demat account to the respective demat accounts of such Eligible Equity Shareholders within prescribed timelines. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Rights Equity Shares while submitting the Application through ASBA process.

Procedure for Renunciation of Rights Entitlements

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges or (b) through an off-market transfer, during the Renunciation Period. Such renunciation shall result in renouncement of the Rights Equity Shares. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

a) On Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE220Z20013. subject to requisite approvals. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On-Market Renunciation shall take place only during the Renunciation Period for On-Market Renunciation, i.e. from Wednesday, July 24, 2024 to Thursday, August 1, 2024 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN INE220Z20013 and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On-Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis' where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

b) Off Market Renunciation

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialized form only.

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

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE220Z20013, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

Application on Plain Paper under ASBA Process

An Eligible Equity Shareholder who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorizing such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any address outside India. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchange or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being **Sharat Industries Limited**;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialized form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total amount paid at the rate of ₹ 31/- per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

12. In case of NR Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address and branch of the SCSB with which the account is maintained;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from the RBI, where a successful Application will result in the aggregate shareholding or total voting rights of the Eligible Equity Shareholder (along with persons acting in concert) in our Company, to be 26.00% or more of the post-issue paid-up equity share capital of our Company. Eligible Equity Shareholders must send a copy of the approval from any regulatory authority, as may be required, or obtained from the RBI to the Registrar at investor@cameoindia.com.
17. In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act (“Regulation S”) to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and (ii) in the United States to “qualified institutional buyers” (as defined in Rule 144A under the US Securities Act) (“U.S. QIBs”) pursuant to Section 4(a)(2) of the US Securities Act and other exemptions from the registration requirements of the US Securities Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States, except in each case to persons in the United States who are U.S. QIBs. I/ we confirm that I am/ we are (a)(i) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (ii) a U.S. QIB in the United States, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar or any other person acting on behalf of the Company have reason to believe is in the United States (other than U.S. QIBs) or is outside of India and the United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at <https://rights.cameoindia.com/sharat>.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Mode of Payment

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking. In case of Application through the ASBA facility, the Shareholders agree to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Shareholders's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Shareholders in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Application by Eligible Equity Shareholders holding Equity Shares in Physical Form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

In accordance with the SEBI Rights Issue Circulars, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in "Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form" and "Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form

and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 106 and 114.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit <https://rights.cameoindia.com/sharat>

Procedure for Application by Eligible Equity Shareholders holding Equity Shares in Physical Form

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date.
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c) The Eligible Equity Shareholders can access the Application Form from the website of the Registrar <https://rights.cameoindia.com/sharat>; Company www.sharatindustries.com; and the Stock Exchange at www.bseindia.com

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at <https://rights.cameoindia.com/sharat> by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company at www.sharatindustries.com;

- d) The Eligible Equity Shareholders shall, on or before the Issue Closing Date, submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts,

Allotment of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH COMPANY’S EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 114.

General Instructions for Investors

1. Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
2. In accordance with the SEBI Rights Issue Circular, (a) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date; or (b) the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares may also apply in this Issue during the Issue Period. Such Eligible Equity Shareholders must check the procedure for Application by and credit of Rights Equity Shares in “Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form” and “Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of Rights Equity Shares for non-receipt of demat account details in a timely manner” on pages 106 and 114.
3. Please read the instructions on the Application Form sent to you.

4. The Application Form can be used by both the Eligible Equity Shareholders and the Renounees.
5. Application should be made only through the ASBA facility.
6. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
7. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section “Application on Plain Paper under ASBA process” on page 103.
8. In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circular and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.
9. An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.
10. Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
11. Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), our Company or the Registrar.
12. In case of Application through ASBA facility, Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equivalent to the Application Money in the ASBA Account mentioned in the Application Form.
13. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
14. In case of Application through ASBA facility, all payments will be made only by blocking the amount in the ASBA Account. Cash payment or payment by cheque or demand draft or pay order or NEFT or RTGS or through any other mode is not acceptable for application through ASBA process. In case payment is made in contravention of this, the Application will be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.
15. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
16. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In

case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

17. All communication in connection with Application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers/DP ID and Client ID and Application Form number, as applicable. In case of any change in address of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
18. Only persons in the United States to U.S. Persons, who are U.S. QIBs and are also Qualified Purchasers and outside the United States to non-U.S. Persons in offshore transactions in compliance with Regulation S to existing shareholders located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.
19. Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, Applications made through ASBA facility may be submitted at the Designated Branches of the SCSBs. Application through ASBA facility in electronic mode will only be available with such SCSBs who provide such facility.
20. In terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 02, 2013, it is clarified that for making applications by banks on their own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications.
21. Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
22. Applicants must submit a copy of the approval obtained from any regulatory authority, as may be required, or obtained from the RBI with the Application and send a copy of such approval to the Registrar at investor@cameoindia.com, in case the Application and the resultant Rights Equity Shares will result in the aggregate shareholding or total voting rights of the Applicant (along with persons acting in concert) in our Company, to be in excess of 26.00% of the post-issue paid-up equity share capital of our Company.
23. An Applicant being an OCB is required not to be under the adverse notice of the RBI and must submit approval from RBI for applying in this Issue.

Do's:

1. Ensure that the Application Form and necessary details are filled in.
2. Except for Application submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Applicant should mention their PAN allotted under the Income- tax Act.
3. Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("Demographic Details") are updated, true and correct, in all respects.
4. Investors should provide correct DP ID and client ID/ folio number while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected.

Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, SCSBs or the Registrar will not be liable for any such rejections.

Don'ts:

1. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
2. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
3. Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
4. Do not pay the Application Money in cash, by money order, pay order or postal order.
5. Do not submit multiple Applications.

Do's for Investors applying through ASBA:

1. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be allotted in the dematerialized form only.
2. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
3. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
4. Ensure that you have authorized the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
5. Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
6. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
7. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

Don'ts for Investors applying through ASBA:

1. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
2. Do not send your physical Application to the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB) and branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
3. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

1. DP ID and Client ID mentioned in Application not matching with the DP ID and Client ID records available with the Registrar.

2. Sending an Application to the Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB or our Company.
3. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
4. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
5. Account holder not signing the Application or declaration mentioned therein.
6. Submission of more than one application Form for Rights Entitlements available in a particular demat account.
7. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
8. Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
9. Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
10. Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
11. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.
12. Physical Application Forms not duly signed by the sole or joint Investors. 13. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
13. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
14. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (unless the Application Form is submitted by a U.S. QIB who is also a Qualified Purchaser in the United States) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws or (b) a U.S. QIB who is also a Qualified Purchaser in the United States, and in each case such person is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
15. Applications which have evidence of being executed or made in contravention of applicable securities laws.
16. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

Depository account and bank details for Investors holding Equity Shares in demat accounts and applying in this Issue.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND

BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Investors applying under this Issue should note that on the basis of name of the Investors, Depository Participant's name and identification number and beneficiary account number provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Hence, Investors applying under this Issue should carefully fill in their Depository Account details in the Application.

These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Application Forms, the Investors would be deemed to have authorized the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

The Allotment advice and the email intimating unblocking of ASBA Account or refund (if any) would be emailed to the address of the Investor as per the email address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not allotted to such Investor.

Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such Application Forms are liable to be rejected.

Modes of Payment

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, the following conditions shall apply:

1. Individual non-resident Indian Applicants who are permitted to subscribe to Rights Equity Shares by applicable local securities laws can obtain Application Forms on the websites of the Registrar, our Company.

Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer and the Application Form and other applicable Issue materials shall be sent to their email addresses if they have provided their Indian address to our Company. The Letter of Offer will be provided, only through email, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

2. Application Forms will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Rights Equity Shares may be restricted by applicable securities laws.

3. Payment by non-residents must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by the RBI.

Notes:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income- tax Act.
2. In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications.

In cases where Multiple Application Forms are submitted, including cases where (a) an Shareholders submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in "*Capital Structure - Intention and extent of participation by our Promoter and promoter group in the issue*" mentioned above

Last Date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is Wednesday, August 7, 2024, i.e. Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchange and the Application Money is not blocked with the SCSB or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under the section, "*Basis of Allotment*" on page 113.

Please note that on the Issue Closing Date, (i) Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. **However, the Application, whether made through ASBA Process cannot be withdrawn after the Issue Closing Date. Issue Schedule.**

Last Date for Credit of Rights Entitlements	Friday, 19 July 2024
Issue Opening Date	Wednesday, 24 July 2024
Last Date for On Market Renunciation[#]	Thursday, August 01 2024
Issue Closing Date*	Wednesday, 07 August 2024
Finalization of Basis of Allotment (on or about)	Tuesday, 13 August 2024
Date of Allotment (on or about)	Wednesday, 14 August 2024
Date of credit (on or about)	Tuesday, 20 August 2024
Date of listing (on or about)	Thursday, 22 August, 2024

[#]Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e. August 02, 2024, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. For details, see “*General Information-Issue Schedule*” on page 32.

Our Board may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

Basis of Allotment

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Stock Exchange, our Board will proceed to allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee (s) who has or have applied for Rights Equity Shares renounced in their favor, in full or in part.
- b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favor, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts

Allotment Advice or Refund/ Unblocking of ASBA Accounts

Our Company will send/ dispatch Allotment advice, refund intimations (including in respect of Applications made through optional facility) or demat credit of securities and/ or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/ or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository. In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner.

In case of allotment to resident Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

- a) The Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by our Company;
- b) Within 6 Months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to our Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;

- c) Our Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;
- d) In case of non-receipt of details of demat account as per (b) above, our Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchange at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, our Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds. Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchange after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the amount paid by such Eligible Equity Shareholders at the time of subscribing such shares;
- e) Our Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, our Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updation of details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;

After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, our Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges; and

- f) If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law.
- g) In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. Our Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to our Company or the Registrar, at least two Working Days prior to the Issue Closing Date. Our Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.
2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.
3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares on the Rights Equity Shares, as permitted under applicable laws.
4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on our Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains

tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).

5. Our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by our Company, or on account of aforesaid process in any manner.

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- a) Unblocking amounts blocked using ASBA facility.
- b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- c) National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) RTGS – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund Payment to Non-Residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

Allotment Advice or Demat Credit of Securities

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated November 6, 2018 with NSDL and an agreement dated February 14, 2018 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, desirous of subscribing to Rights Equity Shares in this Issue must check the procedure for application by and credit of Rights Equity Shares to such Eligible Equity Shareholders in “*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” and “*Credit and Transfer of Rights Equity Shares in case of Shareholders holding Equity Shares in Physical Form*” on pages 106 and 114.

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50.00% of common control)) shall be below 10.00% of our post-Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10.00% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10.00% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The FPIs who wish to participate in the Offer are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- a) Such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b) Prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (“OCI”) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognized stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5.00% of the total paid up equity capital on a fully diluted basis or should not exceed 5.00% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10.00% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10.00% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10.00% may be raised to 24.00%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“Restricted Investors”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”).

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹1.00 million or 1.00% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹1.00 million or 1.00% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹5.00 million or with both.

Payment by StockInvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 05, 2003, the StockInvest scheme has been withdrawn. Hence, payment through StockInvest would not be accepted in this Issue.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form would generate an electronic acknowledgment to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA or refunded to the Shareholders in the same bank account through which Application Money was received. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Shareholders within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the Application Form carefully.

Utilizations of Issue Proceeds

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilized, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and
- C. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Undertaking by our Company

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within seven Working Days of finalization of Basis of Allotment.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Important

1. Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**SHARAT INDUSTRIES LIMITED– RIGHTS ISSUE**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:



Cameo Corporate Services Limited
CIN: U67120TN1998PLC041613
Subramanian Building, 1, Club House Road, Chennai-600 002
Contact Person: Ms. K. Sreepriya
Tel No.: +91 44 2846 0390
E-Mail Id: priya@cameoindia.com
Investor Grievance E-Mail Id: investor@cameoindia.com

This Issue will remain open for at least minimum 15 days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the “Department of Industrial Policy and Promotion”) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 05, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Circular 2020**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 issued by RBI. The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectorial limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10.00% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

STATUTORY AND OTHER INFORMATION

Please note that the Rights Equity Shares applied for under this Issue can be allotted only in dematerialized form and to (a) the same depository account/ corresponding PAN in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least two working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date, or (c) demat suspense account where the credit of the Rights Entitlements returned/reversed/failed.

SECTION X- OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material have been entered into by our Company.

The contracts together with the documents referred to in para (B) below may be inspected at the Registered Office of our Company between 11.00 a.m. to 5.00 p.m. on any Working Day from the date of the Letter of Offer until the closure of the subscription list.

A. MATERIAL CONTRACTS

1. Agreement dated June 27, 2024 between our Company and Cameo Corporate Services Limited, Registrar to the Issue.
2. Banker(s) to the Issue Agreement dated July 04, 2024 amongst our Company and the Registrar to the Issue and the Escrow Collection Bank(s).
3. Tripartite Agreement dated November 6, 2018 between our Company, National Securities Depository Ltd. (NSDL) and Cameo Corporate Services Limited.
4. Tripartite Agreement dated February 14, 2018 between our Company, Central Depository Services (India) Limited (CDSL) and Cameo Corporate Services Limited.

B. DOCUMENTS FOR INSPECTION

1. Certified copies of the updated Memorandum & Articles of Association of our Company;
2. Certificate of incorporation dated May 7, 1990 and fresh certificate of incorporation consequent upon last change of name dated June 13, 1996;
3. Copy of the resolution of the Board of Directors under Section 62 of the Companies Act passed in its meeting dated February 14, 2024 authorizing the Issue;
4. Resolution of our Committee of Directors dated July 04, 2024, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
5. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditor to The Issue, Banker to the Issue and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities;
6. Financial Statements of our Company for the financial years ended March 31, 2024.
7. The audit report dated May 28, 2024 of the Statutory Auditors along with the Audited Financial Statements for the year ended March 31, 2024 included in this Letter of Offer.
8. A statement of tax benefits dated May 28, 2024 received from M/s A R Krishnan & Associates, Statutory Auditor regarding tax benefits available to our Company and its shareholders.
9. In-principle listing approval dated May 10, 2024 from BSE Limited.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in the Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in the Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Sd/-

Prasad Reddy Sabbella
(Managing Director)

Sd/-

Sharat Reddy Sabbella
(Whole-Time Director)

Sd/-

Shanmugam
(Non-Executive Director)

Sd/-

Geetha Bindu
(Independent Director)

Sd/-

Swayze Mani
(Independent Director)

Sd/-

Venkata Muthyam Harihar
(Independent Director)

SIGNED BY THE CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY OF OUR COMPANY:

Sd/-

Narayanaswamy Thyagarajan
(Chief Financial Officer)

Sd/-

Balamurugan
(Company Secretary)

Place: Nellore

Date: July 04, 2024