VMS INDUSTRIES LIMITED
Corporate Identification Number: L74140GJ1991PLC016714

Our Company was originally incorporated as *'Varun Management Services Private Limited'* on December 2, 1991 under the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli ("**RoC**"). The name of the Company was changed to *'VMS Industries Private Limited'* pursuant to a special resolution passed by the shareholders at the EGM held on March 12, 2007 and a fresh Certificate of Incorporation issued by RoC dated May 22, 2007. Subsequently our Company was converted into a public limited company and our name was changed to *'VMS Industries Limited'* pursuant to a special resolution passed by the shareholders at the EGM held on December 31, 2009 and a fresh Certificate of Incorporation was issued by RoC dated January 29, 2010. For further details, kindly refer to the section titled "*General Information*" beginning on page 44.

Registered Office: 808/C Pinnacle Business Park Corporate Road, Prahladnagar, Ahmedabad, Gujarat - 380015, India.
Website: www.vmsil.in; **E-Mail:** info@vmsil.in; **Telephone No:** +91-99789 41676
Company Secretary and Compliance Officer: Hemal Panakajkumar Patel

OUR PROMOTER: MANOJ KUMAR JAIN AND SANGEETA JAIN

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

RIGHT ISSUE OF UPTO 8000000 EQUITY SHARES OF FACE VALUE OF ₹10.00 EACH ("EQUITY SHARES" OR "RIGHTS EQUITY SHARES) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ 35 PER RIGHTS EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ 25 PER RIGHTS EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING UP TO ₹ 2800.00 LAKHS* ("THE ISSUE ") ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 16 RIGHTS EQUITY SHARES FOR EVERY 33 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ON THE RECORD DATE, THAT IS APRIL 18, 2024 (THE "ISSUE"). FOR FURTHER DETAILS, SEE **"***TERMS OF THE ISSUE***"** BEGINNING ON PAGE 116.

THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 3.50 TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED **"***TERMS OF THE ISSUE***"** ON PAGE 116.

****Assuming full subscription***

WILLFUL DEFAULTERS AND/OR FRAUDLENT BORROWERS

Neither our company, nor our Promoters, or Directors are or have been categorized as willful defaulters or fraudulent borrowers by bank or financial institutions (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulters or fraudulent borrowers issued by the Reserve Bank of India.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our company and the issue, including the risks involved. The rights equity shares in the issue have not been recommended or approved by the securities and exchange board of India **("SEBI")**, nor does SEBI guarantee the accuracy or adequacy of the contents of this Letter of Offer. Specific attention of the investors is invited to the section titled "*Risk Factors*" on page 24.

ISSUER'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 the 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 make 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 are listed on the BSE Limited (BSE" or "Stock Exchange"). Our Company has received 'in-principle' approvals from BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letter dated April 08, 2024. Our Company will also make an application to the Stock Exchange(s) to obtain the trading approval for the Rights Entitlements as required under the SEBI circular SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 SEBI master Circular on Issue of Capital and Disclosure Requirements dated June 21, 2023 . For the purpose of this Issue, the Designated Stock Exchange is BSE.

MINIMUM SUBSCRIPTION

In the event of Non-receipt of 90% minimum subscription of the offer as per Regulations 86(1) of SEBI (ICDR) Regulations, 2018 all application monies received shall refunded to the applicant within 4(Four) days from the closer of the issue.

REGISTRAR TO THE ISSUE

CAMEO

Cameo Corporate Services Limited
SEBI Registration Number: INR 000003753
Address: Subramanian Building', No.1, Club House Road, Chennai 600002, Tamilnadu, India
Tel. Number: +91-44 – 28460390 **Fax-** + 91-44-28460129
Email Id: rights@cameoindia.com **Investors Grievance Id:** invester@cameoindia.com
Website: https://rights.cameoindia.com/vms/ www.cameoindia.com **Contact Person:** Mr. R. D. Ramasamy
CIN: U67120TN1998PLC041613

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON#
Thursday May 02, 2024	Friday May 10, 2024	Thursday May 16, 2024

** Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
 # Our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) 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.

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TABLE OF CONTENTS

SECTION I - GENERAL **4**
- **DEFINITIONS AND ABBREVIATIONS** **4**
- **NOTICE TO INVESTORS** **15**
- **PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION** **18**
- **FORWARD LOOKING STATEMENTS** **20**

SECTION II – SUMMARY OF LETTER OF OFFER **21**

SECTION III- RISK FACTORS **24**

SECTION IV – INTRODUCTION **42**
- **THE ISSUE** **42**
- **GENERAL INFORMATION** **44**
- **CAPITAL STRUCTURE** **49**
- **OBJECTS OF THE ISSUE** **52**
- **STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS** **58**

SECTION V – ABOUT THE COMPANY **61**
- **INDUSTRY OVERVIEW** **61**
- **OUR BUSINESS** **72**
- **OUR MANAGEMENT** **82**

SECTION VI – FINANCIAL INFORMATION **93**
- **FINANCIAL STATEMENTS** **93**
- **ACCOUNTING RATIOS** **94**
- **MATERIAL DEVELOPMENTS** **95**
- **MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS** **96**

SECTION VII – LEGAL AND OTHER INFORMATION **104**
- **OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS** **104**
- **GOVERNMENT AND OTHER APPROVALS** **109**
- **OTHER REGULATORY AND STATUTORY DISCLOSURES** **110**

SECTION IX – ISSUE RELATED INFORMATION **116**
- **TERMS OF THE ISSUE** **116**
- **RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES** **147**

SECTION X – OTHER INFORMATION **149**
- **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION** **149**

DECLARATION **151**

SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

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

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

Provided that terms used in the sections/chapters titled *"Industry Overview", "Summary of Letter of Offer", "Financial Statements", "Statement of Possible Special Tax Benefits", "Outstanding Litigation and Material Developments" and "Issue Related Information"* on pages 61, 21, 93, 58, 104 and 116, respectively, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections/chapters.

GENERAL TERMS

Term	Description
"VMS Industries Limited", "our Company", "the Company", "the Issuer"	VMS Industries Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at 808/C Pinnacle Business Park Corporate Road, Prahladnagar, Ahmedabad, Gujarat - 380015, India
"we", "us", or "our"	Unless the context otherwise indicates or implies, refers to our Company.

COMPANY RELATED TERMS

Term	Description
"Audited Financial Statements"	The audited financial statements of our Company as at and for the financial year ended March 31, 2023 (along with comparative financial statements for the financial year ended March 31, 2022) prepared in accordance with applicable accounting standards, which comprises the balance sheet as at March 31, 2023 (along with comparative balance sheet as at March 31, 2022) and the statement of profit and loss, including other comprehensive income, the statement of cash flows and the statement of changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
"Articles" / "Articles of Association" / "AoA"	Articles / Articles of Association of our Company, as amended from time to time.
"Audit Committee"	Audit Committee of our Board, as describe in "Our Management-Committee of our Board" on page 82.
"Auditor" / "Statutory Auditor"/ "Peer Review Auditor"	Statutory and peer review auditor of our Company, namely, M/s. S N Shah & Associates, Chartered Accountants, Ahmedabad.
"Board"/ "Board of Directors"	Board of directors of our Company or a duly constituted committee thereof.
"Chairman & Managing Director"	Mr. Manoj Kumar Jain, the Chairman & Managing Director of the Company.
"Chief Financial Officer / CFO"	Mr. Amitbhai Pravinchandra Mandaliya, the Chief Financial Officer of our Company.
"Company Secretary and Compliance Officer"	Mr. Hemal Panakajkumar Patel, the Company Secretary and the Compliance Officer of our Company.
"Director(s)"	The director(s) on the Board of our Company, unless otherwise specified.
"Equity Shareholder"	A holder of Equity Shares of or company.
"Equity Shares"	Equity shares of our Company of face value of ₹ 10/- each.

Term	Description
"Executive Directors"	Executive directors of our Company.
"Independent Director(s)"	The independent director(s) of our Company, in terms of Section 2 (47) and Section 149(6) of the Companies Act, 2013.
"Key Management Personnel" / "KMP"	Key management personnel of our Company in terms of the Companies Act, 2013 and the SEBI ICDR Regulations as described in this Letter of Offer
"Limited Reviewed Financial Information or Limited Reviewed Financial Statements"	The limited reviewed unaudited financial results of our Company for the nine months period ended December 31, 2023, six-month period ended September 30, 2023 and September 30, 2022, prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards 34 'Interim Financial Reporting' prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. For details, see "Financial Statements" on page 93.
"Memorandum of Association" / "MoA"	Memorandum of Association of our Company, as amended from time to time.
"Nomination and Remuneration Committee"	The committee of the Board of directors reconstituted as our Company's Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see "*Our Management – Committees of our Board"* on page 82
"Non-executive Directors"	Non-executive Directors of our Company.
"Non-Executive and Independent Director"	Non-executive and independent directors of our Company, unless otherwise specified
"Promoter"	Mr. Manoj Kumar Jain and Mrs. Sangeeta Jain are the Promoters of our Company.
"Promoter Group"	Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations
"Registered Office"	The registered office of our Company located at 808/C Pinnacle Business Park Corporate Road, Prahladnagar, Ahmedabad, Gujarat - 380015, India.
"Registrar of Companies"/ "ROC"	Registrar of Companies, Ahmedabad situated at ROC Bhavan, Opp. Rupal Park, Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat
"Shareholders/ Equity Shareholders"	The Equity Shareholders of our Company, from time to time
"Stakeholders' Relationship Committee"	The committee of the Board of Directors constituted as our Company's Stakeholders' Relationship Committee in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations
"Stock Exchange"	The stock exchange where the Equity Shares are presently listed, being BSE Limited

ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer	Abridged Letter of Offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act.
Additional Right Equity Shares	The Rights Equity shares applied or allotted under the issue in addition to the Rights Entitlements.
Allot/Allotment/Allotted	Allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account	The account opened with the Banker(s) to the Issue, into which the Application Money lying to the credit of the escrow account(s) and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect

Term	Description
	to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act.
Allotment Account Bank	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts is opened, in this case being, ICICI Bank Limited.
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee (s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer, including an ASBA Investor.
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application though the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount/ASBA	Application (whether physical or electronic) used by ASBA Applicants to make an Application authorizing a SCSB to block the Application Money in the ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Applicant / ASBA Investor	As per the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, all investors (including renouncees) shall make an application for a rights issue only through ASBA facility.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue, in this case being ICICI Bank Limited.
Bankers to the Issue Agreement	Agreement dated April 15, 2024 entered into by and amongst our Company, the Registrar to the Issue and the Bankers to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful applicants in the Issue and which is described in “Terms of the Issue” on page 116.
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of SCSBs, which coordinate Bids under the Issue with the Registrar and the Stock Exchange, a list of which is available on the website of SEBI at http://www.sebi.gov.in.

Term	Description
Demographic Details	Details of Investors including the Investor's address, name of the Investor's father/ husband, investor status, occupation and bank account details, where applicable.
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes &intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	The BSE Limited (BSE)
Escrow Collection Bank	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom Escrow Account(s) is opened, in this case being ICICI Bank Limited.
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "Notice to Investors" on page 15.
FII / Foreign Institutional Investors	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended registered with SEBI under applicable laws in India.
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018
IEPF	Investor Education and Protection Fund
ISIN	International securities identification number is INE932K01015
Issue / Rights Issue	Up to 8000000 Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ 35 (Including a premium of ₹ 25) per Rights Equity Share not exceeding an amount of ₹ 2800 Lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 16 Rights Equity Shares for every 33 Equity Shares held by the Eligible Equity Shareholders of our Company on the Record Date.
Issue Closing Date	Thursday, May 16, 2024
Issue Opening Date	Thursday, May 02, 2024
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 35 per Rights Equity Share including Premium of ₹ 25/- per Equity Share.
Issue Proceeds	Gross proceeds of the Issue.
Issue Size	Upto 8000000 Equity Shares of face value of ₹ 10/- each for cash at a price of ₹ 35 (Including a premium of ₹ 25) per Rights Equity Share not exceeding an amount of ₹ 2,800.00 Lakhs.
Draft Letter of Offer/DLOF	Draft Letter of Offer dated February 13, 2024 filed with the Stock Exchange and submitted with SEBI. Letter of Offer
Net Proceeds	Proceeds of the Issue less our Company's share of Issue related expenses. For further information about the Issue related expenses, see **"***Objects of the Issue***"** on page 52
Net Worth	Net worth as defined under Section 2(57) of the Companies act 2013

Term	Description
Non-ASBA Investor/ Non-ASBA Applicant	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.
Non-Institutional Bidders or NIIs	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchange, from time to time, and other applicable laws, on or before Friday, May 10, 2024.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, being April 18, 2024
Refund Bank(s)	The Banker(s) to the Issue with whom the Refund Account(s) will be opened, in this case being, ICICI Bank Limited.
"Registrar to the Issue" / "Registrar"	Cameo Corporate Services Limited.
Registrar Agreement	Agreement dated January 25, 2024 entered into among our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI– Rights Issue Circular, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements, which shall commence from the Issue Opening Date. Such period shall close on Friday May 10, 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 Renouncee on or prior to the Issue Closing Date.
Retail Individual Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s)	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations
Rights Entitlements	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, being 16 Rights Equity Shares for every 33 Equity Shares held on the Record Date. Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI – Rights Issue Circular, the Rights Entitlements shall be credited in dematerialized form in respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date.

Term	Description
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements will also accessible on the website of our Company and Registrar.
Rights Equity Shares	Equity Shares of our Company to be Allotted pursuant to this Issue.
SEBI Rights Issue Circulars	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
Self-Certified Syndicate Banks" or "SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchanges	Stock exchange where the Equity Shares are presently listed, being The BSE Limited (BSE).
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter	A Company or person, as the case may be, categorized as a wilful defaulter or Fraudulent Borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
Working Days	All days other than second and fourth Saturday of the month, Sunday or a public holiday, on which commercial banks in Gujarat are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, Term Description the term Working Day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Issue Closing Date and the listing of the Equity Shares on the Stock Exchange. "Working Day" shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

CONVENTIONAL AND GENERAL TERMS OR ABBREVIATIONS

Term	Description
A/c	Account
AGM	Annual general meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
CDSL	Central Depository Services (India) Limited.
CFO	Chief Financial Officer
CIN	Corporate Identification Number

Term	Description
Companies Act, 2013 / Companies Act	Companies Act, 2013 along with rules made thereunder.
Companies Act 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections).
CSR	Corporate Social Responsibility
Depository(ies)	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996.
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings per share
ESI Act	Employees' State Insurance Act, 1948
FCNR Account	Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Regulations	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
Financial Year/Fiscal	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GoI / Government	The Government of India
GST	Goods and Services Tax
HUF(s)	Hindu Undivided Family(ies)
ICAI	Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act / IT Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards referred to in the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally Accepted Accounting Principles in India

Term	Description
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended
Insolvency Code	Insolvency and Bankruptcy Code, 2016, as amended
INR or ₹ or Rs. Or Indian Rupees	Indian Rupee, the official currency of the Republic of India.
ISIN	International Securities Identification Number
IT	Information Technology
MCA	The Ministry of Corporate Affairs, GoI
Mn / mn	Million
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A. or NA	Not Applicable
NAV	Net Asset Value
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of atleast 60% by NRI's including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Issue.
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after Tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934, as amended
Regulation S	Regulation S under the United States Securities Act of 1933, as amended
SCRA	Securities Contract (Regulation) Act, 1956 of 1933, as amended
SCRR	The Securities Contracts (Regulation) Rules, 1957 as amended
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended

Term	Description
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
Securities Act	The United States Securities Act of 1933.
STT	Securities Transaction Tax
State Government	The government of a state in India
Trademarks Act	Trademarks Act, 1999
TDS	Tax deducted at source
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
USA/ U.S./ US	United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America

Industry Related Terms

Term	Description
AT	American Terms (Marine Insurance)
B/B	Break Bulk Cargo
BoE	Bank of England
BPNSI	Biju Patnaik National Steel Institute
CCUS	Carbon Capture, Utilization and Storage
CFS	Container Freight Station
CIRP	Corporate Insolvency Resolution Process
CNY	Chinese Yuan Renminbi
CPI	Consumer Price Index
CPLY	Corresponding Period Last Year
DDP	Delivered Duty Paid
DDU	Delivered Duty Unpaid
DEQ	Delivered Ex Quay/ Duty
DF	Dead Freight
DRT	Debt Recovery Tribunal
DWT	Dead Weight Tonnage
E & P	Exploration and Production
ECB	European Central Bank
ECB	External Commercial Borrowing
FAS	Free Alongside Ship
FEU	Forty-Foot Equivalent Unit
FI	Free In
FIO	Free In and Out
FO	Free Out
FOB	Free On Board

Term	Description
GCR	General Cargo Rate
GDP	Gross Domestic Products
GEPIL	Gujarat Enviro Process and Infrastructure Limited
GIDC	Gujarat Industrial Development Corporation
GIDC	Gujarat Industrial Development Corporation
GMB	Gujarat Maritime Board
GMB	Gujarat Maritime Board, an authority constituted by the Government of Gujarat pursuant to the Gujarat Maritime Board Act, 1981
GR Wt./ GW	Gross Weight
GRT	Gross Registered Tonnage
GSA	General Sales Agent
ICTF	Intermodal Container Transfer Facility
IIP	Index of Industrial Production
IMO	International Maritime Organization
IOR	Indian Ocean Region
IoT	Internet of Things
ISO	International Organization for Standardization
JV	Joint Venture
Kgf	Kilogram Force
LASH	Lighter Aboard Ship
LDT	Light Displacement Tonnage
Lo/Lo	Lift-on, Lift-off
LTL	Less Than Truckload
MMRPL	Mahindra MSTC Recycling Pvt. Ltd.
MOA	Memorandum of Association
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MT	Metric Ton
MT	Metric Ton
MT	Metric Ton (It is a unit of weight, which is equal to 1,000 kilograms or 2,204.6pounds)
NISST	National Institute of Secondary Steel Technology
NMFC	National Motor Freight Classification
NRT	Net Registered Tonnage
O&M	Operations and Maintenance
PLI	Production Linked Incentive
PPP	Public-Private Partnership
QCO	Quality Control Orders

Term	Description
R&D	Research & Development
RBI	Reserve Bank of India
sq. meter/ Sq. Mtr/Sqm	Square Meter
TMT	Thermo Mechanically Treated
UPI	Unified Payment Interface
WPI	Wholesale Price Index

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Right Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions.

The Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the "Issue Materials") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials 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 Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. 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 dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, and the Stock Exchanges.

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 Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Draft Letter of Offer, Letter of Offer, and any other Issue Materials may not be distributed, in whole or in part, in or into any jurisdiction (other than in India), except in accordance with legal requirements applicable in such jurisdiction. Receipt of Draft Letter of Offer, Letter of Offer or any other Issue Materials (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, Draft Letter of Offer, Letter of Offer, and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of Draft Letter of Offer, Letter of Offer, and any other Issue Materials should not distribute or send Draft Letter of Offer, Letter of Offer or any such documents 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 to any filing or registration requirement (other than in India). If Draft Letter of Offer or Letter of Offer or any other Issue Material is received by any person in any such jurisdiction, they must not seek to subscribe to the Rights Equity Shares, or the Rights Entitlements referred to in the Letter of Offer or any of the Issue Materials.

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, warranted and agreed 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 to make any filing or registration (other than in India).

Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it is either in India or is in compliance with laws of its jurisdiction, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any Application Form that: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any 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 that such person submitting and/or renouncing the Application Form is outside the United States and that such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; (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 Equity Shares in respect of any such Application Form.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares 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. The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer 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 the Rights Equity Shares or Rights Entitlements. In addition, neither our Company or its affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations. 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.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

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 OF 1933, AS AMENDED (THE "U.S SECURITI ES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTI ON WHERE THOSE OFFERS AND SALES OCCUR.

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 when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized

to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations. The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. federal or state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of the Draft Letter of Offer or Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year. Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers.

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from the Audited Financial Statements and the Unaudited Financial Results. The Company's Financial Year commences on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' or 'FY' are to the financial years ended March 31. For details of the financial statements, see *"Financial Statements"* on page 93.

We have prepared our annual Audited Financial Statements in accordance with Ind AS and Unaudited Financial Results in accordance with recognition and measurement principles laid down in Ind AS 34 prescribed under the Section 133 of the Companies Act 2013 and Regulation 33, 52 and 63 of SEBI LODR Regulations. The Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

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, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in Rupees, in Lakhs.

Market and Industry Data

Unless stated otherwise, industry and market data used in this Letter of Offer has been obtained or derived from publicly available information. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured.

Although we believe the industry and market data used in this Letter of Offer is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. 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 24 of this Letter of Offer. Accordingly, investment decisions should not be based solely on such information.

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

Currency of Presentation

All references to:

- 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of the Republic of India;

• ‘US$’, ‘USD’, ‘$’ and ‘U.S. dollars’ are to the legal currency of the United States of America;

Please note:
• One million is equal to 1,000,000 or 10 lakhs;

• One crore is equal to 10 million or 100 lakhs; and

• One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

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

The conversion rate for the following foreign currency is as follows:

S. No.	**Name of the Currency**	**Exchange rate as on**				
		December 31, 2023 (in ₹)	**September 30, 2023 (in ₹)**	**September 30, 2022 (in ₹)**	**March 31, 2023 (in ₹)**	**March 31, 2022 (in ₹)**
1.	**1 USD**	83.12	83.06	81.55	82.21	75.80
2.	**1 EUR**	92.00	87.94	80.11	89.60	84.65

(Source: http://www.fbil.org.in) Notes:
(1) Exchange rates are rounded off to two decimal points
(2) Wherever the exchange rate was not available on account of December 31, September 30 or March 31 being a holiday, the exchange rate as of the immediately preceding working day has been provided.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute 'forward-looking statements. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'can', 'could', 'estimate', 'expect', 'expected to' 'intend', 'is likely', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

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

- General political, social and economic conditions in India and other countries;
- Regulatory changes and the Company's ability to respond to them;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Technology changes;
- Change in domestic and foreign laws, regulations and taxes and change in the competition in the industry;
- Fluctuation of the operating cost;
- Company's ability to attract and retain qualified personnel;
- Any adverse outcome in the legal proceedings in which the Company is involved;
- Strikes or work stoppages by our employees or contractual employees;
- Increasing competition in, and the conditions of, the industry;
- Failure to undertake projects on commercially favorable terms;
- Changes in government policies, including introduction of or adverse changes in tariff or non-tariff barriers, foreign direct investment policies, affecting the retail industry generally in India;
- Accidents and natural disasters; and
- Other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 24 and 96, respectively.

The forward-looking statements contained in this Letter of Offer are based on the beliefs of our Company's management, as well as the assumptions made by, and information currently available to, our Company's management. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI and Stock Exchange requirements, our Company will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchanges.

SECTION II – SUMMARY OF LETTER OF OFFER

The following is a general summary of the certain terms of this Offer, and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Offer or all details relevant to the prospective investors. This summary should be read in conjunction with and is qualified by more detailed information appearing in this Letter of Offer, including the sections titled *"Risk Factors", "The Issue", "Capital Structure", "Objects of the Issue", "Our Business", "Industry Overview", "Financial Statements" "Outstanding Litigation and Material Developments"* and *"Terms of the Issue"* on pages 24, 42, 49,52, 72, 61, 93, 116 and 116 respectively.

Primary Business of our Company

Our Company was originally incorporated as 'Varun Management Services Private Limited' on December 2, 1991 under the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli ("RoC"). The name of the Company was changed to 'VMS Industries Private Limited' pursuant to a special resolution passed by the shareholders at the EGM held on March 12, 2007 and a fresh Certificate of Incorporation issued by RoC dated May 22, 2007. Subsequently our Company was converted into a public limited company and our name was changed to'VMS Industries Limited' pursuant to a special resolution passed by the shareholders at the EGM held on December 31, 2009 and a fresh Certificate of Incorporation was issued by RoC dated January 29, 2010. The Company is a Public Limited Company and its equity shares are listed on BSE Limited ('BSE') w.e.f. June 14, 2011.

Business activities

Our present business mainly consists of Three business segments:

1. Ship Recycling Activities
2. Trading of Various Metals
3. Assets Dismantling & Demolition

At present, the Board of Directors of the Company has 5 (Five) Directors, Mr. Manojkumar Jain, Managing Director is in charge of the affairs of the Company and he is ably assisted by Ms. Sangeeta Jain, Whole-time Director. The Company has 3 (Three) Independent Directors, Mr. Bakul Kishanlal Mehta, Mr. Pranavkumar Vinaykant Parikh and Mr. Murari Agarwal.

Objects of the Issue

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

S. No.	Particulars	Amount (₹ in Lakhs)
1.	Funding long-term working capital requirements of our Company	1850.00
2.	General Corporate Purpose**	Upto 700.00
	Net Proceeds*	**Upto 2550.00**

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio and subject to actual number of equity shares to be allotted under the Rights issue.*
***The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

For further details, see *"Objects of the Issue"* beginning on page 52.

Intention and extent of participation by our Promoters / Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement.

Our Promoters and Promoter Group have confirmed that they (a) will not subscribe to their Rights Entitlements in the Issue and will renounce their Rights Entitlements in part of in full, in favour of the Promoters or other members of our Promoter Group or in favour of existing shareholders of the Company or a third party; or (b) may subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlements acquired through renunciation, either individually or jointly and/ or severally with the Promoters or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the

Promoter Group renounce any Rights Entitlements in favour of any third party (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoter or member of the Promoter Group shall not apply for subscription to additional Rights Entitlements; and (ii) in the event that minimum subscription of 90% is applicable to the Issue under Regulation 86 of the SEBI ICDR Regulations and the same is not achieved, the Promoters and the members of the Promoter Group shall subscribe to the portion of their Rights Entitlements, subject to availability of funds, such that the minimum subscription of 90% is achieved in accordance with Regulation 86 of the SEBI ICDR Regulations.

In case of (b) above, subscription to additional Rights Equity Shares shall be made to the extent that it does not result in any obligation on our Promoters and members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations and shall be in compliance with the Companies Act, the SEBI ICDR Regulations and other applicable laws. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Summary of Outstanding Litigation and Material Developments

A summary of outstanding legal proceedings involving our Company and our Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

Name of Entity	***Criminal Proceeding***	***Material Civil Proceedings***	***Actions taken by Statutory/Regulatory Authorities***	***Tax Proceedings***	***Aggregate amount involved (₹ in lakhs) to the extent***
Company					
Against the Company	Nil	Nil	Nil	3	123.63
By the Company	Nil	1	Nil	Nil	1.00
Directors/Promoters					
Against our Directors/ Promoters	Nil	Nil	Nil	2	22.50
By our Directors/ Promoters	Nil	Nil	Nil	Nil	Nil

Risk Factors

Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For details, see "Risk Factors" beginning on page 24.

Contingent liabilities

For details regarding our contingent liabilities as per Ind AS 37 for the Financial Year 2023 and Financial Year 2022, see *"Financial Statements"* beginning on page 93.

Related party transactions

For details regarding our related party transactions as per Ind AS 24 entered into by us for Financial Year 2023 and Financial Year 2022, see notes 31, in the notes to the Audited Financial Statements in *"Financial Statements"* beginning on page 93.

Issue of Equity Shares for consideration other than cash

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

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, Directors or their relatives have financed the purchase by any other person of securities of our Company, during the period of six months immediately preceding the date of this Letter of Offer.

Auditor Qualifications

There are no qualifications, reservations and adverse remarks made by our Statutory Auditors in their report which requires any adjustment to Financial Information of the Company for the financial year 2023 and 2022.

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

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

Split or consolidation of Equity Shares in the last one year

Our Company has not carried any split or consolidation of Equity Shares in last one year.

SECTION III- RISK FACTORS

An investment in our Equity Shares involves a high degree of financial risk. Prospective investors should carefully consider all the information in the Letter of Offer, particularly the ***"Financial Statements"*** *and the related notes,* ***"Our Business"*** *and* ***"Management's Discussion and Analysis of Financial Condition and Results of Operations"*** *on page 93,* 72 *and 96 respectively and the risks and uncertainties described below, before making a decision to invest in our Equity Shares.*

The risk factors set forth below are not exhaustive and do not purport to be complete or comprehensive in terms of all the risk factors that may arise in connection with our business or any decision to purchase, own or dispose of the Equity Shares. This section addresses general risks associated with the industry in which we operate and specific risks associated with our Company. Any of the following risks, individually or together, could adversely affect our business, financial condition, results of operations or Letter of Offer, which could result in a decline in the value of our Equity Shares and the loss of all or part of your investment in our Equity Shares. While we have described the risks and uncertainties that our management believes are material, these risks and uncertainties may not be the only risks and uncertainties we face. Additional risks and uncertainties, including those we currently are not aware of or deem immaterial, may also have an adverse effect on our business, results of operations, financial condition and Letter of Offer.

This Letter of Offer 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 the considerations described below and elsewhere in this Letter of Offer. The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors below. However, there are risk factors the potential effects of which are not quantifiable and therefore no quantification has been provided with respect to such risk factors. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue, including the merits and the risks involved. You should not invest in this Issue unless you are prepared to accept the risk of losing all or part of your investment, and you should consult your tax, financial and legal advisors about the particular consequences to you of an investment in our Equity Shares.

Materiality

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

Some events may not be material individually but may be found material collectively.

1. Some events may have material impact qualitatively instead of quantitatively.

2. Some events may not be material at present but may be having material impact in future.

Note:

The risk factors as envisaged by the management along with the proposals to address the risk if any. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks described in this section.

In this Letter of Offer, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in ***"Risk Factors"*** on page 24 *and* ***"Management Discussion and Analysis of Financial Condition and Results of Operations"*** on page 96 unless otherwise *indicated, has been calculated on the basis of the amount disclosed in the "Audited Financial Statements, as restated" prepared in accordance with the Indian Accounting Standards.*

A. INTERNAL RISK FACTORS:

1. *The Company does not own the premises/plots for ship recycling which may materially affect our operations.*

Our Ship Recycling Unit is located at Plot No. 160M in the Sosiay Ship Breaking Yard Alang, Bhavnagar, Gujarat. Our ship recycling plot on which we are presently operating our ship recycling operations is not owned by us and Gujarat Maritme Board (GMB) has given their permission to utilize said plot for ship recycling activity. We have entered into an agreement with the Gujarat Maritime Board ('GMB') to utilize the said plot for a period of 5 years up to January 18, 2021. Our company has applied for extension of tenure for permission to utilize the Plot No. 160M

and has also paid the requisite fees. As per the terms of the agreement, upon the expiry of the aforesaid time limit, the permission shall automatically come to an end, unless it is renewed within three months prior to the date of expiry of the permission.

Failure by our Company to renew the same with GMB may result in the interruption of our Company's operations and may have a material impact on our business. Based on our experience and the nature of the industry we are confident and don't foresee any difficulty for the renewal of the permission from the GMB.

If GMB does not renew the lease agreement or renews on terms and conditions that are unfavourable to us, we may suffer a disruption in our operations which could have an adverse effect on our business, financial conditions.

2. ***Ship breaking is a highly polluting industry.***

Ship Recycling Industry is highly polluted Industry. Large amounts of carcinogens and toxic substances (Polychlorinated Biphenyls, Premature ventricular contractions, Polycyclic aromatic hydrocarbons, Tributyltin, mercury, lead, isocyanates, sulfuric acid) not only intoxicate workers but are also dumped into the soil and coastal water. Our business operations are adversely affected if any adverse decisions are taken by government authorities to control such polluted activities.

3. ***The Company is dependent on few numbers of customers for sales. The loss of any of this large customer may affect our revenues and profitability.***

Our top ten customers contribute 59.31%, 58.14%, 65.47% and 53.60% of our total revenue from operations for the period / financial year ended on December 31, 2023, September 30, 2023, March 31, 2023 and March 31, 2022 respectively. Our business operations are highly dependent on our customers and the loss of any of our customers may adversely affect our sales and consequently on our business and results of operations. The loss of one or more of these significant or key customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. We cannot assure you that we will be able to maintain historic levels of business and/or negotiate and execute long term contracts on terms that are commercially viable with our significant customers or that we will be able to significantly reduce customer concentration in the future.

We cannot assure that we shall generate the same quantum of business, or any business at all, and the loss of business from one or more of them may adversely affect our revenues and results of operations. However, the composition and revenue generated from these customers might change, as we continue to add new customers in the normal course of business. Though we believe that we will not face substantial challenges in maintaining our business relationship with them or finding new customers, there can be no assurance that we will be able to maintain long term relationships with such customers or find new customers in time.

4. ***The Company is dependent on few suppliers for purchase. Loss of any of these large suppliers may affect our business operations.***

Our top ten suppliers contribute 96.25%, 82.65%, 81.69% and 82.44% of our total purchase for the period / financial year ended on December 31, 2023, September 30, 2023, March 31, 2023 and 2022 respectively based on Audited financial statement. We cannot assure that we will be able to get the same quantum and quality of supplies, or any supplies at all, and the loss of supplies from one or more of them may adversely affect our purchases of stock and ultimately our revenue and results of operations. However, the composition and amount of purchase from these suppliers might change as we continue seek new suppliers for our product for better quality and price in the normal course of business. Though we believe that we will not face substantial challenges in maintaining our business relationship with them or finding new suppliers, there can be no assurance that we will be able to maintain long term relationships with such suppliers or find new suppliers in time.

5. ***Promoters are involved in certain legal and regulatory proceedings that, if decided unfavourably, may adversely affect our business, results of operations and financial condition***

There are certain outstanding legal proceedings involving our Company, our Promoters and our Directors. These proceedings are pending at different levels of adjudication before various courts, tribunals, quasi-judicial authorities and appellate tribunals. A summary of proceedings involving our Company, Directors and Promoters as of the date of this Letter of Offer is provided below:

Name of Entity	*Criminal Proceeding*	*Material Civil Proceedings*	*Actions taken by Statutory/Regulatory Authorities*	*Tax Proceedings*	*Aggregate amount involved (₹ in lakhs) to the extent*
Company					
Against the Company	Nil	Nil	Nil	3	123.63
By the Company	Nil	1	Nil	Nil	1.00
Directors/Promoters					
Against our Directors/ Promoters	Nil	Nil	Nil	2	22.50
By our Directors/ Promoters	Nil	Nil	Nil	Nil	Nil

For details of certain material legal proceedings against our Company, our Promoters, our Directors, see "*Outstanding Litigation and Material Developments"* on page 104.

We cannot assure you that these legal proceedings will be decided in favour of our Company, our Promoters and our Directors, as the case may be, or that no further liability will arise out of these proceedings. Further, such legal proceedings could divert management time and attention and consume financial resources. Any adverse outcome in any of these proceedings may adversely affect our profitability, reputation and results of operations and financial condition.

6. ***Our company is substantially reliant on our Promoters, Managing Director, KMPs & SMPs for mentoring and growth of our Businesses. Our inability to continue to receive such support from any of such persons in power and supervision could materially affect our company's operations. Further, our ability to attract, train and retain executives and other qualified employees is critical to our business, results of operations and future growth.***

Our present and future performance and success depend largely upon the guidance and supervision from our Promoters, Executive Directors, Key Managerial Personnel(s) & Senior Management Personnel and our ability to attract and retain them. We are dependent on our Promoters, Managing Director & Key Managerial Personnel(s) for setting our strategic direction, future outlook and managing our businesses. In particular, our Managing Director, Mr. Manojkumar Jain and other senior management team are critical to the overall management of our Company. Their inputs and experience are also valuable for the development of our services, our work culture and the strategic direction taken by our Company. Our Management, has built relations with suppliers, customers, and other relevant persons who are connected with us in the journey of our businesses. Our future performance will depend upon the continued services and support of these persons. Demand for KMPs & SMPs in the industry is intense and our inability to attract and retain KMPs & SMPs may affect the operations of our Company.

Our business depends upon our employees for its successful execution. The specialized skills we require, especially for the verticals of our research and development activities. We may require a long period of time to hire and train replaced personnel when skilled personnel terminate their employment with our Company. Our ability to compete effectively depends on our ability to attract new employees and to retain and motivate our existing employees. We may be required to increase our levels of employee compensation more rapidly than in the past to remain competitive in attracting the skilled employees that our business requires. If we do not succeed in attracting well-qualified employees or retaining or motivating existing employees, our business and prospects for growth could be adversely affected.

7. ***Our proposed business plan is dependent on performance of external agencies. Any non performance by these agencies may result in incremental cost and time overruns of the Project and in turn could adversely affect our business operations and profitability.***

Our proposed business plan is dependent on performance of external agencies, like civil contractors, equipment suppliers who are responsible for installation, commissioning and testing of equipments. We cannot assure that the performance of these external agencies will meet the required specifications or performance parameters. If the

performance of these agencies is inadequate in terms of the requirements with respect to timeline and quality of performance, we may require to replace these external agencies even, which could result in incremental cost and time overruns of the proposed business plan, and in turn could adversely affect our business operations and profitability.

8. ***We operate under certain regulatory licences, permits and approvals and any delay or inability to obtain, maintain or renew these statutory and regulatory licenses, permits and approvals may adversely affect our business and operations.***

We require various statutory and regulatory licenses, permits and approvals to operate our business. Many of these licenses, permits and approvals are granted for a fixed period of time and need renewal from time to time. There can be no assurance that we will receive or renew such licenses, permits and approvals in the expected time frame anticipated by us or at all. We may also be faced with investigations and inquiries from various governmental authorities for not obtaining the approvals, if any. Further, these permits, licenses and approvals are subject to several conditions and our company cannot assure that it shall be able to continuously meet the conditions and this may lead to cancellation, revocation or suspension of relevant permits / licenses / approvals. Failure by our Company to renew, maintain or obtain the required permits, licenses or approvals may result in the interruption of our Company's operations and may have a material impact on our business.

Moreover, our company is required to obtain prior approval from Gujarat Maritime Board (GMB) for change in our capital structure, change in management, Directors. Our company has applied to GMB for approval for the proposed Rights Issue. However as on the date of this Letter of Offer we have not received No Objection certificate. We cannot assure you that GMB will grant us consent and No- Objection certificate for this Rights Issue. Non-receipt of such consent and No-Objection certificate could lead to non-compliance of the terms of agreement entered into by our Company.

9. ***Our business operations are affected by volatility in the metal prices. Any decrease in metal prices may have an adverse effect on our business, financial condition and results of operations.***

Revenue from operations and operating profits of our company are sensitive to metal price. Our company is engaged in the business of Ship Recycling. Average period for ship breaking ranges between 6 to 12 months depending size and type of Ship. The volatility, length and nature of business cycles affecting the metal industry have become increasingly unpredictable and the recurrence of another major down turn in the industry may have a material adverse effect on our business, results of operations, financial conditions and prospects. Due to longer period for ship recycling, fluctuation in prices of metal directly affects the revenue from operations of our company.

Any adverse impact of metal prices from date of purchase of ship to sell of metals, may affect growth and financial conditions of our company.

10. ***Almost entire revenue from operations are generated from India. Any adverse development affecting our operations in India could have an adverse impact on our business, financial condition and results of operations.***

We derive almost 100% of our revenue from operations from India. Moreover, In India business of our company is limited to few number of states such as Gujarat, Maharashtra, Rajasthan, Punjab etc. Such geographical concentration of our business in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in this region which may adversely affect our business prospects, financial conditions and results of operations.

The concentration of our business in India subjects us to various risks, including but not limited to:

- Regional slowdown in Industrial activities;
- vulnerability to change of policies, laws and regulations or the political and economic environment;
- constraint on our ability to diversify across states; and
- perception by our potential clients that we are a regional construction company, which may hamper us from competing or securing orders for large and complex projects at the national level.

Further, factors such as competition, culture, regulatory regimes, business practices and customs, behavior and preferences in the State where we may plan to expand our operations may differ from India, and our experience in the India may not be applicable to such other Countries. In addition, as we enter new markets and geographical areas, we are likely to compete not only with national player, but also local players who have an established local

presence, are more familiar with local regulations, business practices and customs, have stronger relationships with local vendors. We may not be able to leverage our experience in these regions to expand our operations in other parts of India and outside India."

11. ***We have contingent liabilities not provided for to the extent of ₹ 1039.72 Lakhs year ended September 30, 2023 respectively, and if these liabilities crystallize, they could materially and adversely affect our financial condition.***

(₹ in Lacs)

Particulars	**As on September 30, 2023**
Bank Guarantee	1000.00
Tax Related Matters	39.72
Total	**1039.72**

If any of these contingent liabilities materialise, fully or partly, our financial condition could be materially and adversely affected.

12. ***There are certain discrepancies in secretarial records and in filings with the RoC. Consequently, we may be subject to regulatory actions and penalties due to such discrepancies and our business, financial condition and reputation may be adversely affected.***

We manage regulatory compliance by monitoring and evaluating our internal controls and ensuring that we are in compliance with all relevant statutory and regulatory requirements. There have been certain instances of inconsistencies and discrepancies in the secretarial records of the Company and the filings made with the RoC. There can be no assurance that discrepancies in our filings of forms with the RoC will not arise in future, or that we will be able to implement, or continue to maintain, adequate measures to rectify or mitigate any deficiencies in our internal control. We cannot assure you that we will not be subject to any legal proceedings or regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our secretarial filings and/or corporate records in the future, which may adversely affect our business, financial condition and reputation.

13. ***In addition to normal remuneration, other benefits and reimbursement of expenses, some of our Directors (including our Promoter) are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.***

Some of our Directors (including our Promoter) are interested in our Company to the extent of their shareholding and dividend entitlement in our Company, in addition to normal remuneration or benefits and reimbursement of expenses. We cannot assure you that our Promoter and Directors would always exercise their rights as Shareholders to the benefit and best interest of our Company. As a result, our Promoter and Directors will continue to exercise significant control over our Company, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting, and our other Shareholders may be unable to affect the outcome of such voting. Our Promoter and Directors may take or block actions with respect to our business, which may conflict with our best interests or the interests of other minority Shareholders, such as actions with respect to future capital raising or acquisitions. We cannot assure you that our Promoter and Directors will always act to resolve any conflicts of interest in our favour, thereby adversely affecting our business and results of operations and prospect.

14. ***Our ship recycling operations are geographically concentrated at Sosiya Ship Breaking Yard, Alang. Any localised unrest, political disturbances or natural calamities in this area could disrupt our operations and adversely affect our results of operations. Any prolonged business interruption at our unit could have a material adverse effect on our business***

Our ship recycling unit is located at Sosiya Ship Breaking Yard, in Sosiya Village, Alang, Bhavnagar District, Gujarat and any significant social, political or geological disruption in this area, or changes in the state or local governments, even on a short-term basis, could impair our operational ability which could have an adverse effect on our business and results of operations.

Further, any breakdown or failure of our equipment can disrupt our operations, resulting in performance being below expected levels. In addition, our operations may be disrupted for reasons that are beyond our control, including

explosions, fires, earthquakes, tsunamis and other natural disasters, breakdown, failure or sub- standard performance of equipment, improper installation or operation of equipment, accidents, operational problems, other environmental risks, etc.

15. ***We have experienced significant working capital requirements in past and may continue to experience in future also. If we experience insufficient cash flows from our operations or are unable to borrow to meet our working capital requirements, it may materially and adversely affect our business, cash flows and results of operations.***

The business of our company is working capital intensive. The successful operation of our business heavily relies on significant working capital, which is essential for various aspects, including financing for purchase of ships, creating LCs, Payment of operational expenses such as Labour, material expense. Average period for ship breaking ranges between 6 to 12 months depending size and type of Ship. Our company creates Fixed Deposits during the tenure of ship breaking against LC Issued which creates working capital requirement gap. Inadequate financing of our working capital needs may arise due to several factors, such as delays in disbursements under financing arrangements, higher interest rates, increased insurance costs, or borrowing and lending restrictions. Such circumstances could have a material adverse effect on our overall business, financial condition, and prospects.

Our present work orders often necessitate providing performance bank guarantees, letters of credit, and security deposits to secure contractual obligations with clients. Failure to provide sufficient collateral may limit our ability to enter into new contracts. Acquiring these financial instruments to secure contracts increases our working capital needs. However, we may encounter challenges in obtaining a sufficient number of letters of credit, bank guarantees, and performance bonds to meet our business requirements, potentially restricting our operations.

The combination of these factors places a substantial demand on our working capital, making its management and optimization a critical aspect of our business strategy. As such, we continually strive to enhance our financial management practices to effectively address working capital challenges. By closely monitoring credit terms, payment schedules, and contract agreements, we aim to mitigate risks associated with fluctuations in working capital requirements. Additionally, prudent financial planning, exploring diverse financing options, and maintaining strong relationships with financial institutions are key factors in managing our working capital efficiently. Despite our proactive measures, there can be no assurance that working capital fluctuations will not impact our business operations or financial performance. For details related to working capital requirement, please refer to chapter titled as *"Object of the Issue"* on page 52.

16. ***Non-compliance with increasingly stringent safety, health, environmental and labour laws and other applicable regulations, may adversely affect our business, results of operations, cash flows and financial condition. Further, we may not be able to renew or maintain our statutory and regulatory permits and approvals required to operate our business.***

'Our business activities inherently involve various hazards and risks, making us subject to a range of laws and government regulations. In ship recycling, workers are faced with numerous hazards. These can range from obvious construction site related hazards such as falling from heights and falling objects to hidden hazards such as exposure to asbestos fibres. They pertain to safety, health, environmental protection, and labour laws, and they impose stringent controls on activities such as the storage, transport, handling, and disposal of hazardous substances, as well as employee exposure to these materials. Our operations are conducted in strict adherence to these laws and regulations to minimize any potential risks. Our approach includes obtaining the requisite registrations and approvals as necessary, along with ongoing training for our personnel and the implementation of prescribed safety measures. As of the present date, there have been no instances of non-approval or disruption in work due to approval-related issues. However, it's important to note that the occurrence of any such event in the future could potentially have an adverse impact on our business, results of operations, cash flows, and financial condition. Therefore, we remain vigilant and committed to upholding the highest safety and regulatory standards to prevent any such adverse events.'

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

Our future ability to pay dividends will depend on our future earnings, financial condition and capital requirements. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders. Our ability to pay dividends will also depend on our expansion plans. We may be unable to pay dividends in the near or medium term, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

18. ***Our actual results could differ from the estimates and projections used to prepare our financial statements.***

The estimates and projections are based on and reflect our current expectations, assumptions and/ or projections as well as our perception of historical trends and current conditions, as well as other factors that we believe are appropriate and reasonable under the circumstances. There can be no assurance that our expectations, estimates, assumptions and/or projections, including with respect to the future earnings and performance will prove to be correct or that any of our expectations, estimates or projections will be achieved.

19. ***Statistical and industry data in this Letter of Offer may be inaccurate, incomplete or unreliable.***

We have not independently verified data obtained from industry publications and other sources referred to in this Letter of Offer. This Letter of Offer includes information that is derived from relevant sources. Neither we nor any other person connected with the Issue has verified the information in the website of relevant sources. This information does not guarantee the accuracy, adequacy or completeness of the information and disclaims responsibility for any errors or omissions in the Information or for the results obtained from the use of the Information. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that information from website of relevant sources is correct or will not change and, accordingly, our position in the market may differ from that presented in this Letter of Offer. Further, Prospective investors are advised not to unduly rely on the information of relevant sources or extracts thereof as included in this Letter of Offer, when making their investment decisions.

20. ***A failure of our internal controls over financial reporting may have an adverse effect on our business and results of operations.***

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorization. Because of our inherent limitations, internal control over financial reporting is notintended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report its financial results accurately and in a timely manner, or to detect and prevent fraud.

21. ***We may be subject to industrial unrest, slowdowns and increased labour costs which may materially and adversely impact our operations and financial condition.***

Our operations are labour intensive in nature. While we consider our current labour relations to be satisfactory, there can be no assurance that we will not experience future disruptions to our operations due to disputes including strikes, work stoppages or increased wage demands by our employees or other problems with our work force, which may adversely affect our business and results of operations.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes certain financial obligations on employers during employment and upon retrenchment. Under Indian law, workers also have a right to establish trade unions. Our employees are currently not unionised and if we experience unrest or slowdowns, it may become difficult for us to maintain flexible labour policies and we may experience increased wage costs and employee numbers and adversely impact our operations and financial condition.

22. ***Our business requires deployment of labour and depend on availability of labour. In case of unavailability of such labour, our business operations could be affected.***

Business of our company is labour intensive and requires deployment of labour and our ability to retain labour. In case such labour workforce is unavailable, or we are unable to identify and retain such labour our business could be adversely affected. We cannot guarantee that we may be able to continue with the same on favourable terms or at all. Any such failure may impact the operations, business process and profitability. Additionally, there have been amendments in the labour and Employment related laws, which may have a direct impact on our employee costs and consequently, on our margins. Further, latest amendments in labour laws in India may be lead to increasing cost of compliance, wages, social security, Occupational Safety, Health and Working Conditions. We cannot assure you that we will continue to comply with all these labour related laws and that as we continue to grow our business in the future, our labour and employee costs coupled with operating compliances and expenses will not significantly

increase. Our employees are not unionized currently. However, there is no assurance that our employees will not seek unionization in the future. In the event that employees at our project sites take any steps to unionise, it may become difficult for us to maintain flexible labour policies and may increase our costs and adversely affect our business.

Moreover, in the year 2023 our company has also started working on Asset Demolition / Dismantling. In work order related to Asset Demolition / Dismantling site may be located at difference areas of India or Outside India. In the even site is located in remote area or where we do not have understanding of local vicinity, we may not be able to perform our activities properly. We may also not be not able to source skilled labour at appropriate rates. We may have to transport our existing labour force to the site for which we may have to incur additional expense to do such transportation. In such cases work order may not be viable execute or we may incur losses.

Any strikes or lock-outs, work stoppages, slowdowns, shut downs, supply interruptions or costs or other factors beyond our control, may disrupt our operations and could negatively impact our financial performance or financial condition. Additionally, our inability to recruit employees, in particular skilled employees and retain our current workforce could have a material adverse effect on our business, financial condition and profitability. There can be no assurance that we will not experience slowdowns or shutdowns in the manner described above, or in any other manner, in the future, for reasons which are beyond our control. Any slowdown or shutdown will adversely impact our results of operations, market share and financial condition.

23. ***Our inability to manage growth could disrupt our business and reduce our profitability.***

A principal component of our strategy is to continue to grow by expanding the size and scope of our existing business. This growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls. Continuous expansion increases the challenges involved in financial management, recruitment, training and retaining high quality human resources, preserving our culture, values and entrepreneurial environment, and developing and improving our internal administrative infrastructure. An inability to manage such growth could disrupt our business prospects and adversely affect our results of operations.

24. ***There are certain restrictive covenants in financing agreements entered by us which could adversely affect our ability to conduct business, financial condition and results of operations.***

We have entered into various agreements with the banks and financial institutions for Financial requirements and there are certain restrictive covenants, please refer to Financial Indebtedness in the section 'Financial Statements' on page 93. These restrictive covenants, include but are not limited to, that no change should be made in capital structure without consent in writing, not to make any investments in any group concern or anywhere else without prior permission, changes, if any, in the constitution of the company or changes in Directors, proposals for merger /takeover, etc. Any delay or non receipt of such consents may restrict our operations or ability to expand and may adversely affect our business.

Further, the Company has created a charge in favour of the lending bankers against the assets of the Company. In case of default by the Company in repayment of the loans, these bankers may exercise their rights over the security, which may be detrimental to the interest of the Company.

25. ***Our Promoters, members of Promoter Group and director have mortgaged their properties and provided personal guarantees to certain loan facilities availed by us, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities.***

Our Promoters, members of promoter group and director have mortgaged their properties and provided personal guarantees in relation to certain loan facilities availed of by us. In the event that any of these properties or guarantees are revoked by promoters, members of Promoter group or third party, the lenders for such facilities may require alternate properties as mortgages/guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative properties/guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition.

26. ***As the securities of our Company are listed on the BSE, our Company and our Promoters are subject to certain obligations and reporting requirements under various regulations framed by SEBI including under the SEBI***

LODR Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements in the future may render us/our Promoters liable to prosecution and/or penalties.

Our Company and our Promoters are subject to certain obligations and reporting requirements under various regulations framed by SEBI including under the SEBI LODR Regulations. Though our Company and our Promoters endeavour to comply with all such obligations/reporting requirements, there have been an instance of non-compliance and delays in complying with such obligations/reporting requirements. During the financial year ending March 31, 2022, our Company was found to be in non-compliance under Regulation 23(9) of the SEBI LODR Regulations. SEBI vide its circular no. SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 has prescribed certain penal actions that can be taken by stock exchanges in the event of non-compliance with SEBI LODR Regulations. Accordingly, BSE vide email dated January 31, 2022 imposed a fine of ₹ 2,47,800 for non-compliance under Regulation 23(9) of the SEBI LODR Regulations for the period September 2021 and informed that all the promoters' demat accounts would be frozen in the event the compliance was not completed and fines are not paid. Our Company have paid the penalty amount to BSE on February 22, 2022 for the aforesaid non-compliance and are currently in compliance with SEBI LODR Regulations and the demat accounts of our Promoters were unfreezed by the depositories upon the instruction of the BSE. Any non-compliance with the applicable laws, rules and regulations in the future may subject us to regulatory action, including penalties, suspension of trading of Equity Shares or even compulsory delisting of our Equity Shares, which may not only materially and adversely affect our business, prospects and reputation but also the shareholders.

27. ***Our operations can be adversely affected in case of industrial accidents at our Ship Recycling Unit.***

Our business of ship recycling requires the use of heavy machines which involves removing all the items and important equipment on a ship and cutting down the ship's structure, which makes the labour employed at our Ship Recycling Unit prone to accidents that may occur during the course of our operations resulting in personal injuries causing permanent disability or even death. On January 8, 2022, an incident occurred at our Ship Recycling Unit, wherein a worker was crushed to death by a crane and on account of such death the activities of our Company were suspended by GMB for a period of one month. Our Company had adequately paid the compensation to the family of the deceased worker as per the regulations issued by GMB. While our Company have been following all safety precautions at our Ship Recycling Unit, however, we cannot assure that in future similar accidents will not occur. In the event, if any such accidents again take place at our Ship Recycling Unit, we may get involved in litigation or other proceedings, or will also be held liable in any litigation or proceedings, incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business and results of operations.

28. ***We are subject to risks arising from interest rate fluctuations and foreign exchange which could adversely affect our business, financial condition and results of operations.***

We are exposed to interest rate risk but we do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements. We may enter into interest hedging contracts or other financial arrangements in the future to minimize our exposure to interest rate fluctuations. We cannot assure you, however, that we will be able to do so on commercially reasonable terms or any of such agreements we enter into will protect us fully against our interest rate risk. Any increase in interest expense due to factors beyond our control, such as governmental, monetary and tax policies and domestic and international economic and political conditions, may have an adverse effect on our business prospects, financial condition and results of operations.

The Company had, and will in the future have, substantial exposure to foreign exchange-related risks, as a substantial portion of its expenses are denominated in foreign currencies, especially U.S. dollars, while the cost of sales is denominated primarily in Indian rupees. Any appreciation or depreciation of the Indian rupee against these currencies could impact the cost of sales and profitability. However, there can be no assurance that any forward contracts or other hedging mechanisms will enable the Company to effectively manage the exposure to foreign exchange and currency translation risks. Any of these developments could have a material adverse effect on the Company's business, financial condition and results of operations.

29. ***The insurance policies obtained by us may not be adequate to protect us against certain risks and we may be subject to losses that might not be covered in whole or in part by existing insurance coverage.***

We have various types of insurance policies covering the stocks, furniture & fixtures, etc, but we cannot assure that the level of insurance maintained by us is adequate to cover all normal risks associated with the operation of our business, or that we have obtained sufficient insurance (either in amount or in terms of risks covered) to cover all

material losses. Any damage suffered by us in respect of uninsured events or for which our insurance is inadequate, the effect of such losses, would be bear by us. We cannot assure you that any claim under the insurance policies maintained by us will be honoured fully or on time. Any payments we make to cover any losses, damages or liabilities or any delays we experience in receiving appropriate payments from our insurers could have an adverse effect on our business, financial condition and results of operations.

30. ***We operate in a competitive business environment, both globally and domestically. Competition from existing players and new entrants and consequent pricing pressures may adversely affect our business, financial condition and results of operations.***

Several of our competitors are larger international and national companies and have access to greater resources or may be able to develop or acquire technology or partner with innovators or customers at terms which are not presently feasible for us, due to our current scale of operations. Any failure to keep abreast with technological advancements might place our competitors at an advantageous position in terms of cost, efficiency and timely services. We may not be able to maintain our growth rate and revenues and our profitability may decline. Any of these factors may have a material adverse effect on our business and prospects.

31. ***Our Company had a negative cash flow in its operating activities in the past years, details of which are given below. Sustained negative cash flow could impact our growth and business.***

Our Company has incurred negative cash flows from our operating activities in past. Details of cashflow from Operating activities are as follows for the period ended on September 30, 2023, March 31, 2023 and March 31, 2022 respectively;

Rs. In Lakhs

Particulars	**For the period/year ended on**		
	September 30, 2023	**March 31, 2023**	**March 31, 2022**
Net cash generated from / (used in) Operating activities	776.01	(554.19)	(1,147.60)

32. ***In the event there is any delay in the completion of the Issue, or delay in schedule of implementation, there would be a corresponding delay in the completion of the objects of this Issue which would in turn affect our revenues and results of operations.***

The funds that we receive would be utilized for the objects of the Issue as has been stated in the chapter titled "Objects of The Issue" on Page no. 52. The proposed schedule of implementation of the objects of the Issue is based on our management‘s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Issue, it may adversely affect our revenues and results of operations.

33. ***Certain information contained in this Letter of Offer is based on management estimates and we cannot assure you of the completeness or accuracy of the data.***

Certain information contained in this Letter of Offer like our funding requirements and our proposed use of issue proceeds is based solely on management estimates. The estimated project dates as well as costs may change depending on the circumstances like changes in laws and regulations, competition, irregularities or claims with respect to title of land, the ability of third parties to complete their services, delays, cost overruns or modifications to our ongoing and planned projects. Such circumstances can have an impact on our financial condition and results of operation.

34. ***Industry information included in this Letter of Offer has been derived from an public sources. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate.***

This Letter of Offer includes information on Industry in which we operate from various sources. For further details, please see chapter titled "Industry Overview" beginning on page 61. The data has been furnished by independent agency on their websites and has no relationship with our Company, its Promoters, Directors. The data used in these sources may have been reclassified by us for the purposes of presentation and may also not be comparable. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not

guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

B. EXTERNAL RISK FACTORS:

1. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in Letter of Offer, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian Company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on Director(s) and Key Managerial Personnel(s) from engaging in forward dealing. Further, Companies meeting certain financial thresholds are also required to constitute a committee of the Board of Directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for instances of non- compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Director(s) and Key Managerial Personnel(s) being subject to such penalties and formal actions as prescribed under the Companies Act, 2013, should we not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could also affect our reputation.

To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavour to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner.

2. Political, economic, or other factors that are beyond our control may have adversely affect our business and results of operations.

The Indian economy is influenced by economic developments in other countries. These factors could depress economic activity which could have an adverse effect on our business, financial condition, and results of operations. Any financial disruption could have an adverse effect on our business and future financial performance.

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

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

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

3. 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, including the instances mentioned below, 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.

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.

4. Financial instability in both Indian and international financial markets could adversely affect our results of operations and financial condition.

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

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

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

There are concerns that a tightening of monetary policy in emerging markets and some developed markets will lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance, and the trading price of the Equity Shares.

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

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

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

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

6. Civil disturbances, extremities of weather, regional conflicts and other political instability may have adverse effects on our operations and financial performance.

Certain events that are beyond our control such as earthquake, fire, floods and similar natural calamities may cause interruption in the business undertaken by us. Our operations and financial results and the market price and liquidity of our equity shares may be affected by changes in Indian Government policy or taxation or social, ethnic, political, economic or other adverse developments in or affecting India.

7. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence sor war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, impede travel and other services and ultimately adversely affect our business. In addition, any deterioration in relations between India and Pakistan might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other\ adverse social, economic and political events in India could have a negative impact on the value of share prices generally as well as the price of our Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

8. Any further downgrading of our debt ratings or of India's sovereign debt rating may adversely affect our business.

Any downgrading of our credit ratings may increase interest rates on our outstanding debt, increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and materially and adversely affect our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth. In addition, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. This may materially and adversely affect our capital expenditure plans, business and future financial performance and our ability to fund our growth in future.

9. The ability of Indian companies to raise foreign capital may be constrained by Indian law.

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.

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

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

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

i. any increase in Indian interest rates or inflation;
ii. any scarcity of credit or other financing in India;
iii. prevailing income conditions among Indian consumers and Indian corporations;
iv. changes in India's tax, trade, fiscal or monetary policies;
v. political instability, terrorism or military conflict in India or in countries in the region orglobally, including

in India's various neighboring countries;

vi. prevailing regional or global economic conditions; and

vii. other significant regulatory or economic developments in or affecting India

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

11. 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, fluctuations in commodities markets, consumer debt levels, unemployment trends 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, which may negatively affect our stock prices.

10. Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

11. Force Majeure events such as terrorist attacks, war, natural disaster or other catastrophic events may disrupt or otherwise adversely affect the markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.

Our business may be adversely affected by, terrorist attacks, war, natural disaster or other catastrophe. A catastrophic event could have a direct negative impact on us or an indirect impact on us by, for example, affecting our customers, the financial markets or the overall economy. In recent times, terrorist attacks in India have become more prevalent. Such attacks may have a material adverse effect on the Indian and global financial markets. Any deterioration in relations of India with its neighboring countries may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

12. Any changes in the labour laws or other industry standards, in the jurisdictions in which we operate, applicable to us, our operations and the profitability may be adversely affected.

We are subject to a number of labour laws related to the levels of employment. India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. Our employees may also in the future form unions. If labour laws become more stringent or are more strictly enforced or if our employees unionize, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, results of operations, financial condition and cash flows.

C. RISK FACTORS RELATED TO ISSUE:

1. Our Company will not distribute this Letter of Offer, the Abridged Letter of Offer and Application Form to overseas Shareholders who have not provided an address in India for service of documents.

Our Company will dispatch this Letter of Offer, the Abridged Letter of Offer, Rights Entitlement Letter and Application Form (the "Issuing Materials") to such Eligible Shareholders as on Record Date to be determine by the Board of Director whose Email Address are not available in record of the Depositories. The Issuing Materials shall not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions.

2. ***The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholder") may lapse in case they fail to furnish the details of their de-mat account to the Registrar.***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. April 18, 2024 and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar to the Issue or our Company, in the manner provided on the website of the Registrar to the Issue at https://rights.cameoindia.com/vms at least two working days prior to the Issue Closing Date i.e. May 13, 2024, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date i.e. May 15, 2024. They may also communicate with the Registrar to the Issue with the help of the helpline number +91-44-40020710/0706/0741 and their email address.

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, i.e. May 13, 2024, 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 Section Terms of the Issue on page 116.

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

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. For details, please refer to "Terms of the Issue" beginning on page 116.

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

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

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

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

6. There is no guarantee that our Equity Shares will be listed in a timely manner or at all, which may adversely affect the trading price of our Equity Shares.

In accordance with Indian law and practice, approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

7. 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 Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights 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 Equity Share price. Factors affecting the volatility of the Share price, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the Equity Share price will have an adverse impact on the trading price of the Rights Entitlements. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

8. SEBI has recently, by way of Rights Issue Circulars 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 Rights Issue Circulars 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 116.

9. The Rights Entitlement of Physical Equity Shareholders may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with the SEBI Circular bearing reference number 'SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020', the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Equity Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Equity Shareholders are requested to furnish the details of their demat account to the Registrar not later than 2 (Two) Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least 1 (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 2 (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). For further details, please refer to the section titled 'Terms of the Issue' on page 116.

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

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's demat account with its depository participant shall be completed within such period as prescribed under the applicable laws.

There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in our business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in our 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 Rights 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.

11. The Rights Entitlements may not be credited into your demat account on time and you may not be able to trade such Rights Entitlements on the platform of the Stock Exchange.

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. The Rights Entitlements that you may be entitled to may not be credited into your demat account in a timely manner. In relation to the SEBI Rights Issue circular, the Eligible Equity Shareholders can trade in such Rights Entitlements on the platform of the Stock Exchanges after the Issue Opening Date and such trading shall be closed at least three working days prior to the Issue Closing Date. We cannot assure that the Rights Entitlements allocated to you will be credited to your demat account in a timely manner or at all, which will impact your ability to trade in the Rights Entitlements.

12. We have evolved a mechanism for credit of the Rights Equity Shares in respect of the Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholder") 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. However, this mechanism may entail a risk that the sale of such shares by the Company on the open market subsequently may not be at a price acceptable to such shareholders. Further, the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholder") may lapse in case they fail to furnish the details of their demat account to the Registrar.

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialized form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date i.e. April 18, 2024 and desirous of subscribing to Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar to the Issue or our Company in the manner provided on the website of the Registrar to the Issue at https://rights.cameoindia.com/vms 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 i.e. May 15, 2024 They may also communicate with the Registrar with the help of the helpline number +91-44-40020710/0706/0741 and their email address investor@cameoindia.com .

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 to the Issue, 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, i.e May 13, 2024 , 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 Section "Terms of the Issue" on page 116.

13. Investors will be subject to market risks until our Equity Shares credited to the investor's demat account are listed and permitted to trade.

Investors can start trading our Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since our Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for our Equity Shares to the date when trading approval

is granted for the same. Further, there can be no assurance that our Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in such Equity Shares will commence in a timely manner.

14. There is no monitoring agency appointed by our Company to monitor the utilization of the Issue proceeds.

As per SEBI (ICDR) Regulations, 2018, as amended, appointment of monitoring agency is required only for Issue size above Rs. 10,000.00 Lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Issue proceeds to the stock exchange and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

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

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

16. SEBI operates an index-based market-wide circuit breaker. Any operation of a circuit breaker may adversely affect a shareholder's ability to sell, or the price at which it can sell, our Equity Shares at a particular point in time.

We are subject to an index-based market-wide circuit breaker generally imposed by SEBI on Indian stock exchanges. This may be triggered by an extremely high degree of volatility in the market activity (among other things). Due to the existence of this circuit breaker, there can be no assurance that shareholders will be able to sell our Equity Shares at their preferred price or at all at any particular point in time.

SECTION IV – INTRODUCTION

THE ISSUE

This Issue has been authorized by way of a resolution passed by our Board at its meeting held on February 13, 2024, in pursuance of Section 62 of the Companies Act, 2013.

The following is a summary of the Issue, and should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" on page 116.

Particulars	Details of Equity Shares
Right Shares proposed to be Issued	Upto 80,00,000 Rights Equity Shares.
Rights Entitlement	16 (Sixteen) Rights Equity Shares for every 33 (Thirty-Three) Equity Shares held on the Record Date.
Record Date	April 18, 2024
Fractional Entitlement	For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 33 Equity Shares or is not in multiples of 33, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements by rounding down of their Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of 1 (One) Additional Right Share each, if such Eligible Equity Shareholders have applied for Additional Right Shares over and above their Rights Entitlements, if any.
Face Value per Equity Share	₹ 10 (Rupees Ten Only) each.
Issue Price per Rights Equity Shares	₹ 35 (Rupees Thirty-Five Only) each.
Issue Size	Upto ₹ 80,00,000 Equity Shares of face value of ₹ 10 each for cash at a price of ₹ 35 (Including a premium of ₹ 25) per Rights Equity Share not exceeding an amount of ₹ 2,800.00 lakhs.
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank *pari passu* in all respects with the Equity Shares of our Company.
Authorised Capital of the Company	2,60,00,000 Equity Shares
Equity Shares paid-up and outstanding prior to the Issue	1,64,73,391 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Entitlement)	Upto 2,44,73,391* fully paid-up Equity Shares
Terms of the Issue	Please refer to the section titled "*Terms of the Issue*" beginning on page 116.
Use of Issue Proceeds	Please refer to the section titled *"Objects of the Issue"* beginning on page 52
Scrip Details	**ISIN:** INE932K01015 **BSE Scrip Code:** 533427 **BSE Scrip ID:** VMS; **ISIN for Rights Entitlements**: INE932K20015

**Assuming full subscription of the Issue.*

Please refer to the chapter titled *"Terms of the Issue"* on page 116.

TERMS OF PAYMENT

Amount payable per Right Share	Face Value	Premium	Total
On Application	₹ 10	₹ 25	₹ 35

ISSUE SCHEDULE

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

Issue Opening Date	May 02, 2024
Last date for On Market Renunciation of Rights*	May 10, 2024
Issue Closing Date**	May 16, 2024

**Eligible Equity Shareholders are requested to ensure that renunciation through off- market transfer is completed in such manner that the Rights Entitlement are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
***The Board of Directors will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

GENERAL INFORMATION

Our Company was originally incorporated as *'Varun Management Services Private Limited'* on December 2, 1991 under the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra & Nagar Haveli ("**RoC**"). The name of the Company was changed to *'VMS Industries Private Limited'* pursuant to a special resolution passed by the shareholders at the EGM held on March 12, 2007 and a fresh Certificate of Incorporation issued by RoC dated May 22, 2007. Subsequently our Company was converted into a public limited company and our name was changed *'VMS Industries Limited'* pursuant to a special resolution passed by the shareholders at the EGM held on December 31, 2009 and a fresh Certificate of Incorporation was issued by RoC dated January 29, 2010.

Further, shares of our Company got listed and traded pursuant to initial public offering with effect from June 14, 2011.

The Corporate Identity Number of our Company is L74140GJ1991PLC016714

Registered Office*

VMS INDUSTRIES LIMITED
808/C Pinnacle Business Park Corporate Road,
Prahladnagar, Ahmedabad,
Gujarat, India, 380015
Telephone: +91-99789 41676
Email: info@vmsil.in
Website: www.vmsil.in

**The address of Registered Office of our Company is 808/C Pinnacle Business Park Corporate Road, Prahladnagar, Ahmedabad, Gujarat, India, 380015, however on the website of the Ministry of Corporate Affairs, the registered office address is appearing as 808/ Pinnacle Business Park Corporate Road, Prahladnagar, Ahmedabad, Gujarat, India, 380015. Our Company has intimated to the ROC for the change in the master data of the Company and the same is under process.*

Changes in the Registered Office

Our Company's registered office is situated at 808/C Pinnacle Business Park Corporate Road, Prahladnagar, Ahmedabad, Gujarat, India, 380015. The table below sets forth details of changes in the registered office of our Company since its incorporation:

Effective Date	From	To	Reasons for Change
Since Incorporation	-	604-A, Sir Pattani Road, Near Crescent, Bhavnagar-364001, Gujarat	-
January 03, 2005	604-A, Sir Pattani Road, Near Crescent, Bhavnagar-364001, Gujarat	Above Honda Activa Showroom, Opp. Vitthalwadi, Bhavnagar-364003, Gujarat	Administrative Purposes
October 01, 2005	Above Honda Activa Showroom, Opp. Vitthalwadi, Bhavnagar-364003, Gujarat	A-201, Premium House, Near Gandhigram Railway Station, Ellisbridge, Ahmedabad- 380006, Gujarat	Administrative Purposes
April 10, 2008	A-201, Premium House, Near Gandhigram Railway Station, Ellisbridge, Ahmedabad- 380006, Gujarat	B-404, Ashwari Towers, Behind Wide Angle, Satellite, Ahmedabad-380015, Gujarat.	Administrative Purposes
August 7, 2008	B-404, Ashwari Towers, Behind Wide Angle, Satellite, Ahmedabad-380015, Gujarat	2nd Floor, Jain House, Opp. Vitthalwadi, Bhavnagar-364003, Gujarat	Administrative Purposes
September 10, 2012	2nd Floor, Jain House, Opp. Vitthalwadi, Bhavnagar-364003, Gujarat	808/C Pinnacle Business Park Corporate Road, Prahladnagar, Ahmedabad, Gujarat, India, 380015	Administrative Purposes

Registration Number: 016714

Registrar of Companies

ROC Bhavan,
Opp Rupal Park Society,
Behind Ankur Bus Stop,
Naranpura, Ahmedabad-380013, Gujarat
Telephone: +91-079-27438531
Facsimile: 022 2281 1977
E-mail: roc.ahmedabad@mca.gov.in

Board of Directors of our Company

The following table sets forth the Board of Directors of our Company:

Sr. No	Name	Age	Designation	Address	DIN
1.	Manojkumar Jain	62	Chairman and Managing Director	B-404, Ashavari Tower, B/H, Fun Republic Satellite, Ahmadabad City, Ahmedabad, Manekbag, Gujarat-380015	02190018
2.	Sangeeta Jain	55	Whole-time Director	B-404, Ashavari Tower, B/H, Fun Republic Satellite, Ahmadabad City, Ahmedabad, Manekbag, Gujarat-380015	00125273
3.	Bakul Kishanlal Mehta	71	Non-Executive - Independent Director	G-3, Samyuk Flat, Diamond Chowk, Bhavnagar, Gujarat-364001	02902485
4.	Pranavkumar Vinaykan Parikh	65	Non-Executive - Independent Director	20, Dipti Bank of India Society, Opp. Gulbai Tekra Huts Ellisbridge, Ahmedabad City, Gujarat-380006	02906210
5.	Murari Agarwal*	27	Non-Executive - Independent Director	Ward No. 16, Radha Hospital Ke Pass, Fatehpur, Sikar, Rajasthan-332301	10433524

**Our Company appointed Mr. Murari Agarwal as an additional Independent Director in the Company vide its board resolution dated February 13, 2024, for the period of 5 years w.e.f. February 13, 2024. However, due to an inadvertent error, the special resolution was passed in the extra ordinary general meeting held on March 13, 2024, mentioning the tenure of his appointment as March 14, 2024, to March 13, 2029 instead of February 13, 2024 to February 12, 2029.*

For further details of our Board of Directors, please refer to the section titled *'Our Management'* on page 82.

CHIEF FINANCIAL OFFICER

Amitbhai Pravinchandra Mandaliya is the Chief Financial Officer of our Company. His contact details are set forth hereunder:

808/C Pinnacle Business
Park Corporate Road,
Prahladnagar, Ahmedabad,
Gujarat, India, 380015.
Telephone: +91-0278-2517565
Email: bhv.vmsind@gmail.com
Website: www.vmsil.in

COMPANY SECRETARY AND COMPLIANCE OFFICER

Hemal Panakajkumar Patel is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder.

808/C Pinnacle Business
Park Corporate Road,
Prahladnagar, Ahmedabad,
Gujarat, India, 380015.
Telephone: +91-99789 41676

Email: cs@vmsil.in
Website: www.vmsil.in

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

LEGAL COUNSEL TO THE ISSUE

Khaitan & Khaitan
A-38, Kailash Colony,
New Delhi-110048, India
Tel: +91-11-4977 4545

REGISTRAR TO THE ISSUE

Cameo Corporate Services Limited
"Subramaniam Building",
No. 1, Club House Road,
Chennai- 600002, India
Tel No.: 044-4002 0700/ 2846 0390
Email: rights@cameoindia.com
Website: **https://rights.cameoindia.com/vms /** www.cameoindia.com
Investor Grievance Email: investor@cameoindia.com
Contact Person: K. Sreepriya – Vice President & Company Secretary
SEBI Registration No.: INR000003753
Validity of Registration: Permanent

Investors may contact the Registrar or our Company Secretary and Compliance Officer 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), E-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), 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 (in case of ASBA process). For details on the ASBA process, see *"Terms of the Issue"* beginning on page 116.

STATUTORY AND PEER REVIEW AUDITOR OF OUR COMPANY

M/s. S. N. Shah & Associates,
Chartered Accountants
Sapan House, 10/B, Government Servant Co. Op.
Housing Society, Opposite Municipal Market,
Navrangpura, Ahmedabad-380009
Email: snshah_asso@hotmail.com
Telephone No.: 9898820916
Contact Person: CA Firoj Bodla
Membership No: 126770
Firm Registration No: 109782W
Peer Review Certificate No: 013759

BANKERS TO THE ISSUE/REFUND BANK

ICICI Bank Limited
Address: Capital Market Division,
5th Floor, HT Parekh Marg,
Churchgate, Mumbai-400020
E-mail: ipocmg@icicibank.com
Telephone: 022-68052182
Contact Person: Varun Badai
Website: www.icicibank.com

DESIGNATED INTERMEDIARIES

Self-certified Syndicate Banks

The lists of Banks that have been notified by SEBI to act as SCSBs for the ASBA process are provided on at the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For details on designated branches of SCSBs collecting the ASBA Application Forms, refer to the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Registrar to the Issue and Share Transfer Agents ("RTA")

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the RTAs eligible to accept Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI (www.sebi.gov.in), and for details on RTA, please refer http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Collecting Depository Participants ("CDP")

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

EXPERT

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

Our Company has received a written consent from our Statutory Auditors, M/s. S. N. Shah & Associates, Chartered Accountants, to include their name in the Draft Letter of Offer / Letter of Offer as an 'expert', as defined under Section 2 (38) of the Companies Act, 2013, to the extent and in their capacity as statutory auditors of our Company and in respect of the inclusion of the Audited Financial for the Financial Year ended March 31, 2023 and March 31, 2022 and Un-audited Financial Statements (Limited Reviewed) for the period ended December 31, 2023 as per limited review report dated February 13, 2024, September 30, 2023 as per limited review report dated November 11, 2023, September 30, 2022 as per limited review report dated November 10, 2022 and the statement of Possible special tax benefits dated April 18, 2024, included in this Letter of Offer, and such consent has not been withdrawn as of the date of this Letter of Offer.

CREDIT RATING

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

DEBENTURE TRUSTEE

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

MONITORING AGENCY

Since the Issue size does not exceed ₹10,000 Lakhs, there is no requirement to appoint a monitoring agency in relation to the Issue under SEBI ICDR Regulations.

APPRAISING ENTITY

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

UNDERWRITING

This Issue is not underwritten and our Company has not entered into any underwriting arrangement.

MINIMUM SUBSCRIPTION

The Issue is subject to being in receipt of minimum subscription of 90% of the Issue in accordance with the provisions of Regulation 86 of SEBI ICDR Regulations.

FILING

SEBI vide its Amendment regulations i.e., SEBI (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 w.e.f. September 28, 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 Exchange and not with SEBI. However, this Letter of Offer will be submitted with SEBI for information and dissemination purposes and shall be filed with the Stock Exchange.

ISSUE SCHEDULE

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

Last Date for credit of Rights Entitlements	On or before Wednesday May 01, 2024
Issue Opening Date	Thursday, May 02, 2024
Last Date for On Market Renunciation of Rights Entitlements#	Friday, May 10, 2024
Issue Closing Date*	Thursday May 16, 2024
Finalization of Basis of Allotment (on or about)	On or before Thursday May 23, 2024
Date of Allotment (on or about)	On or before Thursday May 23, 2024
Date of credit (on or about)	On or before Thursday May 28, 2024
Date of listing (on or about)	On or before Thursday May 30, 2024

Note:

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

**Our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Shareholders holding Equity Shares who have not provided the details of their demat accounts to our Company or to the Registrar to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Issue not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., May 16, 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 1 (One) day before the Issue Closing Date, i.e., May 16, 2024.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the Applications are submitted well in advance before the Issue Closing Date. For details on submitting Application Forms, please refer to the section titled *"Terms of the Issue"* on page 116.

The details of the Rights Entitlements with respect to each Eligible Shareholders can be accessed by such respective Eligible Shareholders on the website of the Registrar to the Issue at https://rights.cameoindia.com/vms; after keying in their respective details along with other security control measures implemented there at. For further details, please refer to the paragraph titled see *'Credit of Rights Entitlements in demat accounts of Eligible Shareholders'* under the section titled *"Terms of the Issue"* on page 116.

Please note that if no Application is made by the Eligible 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 this Issue.

CAPITAL STRUCTURE

Our Company's share capital, as on the date of this Letter of Offer, is set forth below:

(Amount in Lakhs except share data)

	Particulars	Aggregate value at Face Value	Aggregate value at Issue Price
A	**AUTHORISED SHARE CAPITAL**		
	2,60,00,000 Equity Shares of face value of Rs. 10.00/- each	2600.00	N.A.
B	**ISSUED, SUBSCRIBED AND PAID-UP EQUITY SHARE CAPITAL BEFORE THE ISSUE**		
	1,64,73,391 Equity Shares of face value of Rs. 10.00/- each	1647.34	N.A.
C	**PRESENT ISSUE BEING OFFERED TO THE EXISTING EQUITY SHAREHOLDERS THROUGH THIS LETTER OF OFFER[(1)]**		
	Upto 8000000 Rights Equity Shares of face value of Rs. 10.00/- each for cash at a price of Rs. 35 per Equity Share	Upto 80.00 Lakhs	Upto 2800.00
D	**ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE[(2)]**		
	upto 2,44,73,391 Equity Shares of Rs. 10/- each fully paid-up	upto2,447.34 Lakhs	N.A.
E	**SECURITIES PREMIUM ACCOUNT**		
	Before this Issue		2,473.81
	After this Issue		4,473.81*[(2)]

[(1)]This Issue has been approved by a resolution passed by our Board at its meeting held on February 13, 2024, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.
[(2)] Assuming full subscription for and allotment of the Rights Entitlements.
** Assuming allotment of 80 Lakhs shares. This numbers is subject to change based on actual allotment of Equity Shares under this issue.*

Notes to the Capital Structure:

i. Our Company does not have any employee stock option scheme or employee stock purchase scheme.

ii. Our Company does not have any outstanding warrants, options, convertible loans, debentures or any other securities convertible at a later date into Equity Shares, as on the date of this Letter of Offer, which would entitle the holders to acquire further Equity Shares.

iii. All the Equity Shares of our Company are fully paid-up and there are no partly paid-up Equity Shares outstanding as on the date of this Letter of Offer. For further details on the terms of the Issue, please see the chapter titled *"Terms of the Issue"* on page 116.

A. Shareholding of Promoter and Promoter Group:

The details of Equity Shares held by the Promoter and Promoter Group including the details of lock-in, pledge and encumbrance on such Equity Shares as on December 31, 2023 are set forth below:

Sr. No.	Name of the Promoter & Promoter Group	Number of fully paid-up Equity Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Details of Equity Shares pledged / encumbered		Details of Equity Shares locked-in	
				No. of Equity Shares	% of total shares held	No. of Equity Shares	% of Total Shares held
1.	Manojkumar Jain (P)	61,68,100	37.44	29,42,017	47.70	0	0.00
2	Sangeeta Jain (P)	22,92,264	13.91	20,00,000	87.25	0	0.00
3.	Varun Manojkumar	6,24,800	3.79	0	0.00	0	0.00

Sr. No.	Name of the Promoter & Promoter Group	Number of fully paid-up Equity Shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Details of Equity Shares pledged / encumbered		Details of Equity Shares locked-in	
				No. of Equity Shares	% of total shares held	No. of Equity Shares	% of Total Shares held
	Jain (PG)						
4.	Vaibhav Manojkumar Jain (PG)	2,40,000	1.46	0	0.00	0	0.00
	Total	**93,25,164**	**56.61**	**49,42,017**	**53.00**	0	0.00

P= Promoter
PG = Promoter Group

B. Details of Equity Shares acquired by Promoter or Promoter Group in the last one year

None of the Equity Shares are acquired by our Promoter and Promoter Group in the last one year.

C. Intention and extent of participation in the Issue by the Promoter and Promoter Group

Our Promoters and Promoter Group have confirmed that they (a) will not subscribe to their Rights Entitlements in the Issue and will renounce their Rights Entitlements in part of in full, in favour of the Promoters or other members of our Promoter Group or in favour of existing shareholders of the Company or a third party; or (b) may subscribe to additional Rights Equity Shares including subscribing to any unsubscribed portion in the Issue, if any, or subscription pursuant to Rights Entitlements acquired through renunciation, either individually or jointly and/ or severally with the Promoters or any other members of the Promoter Group, subject to compliance with the Companies Act, the SEBI ICDR Regulations, the SEBI Takeover Regulations and other applicable laws/ regulations. Provided that if any of the Promoters or members of the Promoter Group renounce any Rights Entitlements in favour of any third party (not being a Promoter or a member of the Promoter Group), whether or not an existing member of the Company, (i) such renouncing Promoter or member of the Promoter Group shall not apply for subscription to additional Rights Entitlements; and (ii) in the event that minimum subscription of 90% is applicable to the Issue under Regulation 86 of the SEBI ICDR Regulations and the same is not achieved, the Promoters and the members of the Promoter Group shall subscribe to the portion of their Rights Entitlements, subject to availability of funds, such that the minimum subscription of 90% is achieved in accordance with Regulation 86 of the SEBI ICDR Regulations.

In case of (b) above, subscription to additional Rights Equity Shares shall be made to the extent that it does not result in any obligation on our Promoters and members of our Promoter Group to make an "open offer" in accordance with the SEBI Takeover Regulations and shall be in compliance with the Companies Act, the SEBI ICDR Regulations and other applicable laws. Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

Our Company is in compliance with Regulation 38 of the SEBI LODR Regulations and will continue to comply with the minimum public shareholding requirements under applicable law, pursuant to this Issue.

D. The ex-rights price per Equity Share arrived in accordance with Regulation 10(4)(b) of the SEBI SAST Regulations is ₹ 44.77.

E. At any given time, there shall be only one denomination of the Equity Shares.

F. The details of the promoter and promoter group shareholders holding of the Company as on date of this Letter of Offer are as under:

Sr. No.	Name of Promoters and Promoter Group	No. of Equity Shares held	% of Total share capital
1.	Manojkumar Jain	61,68,100	37.44
2	Sangeeta Jain	22,92,264	13.91
3.	Varun Manojkumar Jain	6,24,800	3.79
4.	Vaibhav Manojkumar Jain	2,40,000	1.46
	Total	**93,25,164**	**56.61**

G. Shareholding Pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI LODR Regulations:

- Shareholding Pattern of the Equity Shares of our Company as per the last filing with the Stock Exchange, i.e., as on December 31, 2023 is available on the website of BSE at https://www.bseindia.com/stock-share-price/vms-industries-ltd/vms/533427/qtrid/120.00/shareholding-pattern/Dec-2023/

- Statement showing holding of the Equity Shares of the Promoters and Promoter Group including details of lock-in, pledge of and encumbrance thereon, as on December 31, 2023 can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=533427&qtrid=120.00&QtrName=Dec-23

- The statement showing holding of Equity Shares belonging to the category "Public" including the details of lock-in, pledge of and encumbrance thereon as on December 31, 2023, can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=533427&qtrid=120.00&QtrName=Dec-23

- Statement showing shareholding pattern of the Non Promoter-Non Public shareholder of our Company as on December 31, 2023 can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=533427&qtrid=120.00&QtrName=Dec-23

- The details of the public shareholders which is hold more than 1% share holding in the Company as on December 31, 2023:

Sr. No.	Name of Shareholder	Category of Shareholder	No. of Shares held	% of Shares held
1.	Manojkumar Jain	Promoter	6168100	37.44
2.	Sangeeta Jain	Promoter	2292264	13.91
3.	Uma Maheswari	Resident Individuals	745885	4.53
4.	Varun Manojkumar Jain	Promoter Group	624800	3.79
5.	Rajendra Kanoongo	Resident Individuals	500120	3.04
6.	Kaushik Shah Shares and Sec Private Limited	Bodies Corporate	380183	2.31
7.	Satish Kumar Gupta (HUF)	HUF	313902	1.91
8.	Chandra Prakash	Resident Individuals	275600	1.67
9.	Bhaijee Portfolio Private Limited	Bodies Corporate	248392	1.51
10.	Vaibhav Manojkumar Jain	Promoter Group	240000	1.46
11.	Sidharth Ratanlal Bafna	Resident Individuals	212063	1.29
12.	Abhinandan Jain	Resident Individuals	200600	1.22
13.	Chandrasekar	Resident Individuals	196100	1.19

OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds raised through the Issue **("Gross Proceeds")** after deducting the Issue related expenses **("Net Proceeds")** for the following objects (collectively, referred to as the "**Objects**"):

1. Funding long-term working capital requirements of our Company.
2. General Corporate Purpose

The main objects clause and objects incidental or ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Issue.

ISSUE PROCEEDS

The Details of Issue proceeds and its utilization are as under:

Particulars	Estimated Amount (in Lakhs)
Gross Proceeds to be raised through the Issue*	**Upto 2800.00**
Less: Issue related expenses	Upto 250.00
Net Proceeds to be raised through the issue	**Upto 2550.00**
Utilization of the net proceeds	
(a) Funding long-term working capital requirements of our Company	1850.00
(b) General Corporate Purpose**	upto 700.00 Lakhs
Net Proceeds	**Upto 2550.00**

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio and subject to actual number of equity shares to be allotted under the Rights issue.*
***The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

UTILISATION OF NET ISSUE PROCEEDS

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:

Sr. No.	Particulars	Amount to be financed from Net Proceeds of the Issue (Rs. In Lakhs)	% of Gross Issue* Proceeds
1.	Funding long-term working capital requirements of our Company	1850.00	66.07%
2.	General Corporate Purpose**	Upto 700.00	25.00%
	Net Proceeds*	**Upto 2550.00**	91.07

** Assuming full subscription and Allotment with respect to the Right Equity shares and subject to actual number of equity shares to be allotted under the Rights issue.*
***The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

The above fund requirements are based on our current business plan, internal management estimates and have not been appraised by any Bank or Financial Institution. The deployment of funds raised through this Issue is at the discretion of the Management and the Board of Directors of our Company and will not be subject to monitoring by any independent agency. In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. Our historical funding requirements may not be reflective of our future funding plans. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition and other external factors which may not be within our control. This may entail rescheduling the proposed utilization of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law.

In case of any increase in the actual utilization 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 by means available to us, including by way of incremental debt and/or internal accruals. If the actual utilization towards any of the objects is lower than the proposed deployment, such balance will be used towards general corporate purposes to the extent that the total

amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds from the Issue in accordance with applicable law.

Means of Finance

Sr. No.	Particulars	Amount Required (₹ in Lakhs)	From IPO Proceeds	Internal Accruals/Equity/Reserves	Balance from Long/Short Term Borrowing
1.	Funding long-term working capital requirements of our Company	22,447.39	1850.00	6,566.61	14,030.78
2.	General corporate purposes	Upto 700.00	Upto 700.00	0.00	0.00
3.	Issue Expenses	Upto 250.00	Upto 250.00	0.00	0.00
Total		**Upto 23,397.40**	**upto 2800.00**	**6,566.61**	**14,030.78**

Accordingly, we confirm that we are in compliance with the requirements for firm arrangements of finance under Regulation 62(1)I of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised to be issue and through existing identifiable accruals.

DETAILS OF USE OF ISSUE PROCEEDS

1. Incremental Funding long-term working capital requirements of our Company

The business of our company is working capital intensive. Our Company requires working capital for executing its outstanding work orders and any future orders that may be received, for funding future growth requirements of our Company and for other strategic, business and corporate purposes. We finance our working capital requirement from our internal accruals, and bank finance. As on September 30, 2023 (based on un-audited limited reviewed financial information) Net working capital requirement was estimated to ₹ 8,592.89 Lakhs, as on March 31, 2023, Net Working Capital requirement of our Company on audited basis was ₹ 8,245.71 lakhs and as on March 31, 2022, it was ₹ 7,864.53 Lakhs. The Net Working capital requirements for the FY 2023-24 & FY 2024-25 is estimated to be ₹ 19,932.32 Lakhs and ₹ 22,447.39 Lakhs respectively. The Company will meet the requirement to the extent of ₹ 14,030.78 Lakhs from Borrowings, ₹ 6,566.61 Lakhs from Internal Accruals and ₹ 1850.00 Lakhs from the Net Proceeds of the Issue.

We intend to meet our Funding long-term working capital requirements of our Company to the extent of ₹ 1850.00 Lakhs from the Net Proceeds of this Issue and the balance will be met from internal accruals at an appropriate time as per the requirement.

Particulars	Projected		Un-Audited (Limited Reviewed)	Audited	
	31-Mar-25	31-Mar-24	30-Sep-23	31-Mar-23	31-Mar-22
Inventories					
Raw Material	8,177.72	5,060.23	72.37	204.55	4,844.20
Trade receivables	8,608.13	7,102.08	4,373.71	2,571.22	2,569.64
Cash and Bank Balance	93.25	59.71	947.16	42.77	24.12
Fixed Deposits	2,000.00	4,150.00	1,820.70	1,820.70	1,929.49
Loans and Advances	3,472.30	3,472.30	3,508.18	3,545.87	3,095.02
Other Assets	347.91	223.89	57.26	83.61	30.92

Particulars	Projected		Un-Audited (Limited Reviewed)	Audited	
	31-Mar-25	31-Mar-24	30-Sep-23	31-Mar-23	31-Mar-22
Total Assets (A)	**22,699.30**	**20,068.21**	**10,779.38**	**8,268.72**	**12,493.39**
Trade payables	-	-	2,000.43	3.99	4,608.47
Other liabilities (Including Non Current)	251.91	135.89	186.06	19.02	20.39
Short-term provisions	-	-	-	-	-
Total Liabilities (B)	251.91	135.89	2,186.49	23.01	4,628.86
Net Working Capital (C=A-B)	**22,447.39**	**19,932.32**	**8,592.89**	**8,245.71**	**7,864.53**
Sources of Funds					
Short Term Borrowing	14,030.78	14,145.89	3,035.96	2,901.69	3,158.98
Internal Accruals/Existing Net worth	6,566.61	5,786.43	5,556.93	5,344.03	4,705.55
Proceeds from Issue	1,850.00	0.00	0.00	0.00	0.00
Total	**22,447.39**	**19,932.32**	**8,592.89**	**8,245.71**	**7,864.53**

Justification / Assumptions for working capital requirements.

Particulars	Holding level (in Months)					Justification for Holding
	March 31, 2025	March 31, 2024	September 30, 2023	March 31, 2023	March 31, 2022	
Current Assets						
Raw Material	2.22	1.23	0.18	3.38	2.02	In our Company raw material mainly constitutes purchase of uncut ships. Our company anticipates holding period of raw material to be 1.23 months & 2.22 months for FY 2023-24 and FY 2024-25. Holding period of raw material will depends on the stage of uncut ships at the reporting date.
Trade Receivables	2.72	3.21	4.13	2.20	1.70	Trade receivables are the amount owed to the Company by customers following sale of goods on credit. Our Company has estimated average trade receivable cycle to be 2.72 & 3.21 Months for FY 2024-25 & FY 2023-24 respectively to meet expected turnover for FY 2024-25 & FY 2023-24 and further to streamline credit period given to our customers.
Current Liabilities						
Trade Payables	0.00	0.58	1.23	1.97	2.66	Trade payables include dues to micro and small enterprises and other creditors. Our company provide Letter of Credit/Buyers Credit and makes advance payment to its suppliers and therefore NIL trade payables will appear in the projected period.

Apart from above there are other working capital requirements such as Cash and Cash Equivalents, Fix55pprox.55its Other Current assets, loans and advances, short term provisions and other current liabilities. Details of which are given below.

Cash and Cash Equivalents	Cash and cash equivalents include balances in current account with scheduled bank, Bank Balance and cash in hand. Cash and Cash Equivalent balance is estimated based on previous years outstanding amount and for expected Business requirement of company.
Fixed Deposits	Fixed Deposits are the amount lien Marked Against Letter of Credit Issued. Fixed Deposits balance is estimated based on previous years outstanding amount and for expected Business requirement of company.
Loans and Advances	Loans and advances mainly include Balance with Govt Authority, Securities Deposits and Loans & Advances to Employee and other related parties. Loans and advances are estimated based on previous years outstanding amount and for expected Business requirement of company.
Other Assets	Other Current Assets mainly include Sundry Balances & Other receivables, Prepaid expenses and other debit balances. Other Current Assets is for expected Business requirement of company.
Other liabilities	Other Liabilities mainly include Advance from customers, statutory liabilities and Other Payables. Other current liabilities are estimated based on previous years outstanding amount and for expected Business requirement of company.

2. General Corporate Purpose

We propose to utilize ₹ upto 700.00 Lakhs of the Net Proceeds towards general corporate purposes as approved by the Board, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the gross proceeds Issue Proceeds, in compliance with the SEBI ICDR Regulations. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purpose subject to above mentioned limit, as may be approved by our management, including but not restricted to, the following:

➢ acquisition/hiring of land/property for building up corporate house,
➢ hiring human resources including marketing people or technical people in India or abroad,
➢ we may also enter into strategic alliances with other body corporates for expansion of our business in abroad or in India.
➢ funding growth opportunities;
➢ servicing our repayment obligations (principal and interest) under our existing & future financing arrangements;
➢ capital expenditure, including towards expansion/development/refurbishment/renovation of our assets;
➢ working capital;
➢ meeting expenses incurred by our Company in the ordinary course of business or other uses or contingencies; and/or
➢ strategic initiatives and
➢ On-going general corporate exigencies or any other purposes as approved by the Board subject to compliance with the necessary regulatory provisions.

The quantum of utilization of funds towards any of the purposes will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company from time to time.

ISSUE EXPENSES

The total expenses of the Issue are estimated to be approximately upto ₹ 250.00 Lakhs*. The expenses of the Issue include, among others, fees of the Registrar to the Issue, fees of the other advisors, printing and stationery expenses, advertising, marketing expenses and other expenses.

The estimated Issue expenses are as under:

Sr. No	Particulars	Expenses (₹ in Lakhs)	% of Estimated Issue Size	% of the Issue Expenses
1.	Fee payable to the legal counsel, other professional service Providers	7.50	3.00%	0.27%
2.	Fee payable to the Registrar to the Issue	1.50	0.60%	0.05%
3.	Advertising, Printing, Postage, Stationary, marketing and shareholder outreach expenses	5.00	2.00%	0.18%
4.	Fees payable to regulators, including Stock Exchanges, SEBI, depositories and other statutory fee	8.00	3.20%	0.29%
5.	Other Expense (Fees payable for marketing & distributing expenses, selling commission, brokerage, processing fees, underwriting fees and miscellaneous expenses.)	228.00	91.20%	8.16%
Total		upto 250.00	**100%**	**upto 8.94%**

** Subject to finalization of Basis of Allotment and actual 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 Issue Expenses/general corporate purpose. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.*

APPRAISAL OF THE OBJECTS

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

INTERIM USE OF FUNDS

Pending utilization for the purposes described above, we intend to deposit the Net Proceeds only in scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934 or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by SEBI. We confirm that pending utilization of the Net Proceeds for the objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate or related products.

BRIDGE LOAN

Our Company has not raised any bridge loans from any Bank or Financial Institution as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities, including through secured or unsecured loans or any short-term instrument pending receipt of the Net Proceeds.

MONITORING UTILIZATION OF FUNDS FROM ISSUE

As this is an Issue for an amount less than ₹10,000 Lakhs, there is no requirement for the appointment of a monitoring agency. The Board or its duly authorized committees will monitor the utilization of the proceeds of the Issue. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

Pursuant to Regulation 32(3) of the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Net Proceeds, which shall discuss, monitor and approve the use of the Net Proceeds along with our Board. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Letter of Offer and place it before the Audit Committee and make other disclosures as may be required until such time as the Net Proceeds remain unutilized. Such disclosure shall be made only until such time that all the Net Proceeds have been utilized in full. The statement prepared on an annual basis for utilization of the Net Proceeds shall be certified by the Statutory Auditors of our Company.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in this Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI LODR Regulations, we will furnish to the Stock Exchange on a quarterly

basis, a statement including deviations and variations, if any, in the utilization of the Issue Proceeds from the Objects of the Issue as stated above.

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

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

No part of the Net Proceeds will be paid by us as consideration to our Promoters and Promoter Group, our Directors, associates or Key Managerial Personnel, and in the normal course of business and in compliance with the applicable laws.

VARIATION IN OBJECTS

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the Issue without our Company being authorized to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules there under. As per the current provisions of the Companies Act, our Promoters or controlling Shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,
The Board of Directors
VMS Industries Limited
808/C Pinnacle Business Park
Corporate Road, Prahladnagar,
Ahmedabad,
Gujar–t - 380015, India

Dear Sir/Madam,

Re: Rights issue of equity shares of face value of ₹ 10 each (the "Equity Shares") of VMS INDUSTRIES LIMITED (the "Company") under Chapter III of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), and the Companies Act, 2013, as amended (the "Companies Act, 2013") ("Rights Issue")

We hereby confirm that the enclosed **Annexure A**, prepared by the Company and initialled by us for identification purpose ("**Statement**") for the Rights Issue, provides the possible special tax benefits available to the Company and its shareholders under direct tax and indirect tax laws (both direct and indirect tax together referred as Act.) presently in force in India, as amended and read with the rules, circulars and notifications, applicable for Financial Year 2023-24.

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company and/or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company or its shareholders faces in the future, the Company or its shareholders may not choose to fulfil.

This statement of possible special tax benefits is required as per Schedule VI (Part B) of the SEBI ICDR Regulations. For the purpose of this Statement, it is assumed that with respect to special tax benefits available to the Company, and/or its shareholders, the same would include those benefits as enumerated in **Annexure A**. Further, any benefits available under any other laws within or outside India, except for those mentioned in **Annexure A** have not been examined and covered by this statement.

The preparation of the accompanying statement is accurate, complete, and free from misstatement is the responsibility of the management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents.

The benefits discussed in the enclosed Statement are not exhaustive. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and 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 Rights Issue.

Also, our confirmation is based on the existing provisions of law and our interpretation of the same, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

In respect of non-residents, the tax rates and the consequent taxation in India 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.

Our confirmation is based on the information, explanations and representations obtained from the Company and based on our understanding of the business activities and operations of the Company.

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

a) The Company and its shareholders will continue to obtain the benefits as per the Statement in future;

b) The conditions prescribed for availing the benefits, wherever applicable have been/ would be met with; and

c) The revenue authorities/courts will concur with the views expressed herein.

We hereby consent to be named an "expert" under the Companies Act, 2013, as amended, and our name may be disclosed as an expert to any applicable legal or regulatory authority insofar as may be required, in relation to the statements contained therein. We further confirm that we are not and have not been engaged or interested in the formation or promotion or management of the Company.

We also consent to the inclusion of this Statement and the Annexure as a part of "*Material Contracts and Documents for Inspection*" in connection with the Rights Issue, which will be available for inspection from date of the filing of the Draft Letter of Offer until the Issue Closing Date.

We confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. We have conducted our examination in accordance with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) and accordingly, confirm that we have complied with such Code of Ethics issued by the ICAI.

This certificate is for information and for inclusion (in part or full) in the Issue Documents or any other Rights Issue-related material, and may be relied upon by the Company and the legal advisors appointed by the Company.

We hereby consent to (i) the submission of this certificate as may be necessary to the SEBI, the relevant stock exchanges and any other regulatory authority and/or for the records to be maintained and in accordance with applicable law; and (ii) the disclosure of this certificate if required by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority; or in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

Yours Faithfully

For, S. N. Shah & Associates,

Chartered Accountants

FRN: 109782W

Name: CA Firoj Bodla

Designation: Partner

Membership No: 126770

Place: Ahmedabad

Date: April 18, 2024

UDIN: 24126770BKAGWT6344

ANNEXURE A TO THE STATEMENT OF SPECIAL TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Act presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION

A. SPECIAL TAX BENEFITS TO THE COMPANY

The Company is not entitled to any special tax benefits under the Act.

B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER

The Shareholders of the Company are not entitled to any special tax benefits under the Act.

Note:

1. All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the Draft Letter of Offer/ Letter of Offer.

SECTION V – ABOUT THE COMPANY
INDUSTRY OVERVIEW

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and other industry sources. Neither we nor any other person connected with this Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly investment decisions should not be based on such information.

GLOBAL ECONOMIC OUTLOOK:

- Global growth is projected to fall from an estimated 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024. While the forecast for 2023 is modestly higher than predicted in the April 2023 World Economic Outlook (WEO), it remains weak by historical standards. The rise in central bank policy rates to fight inflation continues to weigh on economic activity. Global headline inflation is expected to fall from 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024. Underlying (core) inflation is projected to decline more gradually, and forecasts for inflation in 2024 have been revised upward.

  The recent resolution of the US debt ceiling standoff and, earlier this year, strong action by authorities to contain turbulence in US and Swiss banking, reduced the immediate risks of financial sector turmoil. This moderated adverse risks to the outlook. However, the balance of risks to global growth remains tilted to the downside. Inflation could remain high and even rise if further shocks occur, including those from an intensification of the war in Ukraine and extreme weather-related events, triggering more restrictive monetary policy. Financial sector turbulence could resume as markets adjust to further policy tightening by central banks. China's recovery could slow, in part as a result of unresolved real estate problems, with negative cross-border spillovers. Sovereign debt distress could spread to a wider group of economies. On the upside, inflation could fall faster than expected, reducing the need for tight monetary policy, and domestic demand could again prove more resilient
- .

  In most economies, the priority remains achieving sustained disinflation while ensuring financial stability. Therefore, central banks should remain focused on restoring price stability and strengthening financial supervision and risk monitoring. Should market strains materialize, countries should provide liquidity promptly while mitigating the possibility of moral hazard. They should also build fiscal buffers, with the composition of fiscal adjustment ensuring targeted support for the most vulnerable. Improvements to the supply side of the economy would facilitate fiscal consolidation and a smoother decline of inflation toward target levels
- .

➢ *FORCES SHAPING THE OUTLOOK*

- The global recovery from the COVID-19 pandemic and Russia's invasion of Ukraine is slowing amid widening divergences among economic sectors and regions.
- The World Health Organization (WHO) announced in May that it no longer considers COVID-19 to be a "global health emergency." Supply chains have largely recovered, and shipping costs and suppliers' delivery times are back to pre-pandemic levels. But forces that hindered growth in 2022 persist. Inflation remains high and continues to erode household purchasing power. Policy tightening by central banks in response to inflation has raised the cost of borrowing, constraining economic activity. Immediate concerns about the health of the banking sector have subsided, but high interest rates are filtering through the financial system, and banks in advanced economies have significantly tightened lending standards, curtailing the supply of credit. The impact of higher interest rates extends to public finances, especially in poorer countries grappling with elevated debt costs, constraining room for priority investments. As a result, output losses compared with pre-pandemic forecasts remain large, especially for the world's poorest nations.
- Despite these headwinds, global economic activity was resilient in the first quarter of 2023, with that resilience driven mainly by the services sector. The post-pandemic rotation of consumption backtoward

services is approaching completion in advanced economies (including in tourism-dependent economies of southern Europe), and it accelerated in a number of emerging market and developing economies in the first quarter (Figure 1). However, as mobility returns to pre-pandemic levels, the scope for further acceleration appears more limited.

- At the same time, nonservices sectors, including manufacturing, have shown weakness, and high-frequency indicators for the second quarter point to a broader slowdown in activity. Amid softening consumption of goods, heightened uncertainties regarding the future geoeconomic landscape, weak productivity growth, and a more challenging financial environment, firms have scaled back investment in productive capacity. Gross fixed capital formation and industrial production have slowed sharply or contracted in major advanced economies, dragging international trade and manufacturing in emerging markets with them. International trade and indicators of demand and production in manufacturing all point to further weakness. Excess savings built up during the pandemic are declining in advanced economies, especially in the United States, implying a slimmer buffer to protect against shocks, including those to the cost of living and those from more restricted credit availability.

The fight against inflation continues

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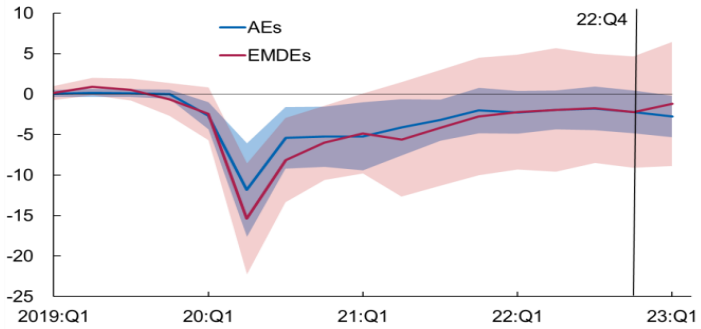
Inflation is easing in most countries but remains high, with divergences across economies and inflation measures. Following the buildup of gas inventories in Europe and weaker-than-expected demand in China, energy and food prices have dropped substantially from their 2022 peaks, although food prices remain elevated.

Figure 1. Value Added in the Services Sector: Distance to Pre-Pandemic Trends
(Percent)



Sources: Haver Analytics; and IMF staff calculations.
Note: The lines denote means and the bands represent one standard deviation around the means. For 18 AEs, the sample comprises AUS, CAN, CHE, CZE, DEU, DNK, ESP, FRA, GBR, ISR, ITA, KOR, NOR, NZL, SGP, SWE, TWN, and USA. For 16 EMDEs, the sample comprises ARG, BRA, CHL, CHN, COL, HUN, IDN, IND, MEX, MYS, PER, PHL, RUS, THA, TUR, and ZAF. Economy list uses International Organization for Standardization (ISO) country codes. AEs = advanced economies; EMDEs = emerging market and developing economies.

Together with the normalization of supply chains, these developments have contributed to a rapid decline in headline inflation in most countries. Core inflation, however, has on average declined more gradually and remains well above most central banks'targets. Its persistence reflects, depending on the particular economy considered, pass- through of past shocks to headline inflation into core inflation, corporate profits remaining high, and tight labor markets with strong wage growth, especially in the context of weak productivity growth that lifts unit labor costs. However, to date, wage-price spirals—wherein prices and wages accelerate together for a sustained period—do not appear to have taken hold in the average advanced economy, and longer-term inflation expectations remain anchored. In response to the persistence of core inflation, major central banks have communicated that they will need to tighten monetary policy further. The Federal Reserve paused rate hikes at its June meeting but signaled further ones ahead, and the Reserve Bank of Australia, Bank of Canada, Bank of England, and European Central Bank have continued to raise rates. At the same time, in some other economies, particularly in East Asia, where mobility curbs during the pandemic restricted demand for services longer than elsewhere, core inflation has remained low. In China, where inflation is well below target, the central bank recently cut policy interest rates. The Bank of Japan has kept interest rates near zero under the quantitative and qualitative monetary easing with yield curve control policy.

Acute stress in the banking sector has receded, but credit availability is tight. Thanks to the authorities' swift reaction, the March 2023 banking scare remained contained and limited to problematic regional banks in the United States and Credit Suisse in Switzerland. Accordingly, since the April 2023 WEO, global financial conditions have eased (Box 1), a sign that financial markets may have become less concerned about risks to financial stability coming from the banking sector. But tight monetary policy continues to put some banks under pressure, both directly (through higher costs of funding) and indirectly (by increasing credit risk). Bank lending surveys in the United States and Europe suggest that banks restricted access to credit considerably in the first quarter of 2023, and they are expected to continue to do so in coming months. Corporate loans have been declining lately, as has commercial real estate lending.

Following a reopening boost, China's recovery is losing steam. Manufacturing activity and consumption of services in China rebounded at the beginning of the year when Chinese authorities abandoned their strict lockdown policies; net exports contributed strongly to sequential growth in February and March as supply chains normalized and firms swiftly put backlogs of orders into production. Nonetheless, continued weakness in the real estate sector is weighing on investment, foreign demand remains weak, and rising and elevated youth unemployment (at 20.8 percent in May 2023) indicates labor market weakness. High-frequency data through June confirm a softening in momentum into the second quarter of 2023.

➢ *GROWTH SLOWING, WITH SHIFTING COMPOSITION*

Global growth is projected to fall from 3.5 percent in 2022 to 3.0 percent in both 2023 and 2024 on an annual average basis (Table 1). Compared with projections in the April 2023 WEO, growth has been upgraded by 0.2 percentage point for 2023, with no change for 2024. The forecast for 2023–24 remains well below the historical (2000–19) annual average of 3.8 percent. It is also below the historical average across broad income groups, in overall GDP as well as per capita GDP terms. Advanced economies continue to drive the decline in growth from 2022 to 2023, with weaker manufacturing, as well as idiosyncratic factors, offsetting stronger services activity. In emerging market and developing economies, the growth outlook is broadly stable for 2023 and 2024, although with notable shifts across regions. On a year-over-year basis, global growth bottomed out in the fourth quarter of 2022. However, in some major economies, it is not expected to bottom out before the second half of 2023.
World trade growth is expected to decline from 5.2 percent in 2022 to 2.0 percent in 2023, before rising to 3.7 percent in 2024, well below the 2000–19 average of 4.9 percent. The decline in 2023 reflects not only the path of global demand, but also shifts in its composition toward domestic services, lagged effects of US dollar appreciation—which slows trade owing to the widespread invoicing of products in US dollars—and rising trade barriers.

These forecasts are based on a number of assumptions, including those regarding fuel and nonfuel commodity prices and interest rates. Oil prices rose by 39 percent in 2022 and are projected to fall by about 21 percent in 2023, reflecting the slowdown in global economic activity. Assumptions regarding global interest rates have been revised upward, reflecting actual and signaled policy tightening by major central banks since April. The Federal Reserve and Bank of England are now expected to raise rates by more than assumed in the April 2023 WEO—to a peak of about 5.6 percent in the case of the Federal Reserve—before reducing them in 2024. The European Central Bank is assumed to raise its policy rate to a peak of 3¾ percent in 2023 and to ease gradually in 2024. Moreover, with near-term inflation expectations falling, real interest rates are likely to stay up even after nominal rates start to fall.

For *advanced economies*, the growth slowdown projected for 2023 remains significant: from 2.7 percent in 2022 to 1.5 percent in 2023, with a 0.2 percentage point upward revision from the April 2023 WEO. About 93 percent of advanced economies are projected to have lower growth in 2023, and growth in 2024 among this group of economies is projected to remain at 1.4 percent.

• In the *United States*, growth is projected to slow from 2.1 percent in 2022 to 1.8 percent in 2023, then slow further to 1.0 percent in 2024. For 2023, the forecast has been revised upward by 0.2 percentage point, on account of resilient consumption growth in the first quarter, a reflection of a still-tight labor market that has supported gains in real income and a rebound in vehicle purchases. However, this consumption growth momentum is not expected to last: Consumers have largely depleted excess savings accumulated during the pandemic, and the Federal Reserve is expected to raise rates further.

Growth in the *euro area* is projected to fall from 3.5 percent in 2022 to 0.9 percent in 2023, before rising to 1.5 percent in 2024. The forecast is broadly unchanged, but with a change in composition for 2023. Given stronger services and tourism, growth has been revised upward by 0.4 percentage point for *Italy* and by 1.0 percentage point for *Spain*. However, for *Germany*, weakness in manufacturing output and economic contraction in the first quarter of 2023 means that growth has been revised downward by 0.2 percentage point, to –0.3 percen

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Growth in the *United Kingdom* is projected to decline from 4.1 percent in 2022 to 0.4 percent in 2023, then to rise to 1.0 percent in 2024. This is an upward revision of 0.7 percentage point for 2023, reflecting stronger-than-expected consumption and investment from the confidence effects of falling

energy prices, lower post-Brexit uncertainty (following the Windsor Framework agreement), and a resilient financial sector as the March global banking stress dissipate

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Growth in *Japan* is projected to rise from 1.0 percent in 2022 to 1.4 percent in 2023, reflecting a modest upward revision, buoyed by pent-up demand and accommodative policies, then slow to 1.0 percent in 2024, as the effects of past stimuli dissipat

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For emerging market and developing economies, growth is projected to be broadly stable at 4.0 percent in 2023 and 4.1 percent 2024, with modest revisions of 0.1 percentage point for 2023 and –0.1 percentage point for 2024. However, this stable average masks divergences, with about 61 percent of the economies in this group growing faster in 2023 and the rest—including low-income countries and three of the five geographic regions described in what follows—growing more slowl

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Growth in *emerging and developing Asia* is on track to rise to 5.3 percent in 2023, then to moderate to 5.0 percent in 2024, reflecting a modest (0.1 percentage point) downward revision for 2024. The forecast for *China* is unchanged at 5.2 percent for 2023 and 4.5 percent for 2024, but with a change in composition: Consumption growth has evolved broadly in line with April 2023 WEO projections, but investment has underperformed due to the ongoing real estate downturn in that country. Stronger-than-expected net exports have offset some of the investment weakness, although their contribution is declining as the global economy slows. Growth in *India* is projected at 6.1 percent in 2023, a 0.2 percentage point upward revision compared with the April projection, reflecting momentum from stronger-than-expected growth in the fourth quarter of 2022 as a result of stronger domestic investmen

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Growth in *emerging and developing Europe* is projected to rise to 1.8 percent in 2023, reflecting a 0.6 percentage point upward revision since April, and to rise further to 2.2 percent in 2024. The forecast for Russia in 2023 has been revised upward by 0.8 percentage point to 1.5 percent, reflecting hard data (on retail trade, construction, and industrial production) that point to a strong first half of the year, with a large fiscal stimulus driving that strengt

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Latin America and the Caribbean is expected to see growth decline from 3.9 percent in 2022 to 1.9 percent in 2023, although this reflects an upward revision of 0.3 percentage point since April, and to reach 2.2 percent in 2024. The decline from 2022 to 2023 reflects the recent fading of rapid growth during 2022 after pandemic reopening, as well as lower commodity prices; the upward revision for 2023 reflects stronger-than-expected growth in *Brazil*—marked up by 1.2 percentage points to 2.1 percent since the April WEO—given the surge in agricultural production in the first quarter of 2023, with positive spillovers to activity in services. It also reflects stronger growth in *Mexico*, revised upward by 0.8 percentage point to 2.6 percent, with a delayed post-pandemic recovery in services taking hold and spillovers from resilient US demand

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Growth in the *Middle East and Central Asia* is projected to decline from 5.4 percent in 2022 to 2.5 percent in 2023, with a downward revision of 0.4 percentage point, mainly attributable to a steeper-than-expected growth slowdown in *Saudi Arabia*, from 8.7 percent in 2022 to 1.9 percent in 2023, a negative revision of 1.2 percentage points. The downgrade for Saudi Arabia for 2023 reflects production cuts announced in April and June in line with an agreement through OPEC+ (the Organization of the Petroleum Exporting Countries, including Russia and other non-OPEC oil exporters), whereas private investment, including from "giga-project" implementation, continues to support strong non-oil GDP growth

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In *sub-Saharan Africa*, growth is projected to decline to 3.5 percent in 2023 before picking up to 4.1 percent in 2024. Growth in *Nigeria* in 2023 and 2024 is projected to gradually decline, in line with April projections, reflecting security issues in the oil sector. In *South Africa*, growth is expected to decline to 0.3 percent in 2023, with the decline reflecting power shortages, although the forecast has been revised

upward by 0.2 percentage point since the April 2023 WEO, on account of resilience in services activity in the first quarter

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➢ *CORE INFLATION DECLINING MORE GRADUALLY THAN HEADLINE INFLATION*

Global headline inflation is set to fall from an annual average of 8.7 percent in 2022 to 6.8 percent in 2023 and 5.2 percent in 2024, broadly as projected in April, but above pre-pandemic (2017–19) levels of about 3.5 percent. About three-quarters of the world's economies are expected to see lower annual average headline inflation in 2023. Monetary policy tightening is expected to gradually dampen inflation, but a central driver of the disinflation projected for 2023 is declining international commodity prices. Differences in the pace of disinflation across countries reflect such factors as different exposures to movements in commodity prices and currencies and different degrees of economic overheating. The forecast for 2023 is revised down by 0.2 percentage point, largely on account of subdued inflation in China. The forecast for 2024 has been revised upward by 0.3 percentage point, with the upgrade reflecting higher-than-expected core inflation.

Core inflation is generally declining more gradually. Globally, it is set to decline from an annual average of 6.5 percent in 2022 to 6.0 percent in 2023 and 4.7 percent in 2024. It is proving more persistent than projected, mainly for advanced economies, for which forecasts have been revised upward by 0.3 percentage point for 2023 and by 0.4 percentage point for 2024 compared with the April 2023 WEO. Global core inflation is revised down by 0.2 percentage point in 2023, reflecting lower-than-expected core inflation in China, and up by 0.4 percentage point in 2024. On an annual average basis, about half of economies are expected to see no decline in core inflation in 2023, although on a fourth-quarter-over-fourth-quarter basis, about 88 percent of economies for which quarterly data are available are projected to see a decline. Overall, inflation is projected to remain above target in 2023 in 96 percent of economies with inflation targets and in 89 percent of those economies in 2024.
(Source: https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023)

INDIAN ECONOMIC OUTLOOK:

This year began with the anticipation that runaway inflation, aggressive policy rate hikes, and high commodity prices might topple a few major economies into recession in 2023. We are halfway past 2023 and, while the world is still in the woods, the probability of a recession this year has trimmed. Labor markets in several advanced countries remain tight, while the largest economy, the United States, is seeing a rebound in consumer confidence and spending. Risk spreads are declining on both sides of the Atlantic after the recent banking crisis in the United States.

India, meanwhile, enjoys a Goldilocks moment as it sees its economic activity gaining momentum amid continuing global uncertainties. The last quarter's GDP data was pleasantly surprising but not completely unexpected. The GDP growth in the fourth quarter has pushed up the full-year GDP growth of FY2022–23 to 7.2%, 200 basis points (bps) higher than the earlier estimate. The recently released Annual Economic Review for the month of May 2023 highlighted that the postpandemic quarterly trajectories of consumption and investment have crossed prepandemic levels.

Evidently, economists and analysts are bullish about the Indian economy. Our growth forecasts for FY2023–24 remain similar to our April forecast, although higher-than-expected growth in FY2022–23 has raised our base for comparison. That said, we have raised our lower limit of the range given the buoyancy of the economy. We expect India to grow between 6% and 6.3% in FY2023–24 and have a stronger outlook thereafter. In fact, if global uncertainties recede, we expect growth to surpass 7% over the next two years.

There are multiple downside risks to our forecasts, but we find the uncertainties around the actions of the central banks of major economies and the oil price movements this past quarter particularly interesting. In this edition, we highlight the significance of these developments and their future implications for India.

➢ *Road Ahead*

In the second quarter of FY 2022-23, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2022. In'ia's comparatively strong position in the external sector reflects the coun'ry's generally positive outlook for economic growth and rising employment rates. India

ranked fifth in foreign direct investment inflows among the developed and developing nations listed for the third quarter of 2022.

In'ia's economic story during the first half of the current financial year highlighted the unwavering support the government gave to its capital expenditure, which, in FY 2022–23 (until August 2022), stood 46.8% higher than the same period last year. The ratio of revenue expenditure to capital outlay decreased from 6.4 in the previous year to 4.5 in the current year, signalling a clear change in favour of higher-quality spending. Stronger revenue generation as a result of improved tax compliance, increased profitability of the Company, and increasing economic activity also contributed to rising capital spending levels.

Despite the continued global slowdown, In'ia's exports climbed at the second highest rate this quarter. With a reduction in port congestion, supply networks are being restored. The CPI-C and WPI inflation reduction from April 2022 already reflects the impact. In August 2022, CPI-C inflation was 7.0%, down from 7.8% in April 2022. Similarly, WPI inflation has decreased from 15.4% in April 2022 to 12.4% in August 2022. With a proactive set of administrative actions by the government, flexible monetary policy, and a softening of global commodity prices and supply-chain bottlenecks, inflationary pressures in India look to be on the decline overall.

- *Indian economy enters a Goldilocks period—not too good, not bad either*

India grew by 6.1% in the last quarter, which is approximately ~100 bps higher than what the market had anticipated. While the overall growth was broad-based, many sectors such as construction and agriculture experienced more-than-expected growth. In fact, strong growth in manufacturing proved to be a reassuring development as modest growth in the sector in previous quarters had been a concern for policymakers.

On the expenditure side, exports performed well despite global headwinds, while imports recorded their slowest growth since December 2020, primarily because of easing crude oil prices bringing down India's import bills. Private consumption, the largest component of India's final demand, with a modest growth of 7.5% in FY2022–23, emerged as the weakest link in overall growth. The share of private consumption in GDP fell in the last quarter and was the lowest in the past seven quarters, dragged down by weak rural demand. However, things might be changing on that front as well.

Urban demand conditions have remained resilient, as evidenced by the sales of mid- to high-end segments of automobiles, the number of UPI transactions, and domestic air passenger traffic data. Rural demand, which was lagging, has also been rising lately, as seen in the sales of tractors, IIP nondurable goods, and Mahatma Gandhi National Rural Employment Guarantee Act data.

Overall, the first-quarter data of FY2024 instils confidence in the improving health of the economy. Inflation in the first quarter was 4.5%, the lowest since the quarter of September 2019. Goods and Services Tax collections remain strong, suggesting that revenue buoyancy will aid in improving the budgeted fiscal deficit ratio to GDP. At the same time, India's external account has been improving, thanks to the falling import bills as oil prices ease.

Interestingly, the credit-deposit ratio has continued to improve strongly from the lows of the pandemic despite the rising interest rates (figure 1). A deeper dive reveals that most of the lending is happening in the industry and services sector. This points to improving investment, which means that the supply side is gearing up to meet the rising demand.

- *Adelante (step forward) and Atras (step backward)—the salsa of central banks*

Central banks around the world are frantically dancing to the tune of inflation, which seems to be coming under control, although is still far from being tamed completely. Between the three major central banks—the US Federal Reserve (Fed), the European Central Bank (ECB), and the Bank of England (BoE)—the policy rates have been raised by 1440 bps within a span of 18 months. Yet, the 12-month average inflation after the first policy rate hike is significantly higher than the 12-month average inflation prior to the hike in these countries. Instead, liquidity conditions have tightened too quickly in countries that had ultra-loose monetary policies for over a decade. Since these countries also host a large share of global investors, such an aggressive measure has unnerved the sentiments, leading to capital outflows from emerging countries.

Comparatively, India has had better success in taming inflation with relatively lesser policy tightening. The Reserve Bank of India (RBI) intervened in May 2022 and has increased the policy rate six times in 11 months

since, increasing the repo rate by 250 bps. The inflation in June 2023 was 4.8%, considerably lower than the last fiscal year.

The only major country that has defied the global trend of raising or pausing policy rates is China, which cut its key policy rate (a much-awaited action) in response to low inflation (again an exception) and a weaker economic economy. It also increased liquidity in the market by injecting CNY 2 billion into the market through short-term bonds.

For those who may seek reassurance about the declining inflation in the United States and the European Union in the past few months, here is a spoiler: The headline inflation levels remain above the central bank's target level of 2%. Moreover, core inflation (after adjusting for food and fuel prices) remains resilient, suggesting there isn't enough tangible evidence of a stabilizing or declining inflation.

- *Atras seems unlikely for central banks, but Adelante may also be challenging*

The US Fed's aggressive policy-rate hikes have had a significant impact on the US banking sector. In the first five months of 2023, the sector saw 18 defaults worth US$21 billion. This number and volume of defaults are higher than all of 2021 and 2022 combined. Also, higher policy rates translate into higher mortgage rates, which is a source of concern for the US real estate sector. House prices and demand have been moderating in the United States lately. That does not bode well for an economy where housing (investment and services) accounts for 15% to 18% of GDP.

In addition to this, the recent resolution of the debt-ceiling crisis will also have added repercussions. Due to the resolution of the debt-ceiling crisis, the US Treasury will issue more bonds worth US$1.1 trillion in short-dated Treasury securities by the end of 2023. This will drive up the bond yields and squeeze cash out of banks, which in turn will compel banks to raise their deposit rates. Besides, cheaper Treasury securities will put further pressure on banks' assets as they hold these securities.

- *India to be in sync?*

A moderation in the rate hikes by the United States after a spree of rate hikes since February 2022 is a positive news for India. It has reduced the pressures on the RBI to maintain an interest differential needed for the currency carry trade (leveraging the interest-rate arbitrage) and to attract foreign investment (which has declined due to tighter global liquidity conditions).

China's easing of monetary policy has led to a depreciation of the Renminbi against the US dollars. A depreciated CNY will surely benefit Indian importers, who now pay a lesser amount for the same quantity of imports. However, cheaper products are likely to increase India's dependence on China for critical inputs. This is likely to adversely impact the overall trade deficit with China, which is already a concern for India. For a nation that has seen its trade deficit with China go up sharply, a depreciating INR against the Chinese currency could make the deficit worse.

- *What lies ahead*

The first-quarter data points to further building on the positive momentum in the economic data. We continue to remain optimistic about the economy this year and expect India to grow between 6.0% and 6.3% during FY2023–24 in our baseline scenario, followed by 6.6% and 7.2% over the next two years as the global economy turns buoyant. However, if downside risks weigh on the economic fundamentals and outlook, we may see a substantial economic slowdown. For more on our optimistic and pessimistic scenarios, read "Key assumptions."

Our worry regarding inflation persists. Despite the recent easing of prices, core prices have not moderated yet. Besides, the risk of El Niño and a below-normal monsoon can bring back the pressure on food prices. We expect the fall in prices to be short-lived as demand picks up along with food prices and the uncertainties around prices remain high (hence, the broad range for forecasts over the next 1.5 years). However, the supply side will probably improve and may help the rebounding economy keep prices under check in the long run (with greater certainties). In any case, we expect inflation to remain in the upper range of the RBI's inflation target band over the entire forecast period.

- *KEY ASSUMPTIONS*

Optimistic scenario: The Russia-Ukraine crisis does not escalate but prolongs for a long time. The bank crises remain contained and do not have a meaningful global impact. Growth in the United States and the European Union slows down over a tighter monetary policy this year but rebounds in 2024.

- The US Fed pauses policy-rate hikes till later this year, as inflation seems to be slowing.
- Crude oil prices remain range-bound within US$75–80 per barrel, thus easing pressure on global inflation.
- The RBI balances growth, inflation, and depreciating currency against the US dollar, and capital flight by maintaining a tighter policy stance. It goes for one more hike before it halts any further hike.
- Government's efforts toward consolidation of expenses continue, supported by buoyant revenues.
- Inflation eases but remains vulnerable to food prices.
- Investors factor in uncertainties and focus on growth potential. Consequently, investments pick up robustly over the next two years.

Pessimistic scenario: The Russia-Ukraine crisis continues for a prolonged period. Tensions escalate with several nations getting directly involved in the war. The United States and Europe enter a recession. The crisis in the banking system raises significant tail risks for economic activity.

- Prolonged crisis has second-order implications for financial stability and supply-chain disruptions.
- Crude oil prices will breach US$110 per barrel.
- Inflation spirals up globally, impeding growth in investments.
- The RBI makes further hikes but retracts later as growth tumbles.

(Source:https://www2.deloitte.com/us/en/insights/economy/asia-pacific/india-economic-outlook.html)

Introduction

One of the primary forces behind industrialization has been the use of metals. Steel has traditionally occupied a top spot among metals. Steel production and consumption are frequently seen as measures of a coun'ry's economic development because it is both a raw material and an intermediary product. Therefore, it would not be an exaggeration to argue that the steel sector has always been at the forefront of industrial progress and that it is the foundation of any economy. The Indian steel industry is classified into three categori–s - major producers, main producers and secondary producers.

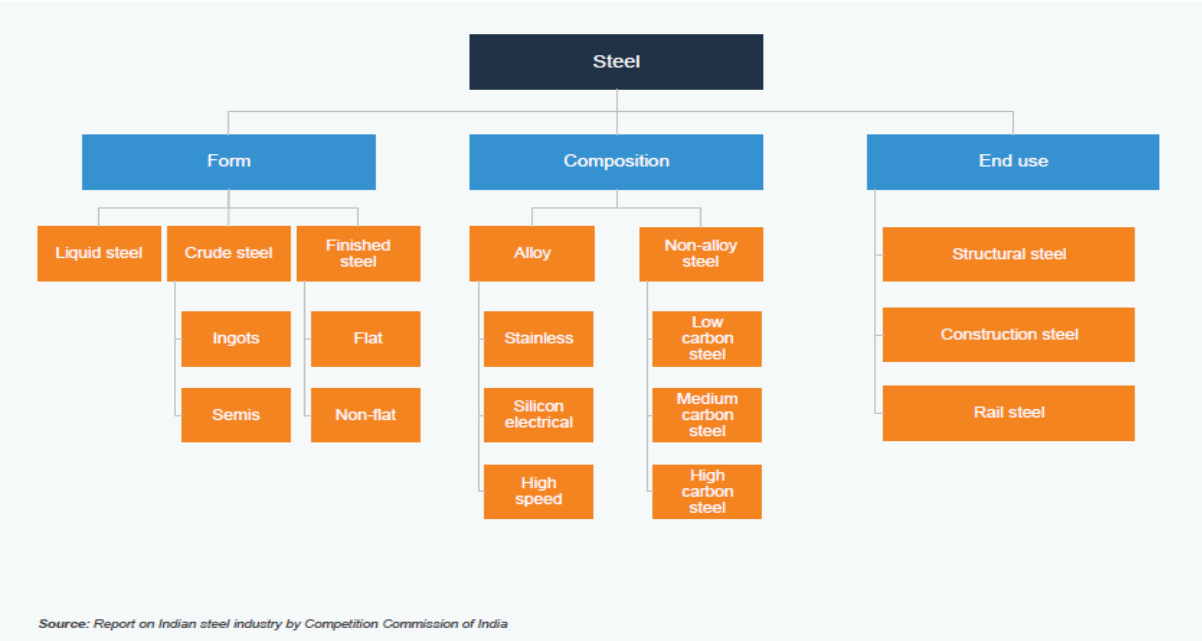
India is the world's second-largest producer of crude steel, with an output of 125.32 MT of crude steel and finished steel production of 121.29 MT in FY23.

India's steel production is estimated to grow 4-7% to 123-127 MT in FY24.

The growth in the Indian steel sector has been driven by the domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to In'ia's manufacturing output.

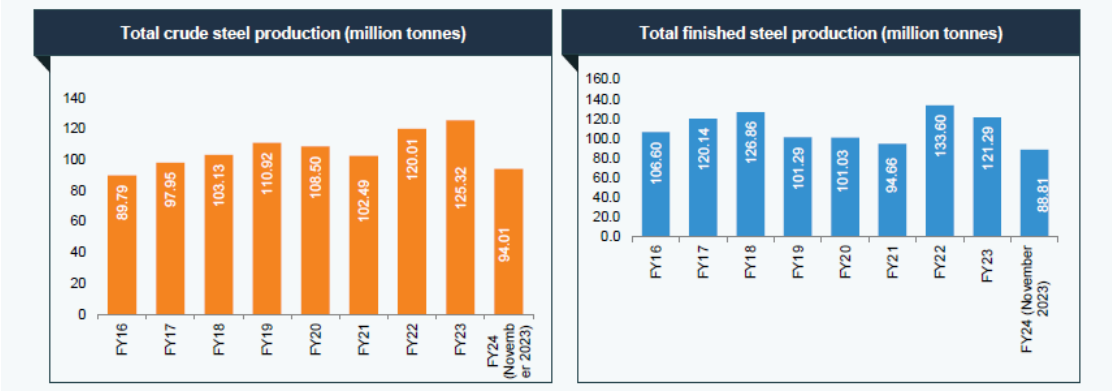
The Indian steel industry is modern, with state-of-the-art steel mills. It has always strived for continuo68pprox.68izatiion of older plants and up-gradation to higher energy efficiency levels.

Structure of the steel sector



Steel production in India has been growing at a fast pace

- In FY24 (until July 2023), the production of crude steel and finished steel stood at 45.39 MT and 43.01 MT, respectively.
- In FY23, the production of crude steel and finished steel stood at 125.32 MT and 121.29 MT respectively.
- In FY22, production of finished steel stood at 133.596 MT.
- In FY22, production of crude steel and finished steel stood a 133.596 MT and 120.01 MT, respectively.
- To support MSMEs, the government has reduced customs duty on stainless steel to 7.5%.
- In the Union Budget 2023-24, an investment of Rs. 75,000 crores (US$ 9.15 billion) (including Rs. 15,000 crores (US$ 1.83 billion) from private sources) has been allocated for 100 critical transport infrastructure projects for last and first mile connectivity for various sectors such as ports, coal, and steel.



GLOBAL RANKING OF INDIAN STEEL

World's Crude Steel production stood at 1831.5 MT during January-December 2022, down by 4.3% over CPLY, based on provisional data released by the World Steel Association on 31st January, 2023. During this period, Chinese Crude Steel production reached 1013 MT, a decline of 2.1% over the same period of last year. China remained the largest Crude Steel producer in the world, accounting for 55% of world's Crude Steel production during this period. India was the 2nd largest Crude Steel producer and recorded a growth of 5.5% in production during this period as compared to CPLY. India had a share of around 7% in world's Crude Steel production.

The global scenario is as under:

World Crude Steel Production January-December 2022			
Rank	Country	Quantity* (MT)	% change over the same period of last year
1	China	1013.0	(-)2.1
2	India	124.7	**5.5**
3	Japan	89.2	(-)7.4
4	USA	80.7	(-)5.9
5	Russia	71.5	(-)7.2
6	South Korea	65.9	(-)6.5
7	Germany	36.8	(-)8.4
8	Turkey	35.1	(-)12.9
9	Brazil	34.0	(-)5.8
10	Iran	30.6	8.0
	Top 10	1581.6	(-)2.8
	World	**1831.5**	**-4.3**

Source: World Steel Association. *Provisional

MAJOR POLICY INTERVENTIONS

Production Linked Incentive (PLI) Scheme: PLI Scheme for domestic production of specialty steel has been approved with an outlay of Rs. 6322 crores by the Cabinet. The scheme is set to commence from FY: 2023-24 (PLI to be released in FY: 2024-25). 57 MoUs have been finalized out of 67 applications from 30 companies which were selected under the Production Linked Incentive (PLI) Scheme for Specialty Steel. This will attract committed investment of Rs.29530 crores with a downstream capacity addition of 25 Million Tonne and employment generation potential of 70000.

PM Gati Shakti Masterplan: In order to address the concerns in logistics in the Steel Sector, Ministry of Steel has on boarded itself as user of infrastructure on PM GatiShakti Masterplan by uploading the Geo locations of more than 2100 steel units functioning in the country.

Circular Economy in Steel: Ministry of Steel has notified the Steel Scrap Recycling Policy which provides a framework to facilitate and promote establishment of metal scrapping centers across India. MSTC Limited, a CPSE under the Ministry of Steel, in Joint Venture (JV) with M/s Mahindra Accelo, namely, Mahindra MSTC Recycling Pvt. Ltd. (MMRPL) has set up six (6) Vehicle Scrapping Centres at Greater Noida (UP), Chennai, Pune, Indore, Ahmadabad and Hyderabad. MMRPL has planned to establish more Vehicle Scrapping Centres in the country in the near future.

Quality Control on Steel: 145 Indian Standards have been notified under the Quality Control Orders (QCOs) so far to ensure availability of quality steel to end users. Standards have been notified under the Quality Control Order covering carbon steel, alloy steel and stainless steel. Out of these QCOs on 144 Indian Standards have been enforced.

Biju Patnaik National Steel Institute (BPNSI), Kalinganagar, Jajpur Odisha: As part of the restructuring exercise for up-gradation of the institute (BPNSI), the Board of Directors of the Institute have been reconstituted recently in October, 2022 i.e. after a gap of 05 years as well as a regular Director of the Institute has been appointed on 15.02.2023. Further, the process to constitute the Academic Council under the Chairmanship of Director has been initiated.

National Institute of Secondary Steel Technology (NISST), Mandi Gobindgarh, Punjab: NISST is working on the formulation of the Steel Policy for the Secondary Steel Sector.

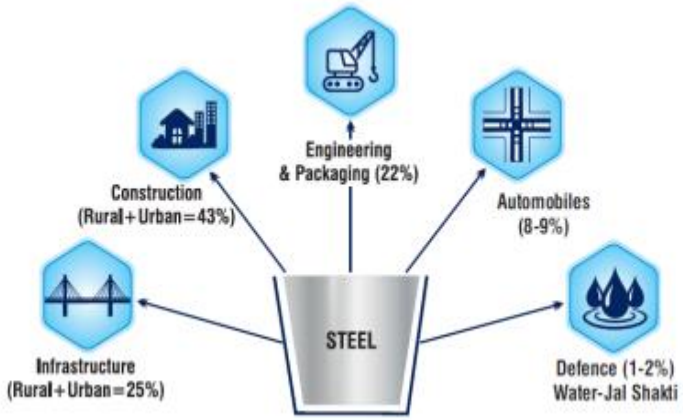
PROMOTION OF STEEL USAGE

Steel plays a pivotal role in a nation's economy and has been proven to be a driver for prompt environmentally sustainable economic development due to its recyclable nature and faster associated completion times. Usage of more steel in construction and infrastructure development projects results in faster implementation of projects and better quality of structures due to high strength to weight ratio and durability of steel. Also, 100% recyclability of steel allow for improved environmental performance across the entire life cycle. Steel consumption shows a strong

correlation with GDP, especially during the nation building phase. National Steel Policy 2017, inter-alia, envisages making the country self-reliant in all type of steel as well as making Indian Iron and Steel Industry globally competitive. Ministry of Steel is continuously making efforts to enhance steel production capacity domestically and at the same time increase domestic demand and usage of steel.

Steel Usage scenario in India

During the last 5 financial years and current year, the consumption of Steel in India is as given below:



The consumption of steel during FY 2020-21 was low due to the impact of Covid-19 pandemic**.**

In India, steel is primarily consumed in growth driving sectors such as Housing and Construction (43%), Infrastructure development (25%), Engineering and Packaging (22%), Automotive (8-9%) and Defence and Jal-Shakti (1-2%). During the financial year FY22, the total steel consumption in the country was 106 Million Tonne. However, India's annual per capita steel consumption is 77 kg per annum and is one-third the global average (233 kg). India's rural per capita consumption at 21.3 kg per annum is well below the national level. There is large scope to improve the steel usages in various sectors.

The Indian Automobile Industry is expected to be the world's third-largest automotive market in terms of volume by 2026. The auto industry's growth will invariably augur well for its associated industries such as Steel, which provides a considerable portion of raw materials to manufacture automobiles. The share of domestically produced steel is also increasing for manufacturing of the automobiles.

Green Steel

As a part of Glasgow commitments, India plans to achieve net zero emissions by 2070. Ministry of Steel is taking all the possible efforts f71pprox.71izationion of steel sector through policy interventions and enabling ecosystem.

Total Finished Steel (alloy/stainless + non-alloy) Consumption		
Year	Quantity(MT)	%change over previous years
2017-18	90.71	7.9
2018-19	98.71	8.8
2019-20	100.17	1.5
2020-21	94.89	-5.3
2021-22	106	11.7%
2022-23*	85.88	-

Source : JPC. *Upto April-December, 2022

It is currently devising strategy, roadmap and action plan f71pprox.71izationion of steel sector and is working on solutions ranging from carbon minimization to carbon avoidance to carbon utilization. The green pathways to steel production have been categorized into 5 pillars of – energy efficiency, use of renewable efficiency, material efficiency through pellets and scrap, green hydrogen and CCUS (Carbon Capture, Utilization and Storage). It is envisaging setting up of short, medium and long-te71pprox.71izationion targets for the steel industry aiming at incremental reduction in emission intensity of steel industry. Ministry of Steel is working on the key enablers for this transition include policy framework, regulatory mechanism, technological innovations, R&D, global collaborations as well as financial mechanisms.

(Source:https://www.ibef.org/industry/steel,https://www.stainlessindia.org/articles, https://steel.gov.in/en/annual-reports

OUR BUSINESS

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in the Letter of Offer, including the information contained in the section titled "*Risk Factors*" on page 24. In this chapter, unless the context requires otherwise, any reference to the terms "We", "Us", "VMS Industries Limited", "VMS" and "Our" refers to Our Company. Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian Accounting Policies set forth in the Letter of Offer.

COMPANY'S BACKGROUND

Our Company was incorporated on December 2, 1991 with the object of carrying on the business of providing different kinds of consulting and information technology services. During 1992- 1994, our Company was engaged in computerization of land revenue records of Bhavnagar Municipal Corporation. Thereafter, in the year 1995-96 our Company undertook the assignment of computerization of Ration Cards and Ration Shops of Bhavnagar Municipal Corporation.

During the year 1994, our Company acquired a running Oxygen Plant operating in the name of "Varun Gases" in Sihor GIDC, Bhavnagar having an installed capacity of 65 cubic meters per hour. Our Company was operating at full capacity and was supplying the gas produced at this unit to the various customers in and around Bhavnagar. The said plant was closed by the Company in the year 1997 as it became unviable on account of slow down in the Ship Recycling Industry and advancement of technology in this area. Our company sold oxygen plant in the year 2018.

The Ship Breaking Industry was revived in the year 2003-04 and therefore we decided to diversify our activities. During the year 2004, Gujarat Maritime Board auctioned vacant plots and under open bid we have been allotted vacant Plot No. 160 at Alang-Sosiya Ship Breaking Yard admeasuring 1350 sq. meter. However, our Company could not start ship breaking activities due to change in policy for ship recycling plant, requiring higher size (2700 sq mtrs) of plot and therefore we could not get permission for utilization of plot from GMB. Meanwhile, in the year 2007, the plot size was enlarged to 2700 sq. meter as per the instructions given by the Inter Ministerial Committee constituted by Hon. Supreme Court, by merging the adjoining Plot No. 159 and our Company was permitted to use the merged Plot No. 160M for a period of 5 years with effect from 19.01.2016 to 18.01.2021 vide agreement dated August 20, 2018. Subsequently, the Company has applied for the renewal permission and had also paid requisite fees to the GMB. Moreover in the year 2022 size of the plot was increased from 2700 Sq. Mtr to 5400 Sq. Mtr. The ship-breaking facility received certifications from NK Class (Japan), and ISO certifications (9001, 14001 & 45001) from Bureau veritas.

In the year 2006-2007, our Company also joined as a Partner with Ms. Sangeeta Jain & Mr. Manoj Jain in M/s Eternal Automobiles (dealer of Honda Two-Wheeler). In the year 2022 our company dis-associated from M/s Eternal Automobiles as Partner.

In the month of May 2008, our Company had entered into the offshore business activities & supporting services. We obtained the required registration and undertook the following activities:-

- Purchased a Tug named ADINA–H - 8, and entered into a Charter Agreement on 16.07.2008 with GMB for a period of 12 months. Thereafter, we are operating the said Tug in the open market on a hire basis.

- Purchased a Speed Boat named KALPTARU, and entered into a Charter Agreement on 26.02.2009 with GMB for patrolling under ISPS Code at Magdalla Port for a period of 1 (one) year with an extension clause of One year and the same has been extended by GMB til[l] 5th March, 2011. In the month of April 2011, the said Speed Boat was sold-out and hence as on date the Company is not carrying on any activity in this are.

To enhance its brand image, the Company changed its name to VMS Industries Limited on January 29, 2010

The Company is a Public Limited Company and its equity shares are listed on BSE Limited ('BSE') w.e.f. June 14, 2011. The Company has adopted a corporate governance policy and believes in ensuring transparency in all its operations and complies with various laws and regulations.

As a result of the cessation of operations in the respective area, the board of the Company has decided to discontinue its Offshore business activities. In accordance with this decision, the Tug and Speed Boat were sold in the year 2012.

In the year 2018-19, our Company also joined as a Partner in M/s. Yohaan Enterprises for the Trading of Iron & Scrap, ferro-non ferro alloys and other allied products. In the year 2022 our company dis-associated from M/s Yohaan Enterprises as Partner.

With introduction of Insolvency and Bankruptcy Code in 2016, a number of units went into CIRP proceedings and it has been noticed that for a number of units no resolution could be achieved and they went into liquidation and most of these units need to be dismantled and sold as scrap. Also, a number of units are available through DRT route even for liquidation purposes and accordingly, new opportunity emerged for shipbreakers like us to enter the Asset demolition /dismantling business. Leveraging its established contacts in the metal industry, the Company aims to diversify into the dismantling/demolition of Assets.

The Company has started making participation in various Bids to acquire factories for dismantling. In line with the same, the Company has participated in Bid and secured dismantling / cutting / sale of incomplete Ships and ship blocks lying at ABG shipyard, Dahej Shipyard weighing approximately 48000 MT valuing Rs.163.20 Crores plus GST from Welspun Corp Limited.

Sale Agreement is executed on 30th June, 2023 between the Welspun Corp Limited and VMS industries Limited. Seller owns and possesses a mixed lot of incomplete ships and ship blocks of varying from, size, dimension, thickness, length including cut pieces etc. and agrees to se73pprox.rox. 48000 MT items to buyer.

At present, the Board of Directors of the Company has 4 (Four) Directors, Mr. Manojkumar Jain, Managing Director is in charge of the affairs of the Company and he is ably assisted by Ms. Sangeeta Jain, Whole-time Director. The Company has 2 (Two) Independent Directors, Mr. Bakul Kishanlal Mehta and Pranavkumar Vinaykant Parikh.

Presently our company is mainly engaged in the business activities of Ship Recycling, Trading of Various Metals and Asset Dismantling/Demolition.

Business activities

Our present business mainly consists of Three business segments:

1. **Ship Recycling Activities**
2. **Trading of Various Metals**
3. **Assets Dismantling & Demolition**

1. <u>Ship Recycling Activities</u>

Ship recycling activity, also known as shipbreaking or ship dismantling, involves the dismantling and disposal of old, decommissioned ships in a safe and environmentally responsible manner. Typically conducted in specialized facilities located in regions such as South Asia, ship recycling encompasses various processes including the removal of hazardous materials like asbestos and heavy metals, as well as the recycling of steel and other valuable materials. While ship recycling plays a crucial role in the sustainable management of maritime assets and the global economy by facilitating the reuse of materials and reducing waste, it also raises concerns regarding worker safety, environmental pollution, and social responsibility, prompting calls for stricter regulations and adherence to international standards.

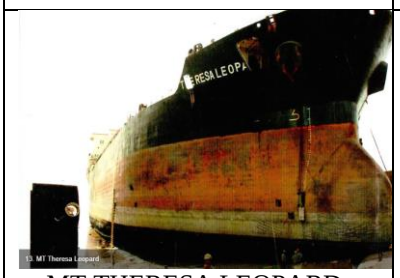
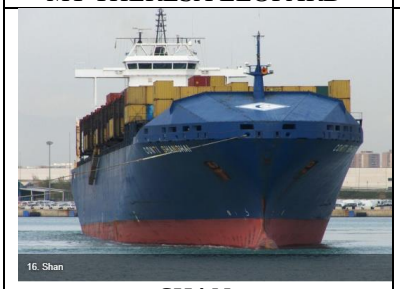
Having obtained prior approval and developed the necessary facilities, we initiated Ship Recycling operations at Alang-Sosiya Ship Breaking Yard in 2009. Subsequently, we have acquired 37 ships to date, with details provided below:

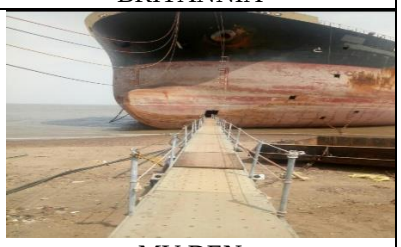
SR. NO.	NAME OF THE SHIP	WEIGHT (MT)
1	LORETTA D	6,150
2	COLOMOBO STAR II	5,850
3	MADRE	8,150

SR. NO.	NAME OF THE SHIP	WEIGHT (MT)
4	VENUS GAS	3,912
5	WINCO	2,987
6	MT MAR	9,653
7	LIBRA GAS II	3,126
8	ANNOULA	9,749
9	KAPADOKIA	11,432
10	M V GREEN NEPTUNIC	2,420
11	JAMAIMA	6,522
12	KINGSWAY	16,691
13	THERESA LEPOARD	10,730
14	MV (XEAN	9,890
15	BLU	7,426
16	SHAN	14,850
17	INTERBOARD	9,040
18	HACI AU SARI	5,203
19	MV ABM PIONEER	6,862
20	M.V NOA	16,809
21	ARMIA KRAJOWA	13,575
22	M.V.HANJI	18,650
23	M.V. MASUREN	11,282
24	MM. COMMODORE	12,658
25	M.V. BALEEN	9,497
26	M.V. ESPINA	11,610
27	M.V. OPUS	17,059
28	M.V. LISSY SCHULTE-I	7,710
29	M.V. HILLA	2,770
30	M.V. BRITANNIA	16,567
31	M.V. VARDHAN	5,922
32	M.V. DW.AJ	17,117
33	M.V. DEN	28,000
34	M.V. DYNAMIC	21,820
35	M.V. COSMOS ACE	12,783
36	M.V. THERAS TIGA	5,969
37	M.V. MELATI SATU	10,050

The photographs of Major ships are as under:

ANNOULA	COLOMBO STAR II	JAMAIMA

KAPADOKIA	LORETTA D	MADRE
VENUS GAS	WINCO RO RO	GREEN NEPTUNIC
LIBRA GAS	MT MAR	MV KINGS WAY
 MT THERESA LEOPARD	OCEAN	JOLLY BLU
 SHAN	INTERPID	HACI ALI SARI
MV ABM PIONEER	MV NOA	ARMIA KRAJOWA

HANJI	MASUREN	COMODORE
BALEEN	ESPINA	LISSY
OPUS	HILLAA	BRITANNIA
VARDHAN	DWAJ	 MV DEN
DYNAMIC	COSMOS ACE	MELATI SATU

Ship Recycling Procedures:

Identification and Procurement of Ships/Vessels:

The ship/vessel owner intends to sell the ship/vessel for demolition/recycling under the following circumstances:

1. The ship/ves'el's international market value is about to expire.
2. The ship/vessel has undergone a major accident, and the cost of repair is prohibitive or the revalidation of all certificates for redeployment is unattainable.
3. Freight charges are economically unfeasible.

When any of the aforementioned situations arise, and the owner decides to sell the ship/vessel, they will provide basic details to prospective buyers, known as cash buyers in international trade. The ship/vessel will be handed over upon finalizing the transaction. Cash buyers then share the ship/vessel details with brokers, primarily located

in Mumbai and Bhavnagar, India. These brokers circulate the information to ship breakers. Upon receiving the ship/vessel details, we analyse and provide a tentative rate to the brokers.

We offer a purchase price to the owner/broker, taking into account the following factors:

- Type of ship/vessel: Tanker, Container Carrier, Bulker, Passenger, Cattle Carrier, Car Carrier, etc.
- Draft of ship/vessel.
- Country/Yard/Year of Built.
- The Shipping Company that owns and maintains the ship/vessel.
- Previous cargo history.
- Make and power of the main engine, auxiliary engines, DG sets, Generators.
- Working propeller of bronze or MS.
- Presence of spare propeller/tail.
- Declared Oil, estimated % of non-ferrous/wastage.
- Size/Expected date of delivery.
- Any removals or changes in the type of ship/vessel during its life.
- Market rate of plate, scrap, non-ferrous.
- The current US$ rate and future trends.
- Government policies.

Based on the information from the owner/broker, we provide a quote and negotiate the price. Once the price aligns with their expectations, we finalize the deal and sign a Memorandum of Agreement (MOA).

Processing of Ship Waste by Pollution Authorities:

Certain specified wastes are handed over to Gujarat Enviro Process and Infrastructure Limited (GEPIL), a semi-government body, for processing and disposal. Charges are also paid to GEPIL for these services.

2. Trading of various Metals

The trading of various metal encompasses a dynamic market where recyclable metal materials are bought, sold, and repurposed worldwide. With an ever-growing emphasis on sustainability and resource efficiency, this sector plays a vital role in the circular economy, mitigating the environmental impact of metal production by reusing existing materials. From industrial metal generated during manufacturing processes to end-of-life consumer goods like appliances and vehicles, the spectrum of available metal is diverse. Trading in this sector involves intricate logistics, market analysis, and technological innovation to efficiently collect, process, and distribute metal materials to steel mills and foundries for recycling. Moreover, it fosters economic opportunities, supports local industries, and contributes to reducing carbon emissions, making it a crucial component of the global materials economy.

3. Assets Dismantling / Demolition

Assets Dismantling / demolition involves the systematic deconstruction and removal of industrial facilities, ranging from manufacturing plants to warehouses, often requiring specialized expertise and equipment. This intricate process encompasses the disassembly of machinery, infrastructure, and structures while adhering to safety protocols and environmental regulations. From assessing the site for hazardous materials to salvaging reusable components, each phase demands meticulous planning and execution to ensure efficient resource utilization and mitigate potential risks. Moreover, effective coordination among engineers, contractors, and regulatory bodies is crucial for the successful completion of the project, which aims to repurpose the land or facilitate redevelopment while minimizing environmental impact.

Certificates:

Following certificates have been given to our Company:

Our Strengths:

We believe that our key competitive strengths include the following:

- ***Extensive experience of the promoter in the ship-breaking industry***

  VIL's promoter Mr. Manoj Kumar Jain (Managing Director) is a qualified chartered accountant with more than two decades of experience in the ship-breaking industry as well as ferrous and nonferrous metal trading business. Promoters has promoted another Company namely VMS TMT Limited which is engagement in manufacturing of TMT bars.

- ***Cordial Relationship between management and workers***

  Our organization takes pride in fostering a positive and cordial relationship with our workforce. Notably, there is a notable absence of any labour union among our workers, and our history is devoid of strikes, lock-outs, or any form of labour protests.

- ***Locational Advantage***
  Our ship-breaking yard is strategically located in the Alang-Sosiya belt, a hub that represents almost 90% of In'ia's ship-breaking activities and stands as the coun'ry's largest ship-breaking cluster. The geographical features of this area, including a high tidal range, wide continental shelf, adequate slope, and a mud-free coast, make it an ideal location for ship-breaking operations. The cluster spans nearly 10 km along the seacoast of Alang-Sosiya, with approximately 160 plots (Source: Gujarat Maritime Board). VIL operates on a plot leased by the Gujarat Maritime Board (GMB) for a 5-year term, renewable upon expiry.

SWOT ANALYSIS:

<u>Strengths:</u>

- ***Extensive Global Network:***
  This strength enables us to connect clients to major shipping routes, access diverse markets, and provide comprehensive coverage. Our global network enhances our ability to secure favourable contracts, optimize transit times, and efficiently handle cargo movements across various regions.

- **Diverse Service Portfolio:**
  We possess a diverse range of services, encompassing comprehensive transportation solutions, dry bulk transportation, chartering and vessel hiring, operations and freight management, logistics and supply chain solutions, and specialized cargo handling. This strength allows us to cater to the specific needs of clients across diverse industries, providing them with tailored and integrated shipping solutions. By offering a comprehensive portfolio, we enhance customer satisfaction, increase client retention, and tap into multiple revenue streams.

- **Technological Advancements:**
  VMS Industries Limited embraces technological advancements to drive operational efficiency and enhance customer experience. We have invested in advanced technology platforms such as cargo tracking systems, digital

documentation management, and data analytics tools. Leveraging these technologies, we streamline processes, improve supply chain visibility, enhance communication with clients, and provide real-time updates on shipment status. This strength empowers us to deliver superior service quality, gain a competitive edge, and drive innovation within the shipping industry.

- **Strong Industry Expertise:**
  With a team of experienced professionals and industry experts, VMS Industries Limited possesses strong industry knowledge and expertise. Our personnel have in-depth understanding of shipping operations, regulations, market trends, and customer requirements. This strength enables us to offer valuable insights, provide informed advisory services to clients, and navigate complex industry dynamics effectively. By leveraging our industry expertise, we build credibility, establish long-term partnerships, and stay ahead of competitors.

Weaknesses:

- **Dependency on External Factors:**
  VMS Industries Limited is susceptible to external factors beyond our control, including geopolitical events, economic fluctuations, and changes in trade policies. These factors can significantly impact shipping volumes, freight rates, and overall demand for our services. This weakness exposes us to risks and uncertainties, necessitating proactive monitoring, risk management strategies, and diversification of client base and trade routes.

Opportunities:

- **Growing Global Trade:**
  The continued growth of global trade offers significant opportunities for VMS Industries Limited. Emerging markets, the expansion of e-commerce, and evolving trade agreements contribute to increased demand for efficient and reliable shipping services. By capitalizing on these opportunities, we can expand our client base, forge strategic partnerships, and explore new markets to drive business growth and revenue generation.

- **Environmental Sustainability:**
  The focus on environmental sustainability in the shipping industry presents opportunities for VMS Industries Limited to demonstrate leadership in eco-friendly practices. By investing in fuel-efficient vessels, adopting green technologies, and implementing sustainable operational practices, we can position ourselves as an environmentally responsible shipping service provider. This opportunity allows us to attract environmentally conscious clients, comply with evolving regulations, and contribute to a more sustainable future.

- **Emerging Technologies:**
  The rapid advancement of technology, such as blockchain, artificial intelligence, and Internet of Things (IoT), opens opportunities for innovation and operational optimization within the shipping. industry. VMS Industries Limited can leverage these emerging technologies to streamline processes, improve transparency, enhance cargo tracking capabilities, and offer value-added services to clients. By staying at the forefront of technological advancements, we can gain a competitive advantage, improve operational efficiency, and deliver enhanced customer experiences.

- **Strategic Partnerships:**
  Collaborating with strategic partners, including shipping lines, logistics providers, and technology companies, presents opportunities for VMS Industries Limited. Through strategic partnerships, we can expand our service capabilities, tap into new markets, leverage complementary expertise, and access shared resources. These partnerships enable us to offer integrated solutions, improve operational efficiency, and enhance our competitive positioning in the market.

Threats:

- **Intense Market Competition:**
  VMS Industries Limited operates in a highly competitive shipping industry, with numerous global and regional players vying for market share. This threat is characterized by price competition, technological advancements by competitors, and the potential entry of new market players. To mitigate this threat, we continuously differentiate ourselves through superior customer service, innovative solutions, operational efficiency, and the establishment of long-term relationships with clients.

- **Regulatory and Compliance Challenges:**
  VMS Industries Limited faces ongoing challenges associated with regulatory compliance in the shipping industry. Compliance requirements include safety standards, security protocols, environmental regulations, trade policies, and customs procedures. Non-compliance or failure to adapt to evolving regulations poses reputational risks, legal liabilities, and potential disruptions to operations. We address this threat through robust compliance programs, regular training, and partnerships with industry organizations to stay abreast of regulatory changes and maintain a proactive approach to compliance.

Business Strategies

Our motto is to be an efficient and cost-effective integrated yard for ship recycling and offshore business support activities, catering to customers in India and abroad whilst at the same time placing India on the world map as a major shipbuilding nation.

Sales and Marketing Strategy

We are confident that the expertise of our promoters and management team will significantly enhance our marketing initiatives. Our strategy involves cultivating a diverse customer base, encompassing both domestic and international companies. To expand our network of potential customers, we will leverage multiple marketing channels, such as conducting sales visits, engaging with shipbrokers and our existing customer base, implementing targeted advertising campaigns, participating in conferences and industry exhibitions, and undertaking various public relations activities. Through these concerted efforts, we aim to establish a robust and expansive presence in the market.

Competition and Future Prospects

In ship breaking business, there are around 160 ship recycle plots. Alang ship recycling yard has major plots that fully comply with the HKC Class and are expected to get more ships from Japan, Korea and other countries. There is a minimum competition in purchasing the old vessels/ships and we do not face much competition in selling our products.

With an established network in the iron and steel industry, our Company aims to diversify into the dismantling/demolition of Assets. This strategic move is driven by several key considerations:

i. Our Company specializes in the sale of varisou metals. Given the current market dynamics, traded metals is more cost-effective than metal generated through ship-breaking. This creates an opportunity for us to engage in the import and supply of metals, particularly to various steel manufacturing units.
ii. The metal melting industry in Gujarat is characterized by fragmentation and lack of organization, making it challenging for smaller units to secure bulk discounts and trade credits. Leveraging our extensive contacts in both the ship-breaking industry and TMT bar sector, we aim to source varisou metals in bulk and supply it in smaller lots, addressing the needs of smaller units in the process.
iii. The introduction of the Insolvency and Bankruptcy Code in 2016 has led to numerous units undergoing Corporate Insolvency Resolution Process (CIRP). Many of these units have failed to achieve resolution and are heading towards liquidation. These units, which need to be dismantled and sold as scrap, present a significant business opportunity. Additionally, units available through the Debt Recovery Tribunal (DRT) route for liquidation purposes further enhance our potential.
iv. Numerous units available for sale are priced at their liquidated value, mirroring the dynamics of our ship-breaking business. This aligns well with our Comp'ny's extensive experience in handling such scrap, indicating substantial business potential in this endeavour.

PROPERTIES

Owned Properties

Sr. No	Details of the Property	Usage	Area	Name of Seller	Sale Consideration
1.	808/C, Pinnacle Business Park, Corporate Rd, opposite Royal Orchid, Prahlad Nagar, Ahmedabad, Gujarat 380015	Registered Office	Super Built-up 144 Sq. Mtr. (Carpet 94 Sq. Mtr)	Mrs. Vineeta Alok Bansal	Rs. 36 Lakhs

Rented Properties

Sr. No	Details of the Property	Usage	Area	Lessor	Plot usage permission charges
1.	Plot No. 160M Sosiya Ship Breaking Yard Alang, Bhavnagar Gujarat 364081	Shilp Recycling Plot	5400 Sq. Mtr	Gujarat Maritime Board	Rs. 1683720 paid for FY 2023-24.

OUR MANAGEMENT

Board of Directors:

The composition of the Board is governed by the provisions of the Companies Act, 2013, the SEBI LODR Regulations and the Articles of Association. In accordance with the Articles of Association, unless otherwise determined by our Company in the general meeting, our Company shall not have more than Twelve (12) Directors.

As on the date of Letter of Offer, our Company has Five (5) Directors consisting of One (1) Managing Director, One (1) Executive Director, Three (3) Independent Directors. Out of these, we have One (1) woman director.

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

Name, Current Designation, Address, Date of Birth, Term, Occupation, DIN and Nationality	Age (Years)	Other Directorships
Manoj Kumar Jain **Designation:** Chairman Managing Director **Address:** B-404, Ashavari Tower, B/H, Fun Republic Satellite, Ahmadabad City, Ahmedabad, Manekbag, Gujarat-380015 **Date of Birth:** December 18, 1961 **Term:** For period of 5 years with effect from October 1, 2022 **Occupation:** Business **DIN:** 02190018 **Nationality:** Indian	62	• Luxierge Media Private Limited • VMS Autolink Private Limited • VMS TMT Limited
Sangeeta Jain **Designation:** Whole-time Director **Address:** B-404, Ashavari Tower, B/H, Fun Republic Satellite, Ahmadabad City, Ahmedabad, Manekbag, Gujarat-380015. **Date of Birth:** January 22, 1968 **Term:** For period of 5 years with effect from October 1, 2022 **Occupation:** Business **DIN:** 00125273 **Nationality:** Indian	56	• VMS Autolink Private Limited
Bakul Kishanlal Mehta **Designation:** Non-Executive - Independent Director **Address:** G-3, Samyuk Flat, Diamond Chowk, Bhavnagar, Gujarat-364001 **Date of Birth:** June 16, 1953 **Term:** For a period of 5 years with effect from April 1, 2019. **Occupation**: Business **DIN:** 02902485 **Nationality:** Indian	71	Nil
Pranavkumar Vinaykant Parikh **Designation:** Non-Executive - Independent Director	65	Nil

Name, Current Designation, Address, Date of Birth, Term, Occupation, DIN and Nationality	Age (Years)	Other Directorships
Address: 20, Dipti Bank of India Society, Opp. Gulbai Tekra Huts Ellisbridge, Ahmedabad City, Gujarat-380006 **Date of Birth:** June 5, 1959 **Term:** For period of 5 years with effect from April 1, 2019 **Occupation:** Civil Chartered Engineer **DIN:** 02906210 **Nationality:** Indian		
Murari Agarwal* **Designation:** Non-Executive - Independent Director **Address:** Ward No. 16, Radha Hospital Ke Pass, Fatehpur, Sikar, Rajasthan-332301 **Date of Birth:** August 20, 1996 **Term:** For period of 5 years with effect from February 13, 2024 till February 12, 2029 **Occupation:** Service **DIN:** 10433524 **Nationality:** Indian	27	Anupama Steel Limited

**Our Company appointed Mr. Murari Agarwal as an additional Independent Director in the Company vide its board resolution dated February 13, 2024 for the period of 5 years w.e.f. February 13, 2024. However, due to an inadvertent error, the special resolution was passed in the extra ordinary general meeting held on March 13, 2024 mentioning the tenure of his appointment as March 14, 2024 to March 13, 2029 instead of February 13, 2024 to February 12, 2029.*

Relationship between Directors

Except as stated below, none of the Directors are related to each other:

S No.	Name of the Director	Relation
1.	Manoj Kumar Jain	Spouse of Sangeeta Jain
2.	Sangeeta Jain	Spouse of Manoj Kumar Jain

Arrangement or understanding with major Shareholders, customers, suppliers or others

Our Company has not entered into any arrangement or understanding with major shareholders, customers, suppliers, or others pursuant to which any of the above-mentioned directors have been appointed in the Board.

Brief Profile of our Directors

Manoj Kumar Jain

Manoj Kumar Jain aged sixty-two (62) years is our Promoter and the Chairman & Managing Director of our Company. He has been associated with our Company since April 1, 2008. He holds a degree in Bachelor of Commerce from Kanpur University and is also chartered accountant from the Institute of chartered accountant of India. He has twenty-two (22) years of experience in diverse sectors like ship breaking/recycling, TMT bar manufacturing, offshore activities, automobiles, finance, and other business ventures. Presently, he is also a Director in Luxierge Media Private Limited, VMS Autolink Private Limited and VMS TMT Limited. He is also a partner in Entrepot B Developers, Yohaan Enterprises and Eternal Automobiles.

Sangeeta Jain

Sangeeta Jain, aged fifty-six (56) years, is our Promoter and the Whole Time Director of our Company. She has been associated with our Company since December 2, 1991. She holds a master's degree in arts from C.S.J.M. University, Kanpur. She has more than thirty (30) years of experience in administration. Presently, she is also a Director in VMS Autolink Private Limited. She is also a partner in Entrepot Developers & Entrepot B Developers, Yohaan Enterprises and Eternal Automobiles.

Bakul Kishanlal Mehta

Bakul Kishanlal Mehta, aged seventy one (71) years is the Non-Executive Independent Director of our Company. He has been associated with our Company since December 30, 2009. He holds a bachelor's degree from Saurashtra University. He has 30 (thirty) years of experience in marketing. Prior to joining our Company, he has been associated with Shree Enterprise, Bhavnagar.

Pranavkumar Vinaykant Parikh

Pranavkumar Vinaykant Parikh, aged sixty-five (65) years, is the Non-Executive Independent Director of our Company. He has been associated with our Company since December 30, 2009. He holds a bachelor's degree in engineering civil and Masters of Industrial Engineering. He has 30 (thirty) years of experience in Consultancy and Civil Engineering. He has been actively involved in his own professional pursuits as an approved valuer and Chartered Engineer since 1999. Prior to joining our Company, he was engaged in construction activities, serving as an engineer and consultant.

Murari Agarwal

Murari Agarwal, aged twenty-seven (27) years, is the Non-Executive Independent Director of our Company. He has been associated with our Company since February 13, 2024. He has passed the exam of Bachelor of Commerce from Pandit Deendayal Upadhyaya Shekhawati University. He has also passed the executive level of ICSI. He has almost one (1) year of experience in legal and compliance field. Presently, he is also a Director in Anupama Steel Limited and has been associated with Prerna Poddar & Associates as an employee.

Other Confirmations:

- There are no services contracts entered into by the Directors with our Company providing for benefits upon termination of employment.

- Neither Company nor our Directors are declared as fugitive economic offenders as defined in Regulation 2 (1) (p) of the SEBI ICDR Regulations and have not been declared as a 'fugitive economic offender' under Section 12 of the Fugitive Economic Offenders Act, 2018.

- None of the Directors of our Company have held or currently hold directorship in any listed company whose shares have been or were suspended from being traded on any of the stock exchanges in the five years preceding the date of filing of this Letter of Offer, during the term of his/ her directorship in such company.

- None of our Directors of our Company are or were associated in the capacity of a director with any listed company which has been delisted from any stock exchange(s) at any time in the past ten years.

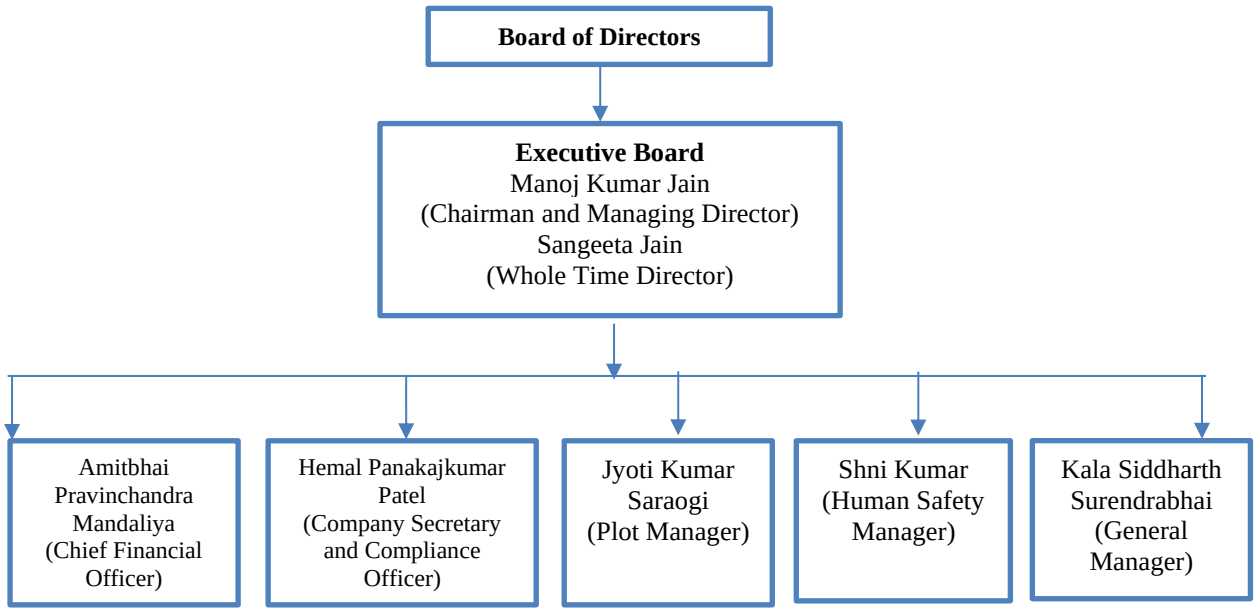
- None of our Directors have been debarred from accessing capital markets by the Securities and Exchange Board of India. Additionally, none of our directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.

- None of our Directors have been identified as a wilful defaulter, as defined in the SEBI Regulations and there are no violations of securities laws committed by them in the past and no prosecution or other proceedings for any such alleged violation are pending against them.

- None of Directors are currently, or have been in the past five years, on the board of directors of a listed company whose shares have been or were suspended from being traded on the Stock Exchange.

- None of our Directors is or was, in the past ten years, a director of any listed company which has been or was delisted from any stock exchange in India during the term of their directorship in such company.

Management Organization Structure



OUR BOARD

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting.

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI LODR Regulations:

1. Audit Committee
2. Nomination Remuneration Committee
3. Stakeholders Relationship Committee

Details of each of these committees are as follows:

1. Audit Committee

The Audit Committee of the Company is constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI LODR Regulations.

Composition of Audit Committee:

S No.	Name of the Members	Status	Nature of Directorship
1.	Bakul Kishanlal Mehta	Chairperson	Non-executive-Independent Director
2.	Pranav Kumar Vinaykant	Member	Non-executive-Independent Director
3.	Murari Agarwal	Member	Non-executive-Independent Director
4.	Manoj Kumar Jain	Member	Chairman & Managing Director

The Company Secretary of the Company acts as the Secretary to the Audit committee.

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

- The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties. The Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the company subject to such conditions as may be prescribed under the rules made under the Companies Act, 2013;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company;
- The Audit Committee shall have authority to investigate into any matter in relation to the items specified above or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company;
- The auditors of a company and the key managerial personnel shall have a right to be heard in the meetings of the Audit Committee when it considers the auditor's report but shall not have the right to vote;
- All appointments, including the filling of a casual vacancy of an auditor shall be made after taking into account the recommendations of such committee;
- Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that its financial statements are correct, sufficient and credible;
- Recommending to our Board the appointment, remuneration and terms of appointment of the statutory auditor of our Company;
- Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of

audit process;

- Approving payments to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to our Board for approval, with particular reference to:
    - Matters required to be included in the Director's Responsibility Statement to be included in our Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act;
    - Changes, if any, in accounting policies and practices and reasons for the same;
    - Major accounting entries involving estimates based on the exercise of judgment by management;
    - Significant adjustments made in the financial statements arising out of audit findings;
    - Compliance with listing and other legal requirements relating to financial statements;
    - Disclosure of any related party transactions; and
    - Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to our Board for approval;
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by our Company;
- Approval or any subsequent modifications of transactions of our Company with related parties;
- Scrutinising of inter-corporate loans and investments;
- Valuation of undertakings or assets of our Company, wherever it is necessary;
- Evaluating of internal financial controls and risk management systems;
- Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussing with internal auditors on any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;

- Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post- audit discussion to ascertain any area of concern;

- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

- Reviewing the functioning of the whistle blower mechanism;

- Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate;

- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the Listing Regulations or by any other regulatory authority;

- Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law; and

- Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

Powers of the Audit Committee

The powers of the Audit Committee shall include the following:

- To investigate any activity within its terms of reference;

- To seek information from any employee;

- To obtain outside legal or other professional advice; and

- To secure attendance of outsiders with relevant expertise, if it considers necessary.

Reviewing Powers

The Audit Committee shall mandatorily review the following information:

- Management's discussion and analysis of financial condition and results of operations;

- Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

- Management letters / letters of internal control weaknesses issued by the statutory auditors;

- Internal audit reports relating to internal control weaknesses;

- The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;

- Examination of the financial statements and the auditors' report thereon; and

- Statement of deviations:

    - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and

- annual statement of funds utilized for purposes other than those stated in the document/prospectus/notice in terms of the SEBI Listing Regulations.

2. Nomination Remuneration Committee

The Nomination and Remuneration Committee of the Company is constituted in accordance with the provisions of Regulation 19 of the SEBI LODR Regulations read with Section 178 of the Companies Act, 2013.

Composition of Nomination and Remuneration Committee:

S No.	Name of the Members	Status	Nature of Directorship
1.	Pranav Kumar Vinaykant	Chairperson	Non-executive-Independent Director
2.	Bakul Kishanlal Mehta	Member	Non-executive-Independent Director
3.	Murari Agarwal	Member	Non-executive-Independent Director

The Company Secretary of the Company acts as the Secretary to the Nomination and Remuneration Committee.

The broad terms of reference of the Nomination and Remuneration Committee are as under:

- Considering and recommending for the appointment and remuneration of directors, managing/executive director, CEO of the Company;
- Considering, reviewing and approving annual salary increment, bonus and promotion to KMPs/ top managerial persons;
- Approving and implementing staff welfare schemes or ESOPs/ ESAR as per the NRC Policy;
- Considering and recommending the criteria for determining qualifications, positive attributes and independence of a director, and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees, fit and proper criteria for directors, in compliance with law;
- For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
    - use the services of an external agencies, if required;
    - consider candidates from a wide range of backgrounds, having due regard to diversity; and
    - consider the time commitments of the candidates
- Formulating of criteria for evaluation of the performance of the independent directors and the Board;
- Devising a policy on Board diversity;
- Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal, and carrying out evaluations of every director's performance;
- Determining whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Analysing, monitoring and reviewing various human resource and compensation matters;

- Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

- Determining compensation levels payable to the senior management personnel and other staff(as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

- Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

- Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, as amended;

- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    - the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    - the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

- Recommend to our Board, all remuneration, in whatever form, payable to senior management; and

- Any other functions/powers referred/powers delegated to the committee by the Board under the NRC Policy, any regulation/directions of regulators or the statutory or government authorities/bodies and as per the provisions of the Companies Act and rules made thereunder.

3. Stakeholders Relationship Committee

The Stakeholders' Relationship Committee is constituted in accordance with the provisions of Regulation 20 of the SEBI LODR Regulations read with Section 178 of the Companies Act, 2013.

Composition of Stakeholders' Relationship Committee:

S No.	Name of the Members	Status	Nature of Directorship
1.	Pranav Kumar Vinaykant	Chairperson	Non-executive-Independent Director
2.	Bakul Kishanlal Mehta	Member	Non-executive-Independent Director
3.	Sangeeta Jain	Member	Whole Time Director

The broad terms of reference of the Stakeholders Relationship Committee are as under:

- Consider and resolve grievances of security holders of our Company, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings, etc;

- Review of measures taken for effective exercise of voting rights by shareholders.

- Review of adherence to the service standards adopted by our Company in respect of various services being rendered by the Registrar and Share Transfer Agent.

- Review of the various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of our Company.

- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time;
- To approve, register, refuse to register transfer or transmission of shares and other securities;
- To sub-divide, consolidate and or replace any share or other securities certificate(s) of our Company;
- Allotment and listing of shares;
- To authorise affixation of common seal of our Company;
- To issue duplicate share or other security(ies) certificate(s) in lieu of the original share/security(ies) certificate(s) of our Company;
- To approve the transmission of shares or other securities arising as a result of death of the sole/any joint shareholder;
- To dematerialize or rematerialize the issued shares;
- Ensure proper and timely attendance and redressal of investor queries and grievances;
- Carrying out any other functions contained in the Companies Act and/or equity listing agreements (if applicable), as and when amended from time to time; and .
- To further delegate all or any of the power to any other employee(s), officer(s), representative(s), consultant(s), professional(s), or agent(s).

Our Key Managerial Personnel ("KMP")

In addition to our Managing Director, whose details have been described under paragraph above titled *'Brief Profile of our Directors'* the following persons are our Key Managerial Personnel as on the date of filing of this Letter of Offer.

All our KMP are on the payrolls of our Company as permanent employees.

Amitbhai Pravinchandra Mandaliya

Amitbhai Pravinchandra Mandaliya, aged forty-five (45) years, is the Chief Financial Officer of our Company. He holds a degree in Bachelor of Commerce from Bhavnagar University. He has an experience of twelve (12) years in budgeting, financial planning, financial reporting and other related responsibilities.

Hemal Panakajkumar Patel

Hemal Panakajkumar Patel, aged thirty seven (37) years, is the Company Secretary and Compliance Officer of our Company. He is a commerce Graduate and a member of ICSI. He also holds a degree in Bachelor of Law from Gujarat University. He has also cleared intermediate examination held by ICAI. He has an experience of fourteen (14) years in corporate secretarial work.

Relationship amongst the Key Managerial Personnel and Senior Managerial Personnel

Except as disclosed in the Letter of Offer, none of our Key Managerial Personnel and Senior Managerial Personnel are related to each other.

Our Senior Managerial Personnel ("SMP")

The following persons are our Senior Managerial Personnel as on the date of filing of this Letter of Offer:

- Kala Siddharth Surendrabhai, aged 34 (thirty-four) years, is the General Manager of our Company. He has been associated with our Company since December 1, 2023. He holds a degree in Bachelor of Foreign Trade from University of Pune. Prior to joining our Company, he was associated with Baijnath Melaram Pvt Ltd. He has an experience of 5 years in handling operations in Ship Recycling Yard.

- Jyoti Kumar Saraogi, aged 46 (forty-six) years, is the Plot Manager of our Company. He has been associated with our Company since February 1, 2020. He holds a degree in Bachelor of Commerce from Maharshi Dayanand University, Rohtak. He has an experience of four (4) years in managing records and physical inventory.

- Shni Kumar, aged 38 (thirty-eight) years, is the Human Safety Manager of our Company. He has been associated with our Company since January 1, 2016. He has cleared Intermediate Science Examination from R S S Evening College, Munger in February 2003. He has an experience of nine (9) years in human resources.

All our SMP are on the payrolls of our Company as permanent employees.

SECTION VI – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No	Particulars	Page No.
1.	Unaudited limited reviewed Financial Results for the period year ended December 31, 2023.	F 1 – F 6
2.	Unaudited limited reviewed Financial Results for the half year ended September 30, 2023 and September 30, 2022.	F 7 – F 21
3.	Audited Financial Statements as at and for the year ended March 31, 2023 and 2022.	F 22 – F 58

S N Shah & Associates
Chartered Accountants
www.snshahassociates.com
info@snshahassociates.com

Independent Auditor's Review Report on Unaudited Standalone Quarterly and Nine Months Financial Results of the Company Pursuant to the Regulations 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors of
VMS Industries Limited
Ahmedabad

We have reviewed the accompanying statement of unaudited financial results ('the Statement') of **VMS INDUSTRIES LIMITED** ('the Company') for the Quarter and Nine Months ended **31st December, 2023,** being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended).

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and rules thereunder, requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

S.N. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

Ahmedabad (HO)
Sapan House, C.G Road,
Opp.Municipal Market,
Navrangpura, Ahmedabad.
©9825048898, (O) 079-40098280.

Surat Branch
801, Center Point,
Ring Road,
Surat - 385002

Gandhidham Branch
204, Sunshine Arcade,
Gandhidham-Kutch - 370201

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Act read with relevant Rules issued there under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), including the manner in which it is to be disclosed, or that it contains any material misstatement.

FOR, S.N. SHAH & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REG. NO.: 109782W

FIROJ G. BODLA
PARTNER
M. NO.: 126770
UDIN: 24126770BKAGUV2350
DATE: 13TH FEBRUARY, 2024
PLACE: AHMEDABAD

VMS INDUSTRIES LIMITED

Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
CIN : L74140GJ1991PLC016714 website : www.vmsil.in email : info@vmsil.in Tel : Ph. No.: +91-79-40320484

[Rs. In Lakhs Except EPS]

Statement of Un-Audited Standalone Financial Results for the Quarter and Nine Months Ended on December 31, 2023

No.	Particulars	For the Quarter Ended			For the Nine Months Ended		For the Year Ended
		Quarter Ended December 31,2023	Quarter Ended September 30,2023	Quarter Ended December 31,2022	Nine Months Ended December 31,2023	Nine Months Ended December 31,2022	Year ended on March 31, 2023
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
I	**Income**						
[a]	Revenue From Operations	7,378.61	8,756.82	3,796.33	17,473.36	11,325.94	14,038.87
[b]	Other Income	111.95	59.39	134.49	263.48	311.46	537.42
II	**Total Income(a+ b)**	**7,490.56**	**8,816.21**	**3,930.82**	**17,736.84**	**11,637.40**	**14,576.29**
III	**Expenses:**						
[a]	Cost of Materials Consumed	4,479.29	4,068.17	434.81	8,554.01	4,546.10	4,639.65
[b]	Purchase of Stock in Trade	2,231.58	4,013.45	3,369.05	7,555.98	6,440.79	8,973.48
[c]	Changes in Inventories of Finished Goods, Work in Progress and Stock in -Trade	-	-	-	-	-	-
[d]	Employees Benefits Expenses	115.96	62.47	10.72	187.74	91.93	100.71
[e]	Finance Costs	69.97	106.63	33.89	222.09	118.12	164.96
[f]	Depreciation and Amortisation Expenses	9.88	9.98	9.36	29.65	28.78	38.36
[g]	Other Expenses	197.84	298.89	52.21	522.27	293.17	360.79
IV	**Total Expenses**	**7,104.52**	**8,559.59**	**3,910.04**	**17,071.74**	**11,518.89**	**14,277.95**
V	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)	**386.04**	**256.62**	**20.78**	**665.10**	**118.51**	**298.34**
VI	**Share of Profits in Associates**	-	-	-	-	-	-
VII	Profit/(Loss) before exceptional and extraordinary items and tax (V-VI)	**386.04**	**256.62**	**20.78**	**665.10**	**118.51**	**298.34**
VIII	Exceptional Items	-	-	-	-	-	-
IX	Profit Before Extraordinary Items and Tax (VII-VIII)	**386.04**	**256.62**	**20.78**	**665.10**	**118.51**	**298.34**
X	Extraordinary Items	-	-	-	-	-	-
XI	Profit Before Tax (IX-X)	**386.04**	**256.62**	**20.78**	**665.10**	**118.51**	**298.34**
XII	Tax Expenses:						
(a)	Current Tax	(97.37)	(65.62)	(5.63)	(169.39)	(31.28)	(46.15)
(b)	Deferred Tax	(0.57)	(0.86)	(0.56)	(2.31)	(1.90)	(2.44)
(c)	MAT Cedit Entitlement	-	-	-	-	-	-
(d)	Income tax of earlier years	-	-	-			-
	Total Tax Expenses	**(97.94)**	**(66.48)**	**(6.19)**	**(171.70)**	**(33.18)**	**(48.59)**
XIII	Profit(loss) for the Period from Continuing operations(XI-XII)	**288.10**	**190.14**	**14.59**	**493.40**	**85.33**	**249.75**
XIV	Profit(loss) for the Period from Discontinuing operations	-	-	-	-	-	-
XV	Tax expenses of Discontinuing operations	-	-	-	-	-	-
XVI	Profit(loss) for the Period from discontinuing operations (after tax) (XV-XVI)	-	-	-	-	-	-
XVII	Net Profit(loss) for the Period (XIII+XVI)	**288.10**	**190.14**	**14.59**	**493.40**	**85.33**	**249.75**
XVIII	Other Comprehensive Income	-	-	-	-	-	-
[a]	Items that will not be reclassified to Profit or Loss (Net of Tax)	-	-	-	-		
[b]	Items that will be reclassified to Profit or Loss (Net of tax)	-	-	-	-	-	-
XIX	Total Comprehensive income for the period (XV+XVI) (Comprising Profit/(Loss) and other Comprehensive income for the period)	**288.10**	**190.14**	**14.59**	**493.40**	**85.33**	**249.75**
XX	Paid-up equity share capital (face value of Rs.10)	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34
XXI	Reserves / Other Equity	4,596.16	4,316.94	3,956.16	4,596.16	3,956.16	4,121.43
XXII	Earning per equity Shares(before extra-ordinary Items)						
[a]	Basic	1.75	1.16	0.09	3.00	0.52	1.52
[b]	Diluted	1.75	1.16	0.09	3.00	0.52	1.52
XXIII	Earning per equity Shares(after extra-ordinary Items)						
[a]	Basic	1.75	1.16	0.09	3.00	0.52	1.52
[b]	Diluted	1.75	1.16	0.09	3.00	0.52	1.52

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Board of Directors evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments namely i. Manufacturing and ii. Trading. Accordingly, information has been presented along these business segments which have been defined based nature of busines activities. The segment-wise information regarding operational revenue and profitability have been given as under:

VMS INDUSTRIES LIMITED

[Rs. In Lakhs]

Statement of Un-Audited Standalone Segment Information for the Quarter and Nine Months ended on December 31, 2023

No.	Particulars	For the Quarter Ended			For the Nine Months Ended		For the Year Ended
		Quarter Ended December 31,2023	Quarter Ended September 30,2023	Quarter Ended December 31,2022	Nine Months Ended December 31,2023	Nine Months Ended December 31,2022	Year Ended on March 31, 2023
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
I	**Segement Value of Revenue From Operations**						
[a]	Manufacturing	5,123.77	4,651.56	411.61	9,798.08	4,830.76	5,009.59
[b]	Trading	2,254.84	4,105.26	3,384.72	7,675.28	6,495.18	9,029.28
II	**Total Revenue From Operations(a+ b)**	**7,378.61**	**8,756.82**	**3,796.33**	**17,473.36**	**11,325.94**	**14,038.87**
III	**Segment Results [EBIDTA]**						
[a]	Manufacturing	354.49	272.09	(61.60)	619.27	(14.25)	13.93
[b]	Trading	(0.55)	41.75	(8.86)	34.09	(31.80)	6.30
IV	**Total Segment Profit Before Depreciation, Interest, Tax & Other Income**	**353.94**	**313.84**	**(70.46)**	**653.36**	**(46.05)**	**20.23**
[a]	Manufacturing						
i	Less: Depreciation	(9.47)	(9.67)	(9.36)	(28.66)	(28.78)	(38.15)
ii	Less: Finance Expenses	(45.77)	(85.63)	(8.07)	(153.50)	(41.74)	(62.17)
iii	Add: Other Income	42.83	25.19	13.32	87.10	64.57	296.22
	Manufacturing-Segement Results Before Tax	**342.08**	**201.98**	**(65.71)**	**524.21**	**(20.20)**	**209.83**
[b]	Trading						
i	Depreciation	(0.40)	(0.32)	-	(0.99)	-	(0.21)
ii	Finance Expenses	(24.21)	(20.99)	(25.82)	(68.59)	(76.38)	(102.79)
iii	Add: Other Income	69.12	34.20	121.17	176.38	246.89	241.20
	Trading-Segement Results Before Tax	**43.96**	**54.64**	**86.49**	**140.89**	**138.71**	**144.50**
V	**Total Segment Profit Before Tax [IV(a)+IV(b)]**	**386.04**	**256.62**	**20.78**	**665.10**	**118.51**	**354.33**
VI	**Tax Expenses**						
[a]	Manufacturing						
i	Less: Current Tax	(86.37)	(52.01)	17.15	(134.28)	3.19	(25.48)
ii	Add/(Less): Deferred Tax	(0.57)	(0.86)	(0.56)	(2.31)	(1.90)	(2.44)
iii	Add: MAT Credit Entitlement	-		-	-	-	-
	Manufacturing-Segement Results After Tax	**255.14**	**149.11**	**(49.12)**	**387.62**	**(18.91)**	**181.91**
[b]	Trading						
i	Less: Current Tax	(11.00)	(13.61)	(22.78)	(35.11)	(34.47)	(20.67)
ii	Add/(Less): Deferred Tax	-	-	-	-	-	-
iii	Add: MAT Credit Entitlement	-	-	-	-	-	-
	Trading-Segement Results After Tax	**32.96**	**41.03**	**63.71**	**105.78**	**104.24**	**123.83**
VII	**Total Segment Profit After Tax [V-VI]**	**288.10**	**190.14**	**14.59**	**493.40**	**85.33**	**305.74**
VIII	**Add/(Less): Unallocable Items**	-	-	-	-	-	**(55.99)**
IX	**Net Profit After Tax [VIII-IX]**	**288.10**	**190.14**	**14.59**	**493.40**	**85.33**	**249.75**
X	**Segment Assets**						
i	Manufacturing	4,040.37	4,022.39	2,149.61	4,040.37	2,149.61	1,916.36
ii	Trading	6,507.14	7,179.06	6,468.87	6,507.14	6,468.87	6,778.77
iii	Unallocable Assets	46.91	46.91	60.37	46.91	60.37	60.77
	Total Segment Assets	**10,594.42**	**11,248.36**	**8,678.85**	**10,594.42**	**8,678.85**	**8,755.90**
XI	**Segment Liabilities**						
i	Manufacturing	2,237.30	2,171.23	68.89	2,237.30	68.89	70.66
ii	Trading	2,113.62	3,112.85	2,991.10	2,113.62	2,991.10	2,906.15
iii	Unallocable Liabilities	-	-	15.36	-	15.36	10.32
	Total Segment Liabilities	**4,350.92**	**5,284.08**	**3,075.35**	**4,350.92**	**3,075.35**	**2,987.13**
XII	**Capital Employed**						
i	Equity Share Capital	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34
ii	Other Equity	4,596.16	4,316.94	3,956.16	4,596.16	3,956.16	4,121.43
	Total Capital Employed	**6,243.50**	**5,964.28**	**5,603.50**	**6,243.50**	**5,603.50**	**5,768.77**

Date: 13/02/2024
Place: Ahmedabad

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

MANOJ KUMAR JAIN
Managing Director
(DIN-02190018)

Notes:

1 The financial resuts of the company for the quarter and nine months ended on December 31, 2023 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company in their meeting held on 13th February, 2024. The results are being published in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2 Comparative figures have been rearranged/regrouped wherever necessary.

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

MANOJ KUMAR JAIN
Managing Director
(DIN: 02190018)

VMS INDUSTRIES LIMITED
Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
CIN : L74140GJ1991PLC016714 website : www.vmsil.in email : info@vmsil.in Tel : Ph. No.: +91-79-40320484

EXTRACT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED ON 31ST DECEMBER, 2023

[Rs. In Lakhs]

Particulars	For the Quarter Ended		For the Year Ended
	31-12-2023	31-12-2022	31-03-2023
	Un-audited	Un-audited	Audited
Total Income from operations (net)	7,378.61	3,796.33	14,038.87
Net Profit / (Loss) for the period (before tax , Exceptional and / or Extra Ordinary items)	386.04	20.78	298.34
Net profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	288.10	14.59	249.75
Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	288.10	14.59	249.75
Equity Share Capital	1,647.34	1,647.34	1,647.34
Reserves (excluding Revaluation Reserve as shown in the Audited Balance sheet of previous year)	4,596.16	3,956.16	4,121.43
Earnings Per Share (of Rs. 10/- each) (for continuing and discontinued operations) -			
(a) Basic	1.75	0.09	1.52
(b) Diluted	1.75	0.09	1.52

Note :

1. The above is an extract of the detailed format of Quarter ended on 31st December, 2023 filed with the Stock Exchanges under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarter ended Financial Results are available on the Stock Exchange website i.e. www.bseindia.com and on the website of the Company i.e www.vmsil.in

2. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 13th February, 2024.
3. Figures for the previous periods have been regrouped/ reclassified/ restated wherever necessary.

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN 02190018)

Date : 13/02/2024
Place : Ahmedabad

Independent Auditor's Review Report On Standalone Unaudited Quarterly Financial Results and Year to Date Financial Results of VMS Industries Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Review Report to,
The Board of Directors of,
VMS INDUSTRIES LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results ("the Statement") of VMS Industries Limited ("the Company"), for the quarter ended on 30th September, 2023 and year to date results from 1st April, 2023 to 30th September, 2023, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations,2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement which is the responsibility of the Company's Management approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued there-under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

S.N. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India (the ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Financial Results, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (Ind-AS) specified under section 133 of the Companies Act, 2013, read with applicable rules issued there-under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

FOR, S.N. SHAH & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REG. NO.: 109782W

S.N. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

FIROJ BODLA
PARTNER
M. NO.: 126770
DATE: NOVEMBER 11, 2023
PLACE: AHMEDABAD
UDIN: 23126770BGWHFV1378

VMS INDUSTRIES LIMITED

Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
CIN : L74140GJ1991PLC016714 website : www.vmsil.com email : info@vmsil.in Tel : Ph. No.: +91-79-40320484

[Rs. In Lakhs]

Statement of Un-Audited Standalone Financial Results for the Quarter and Half-Year ended on September 30, 2023

No.	Particulars	Quarter ended September 30,2023	Quarter ended June 30,2023	Quarter ended September 30,2022	For the Half Year ended: Half Year ended September 30,2023	For the Half Year ended: Half Year ended September 30,2022	For the Year ended: Year ended on March 31, 2023
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
I	**Income**						
[a]	Revenue From Operations	8,756.82	1,337.93	1,890.68	10,094.75	7,529.61	14,038.87
[b]	Other Income	59.39	92.14	76.59	151.53	176.97	537.42
II	**Total Income(a+ b)**	**8,816.21**	**1,430.07**	**1,967.27**	**10,246.28**	**7,706.58**	**14,576.29**
III	**Expenses:**						
[a]	Cost of Materials Consumed	4,068.17	6.55	1,067.67	4,074.72	4,111.29	4,639.65
[b]	Purchase of Stock in Trade	4,013.45	1,310.95	768.79	5,324.40	3,071.74	8,973.48
[c]	Changes in Inventories of Finished Goods, Work in Progress and Stock in -Trade	-	-	-	-	-	-
[d]	Employees Benefits Expenses	62.47	9.31	36.43	71.78	81.21	100.71
[e]	Finance Costs	106.63	45.49	2.61	152.12	84.23	164.96
[f]	Depreciation and Amortisation Expenses	9.98	9.79	9.85	19.77	19.42	38.36
[g]	Other Expenses	298.89	25.54	34.90	324.43	240.96	360.79
IV	**Total Expenses**	**8,559.59**	**1,407.63**	**1,920.25**	**9,967.22**	**7,608.85**	**14,277.95**
V	Profit/(Loss) before exceptional and extraordinary items and tax (III-IV)	**256.62**	**22.44**	**47.02**	**279.06**	**97.73**	**298.34**
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit Before Extraordinary Items and Tax (V-VI)	**256.62**	**22.44**	**47.02**	**279.06**	**97.73**	**298.34**
VIII	Extraordinary Items	-	-	-	-	-	-
IX	Profit Before Tax (VII-VIII)	**256.62**	**22.44**	**47.02**	**279.06**	**97.73**	**298.34**
X	Tax Expenses:						
(a)	Current Tax	(65.62)	(6.40)	(13.61)	(72.02)	(25.65)	(46.15)
(b)	Deferred Tax	(0.86)	(0.88)	(0.71)	(1.74)	(1.34)	(2.44)
(c)	MAT Cedit Entitlement	-	-	-	-	-	-
(d)	Income tax of earlier years	-	-	-	-	-	-
	Total Tax Expenses	**(66.48)**	**(7.28)**	**(14.32)**	**(73.76)**	**(26.99)**	**(48.59)**
XI	Profit(loss) for the Period from Continuing operations(IX-X)	**190.14**	**15.16**	**32.70**	**205.30**	**70.74**	**249.75**
XII	Profit(loss) for the Period from Discontinuing operations	-	-	-	-	-	-
XIII	Tax expenses of Discontinuing operations	-	-	-	-	-	-
XIV	Profit(loss) for the Period from discontinuing operations (after tax) (XII-XIII)	-	-	-	-	-	-
XV	Net Profit(loss) for the Period (XI-XIV)	**190.14**	**15.16**	**32.70**	**205.30**	**70.74**	**249.75**
XVI	Other Comprehensive Income						
[a]	Items that will not be reclassified to Profit or Loss (Net of Tax)	-	-		-	-	-
[b]	Items that will be reclassified to Profit or Loss (Net of tax)	-	-	-	-	-	-
XVII	Total Comprehensive income for the period (XV+XVI) (Comprising Profit/(Loss) and other Comprehensive Income for the period)	**190.14**	**15.16**	**32.70**	**205.30**	**70.74**	**249.75**
XVIII	Paid-up equity share capital (face value of Rs.10)	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34
XIX	Reserves / Other Equity	4,316.94	4,182.73	3,955.40	4,316.94	3,955.40	4,121.43
XX	Earning per equity Shares(before extra-ordinary Items)						
[a]	Basic	1.16	0.09	0.20	1.25	0.43	1.52
[b]	Diluted	1.16	0.09	0.20	1.25	0.43	1.52
XXI	Earning per equity Shares(after extra-ordinary Items)						
[a]	Basic	1.16	0.09	0.20	1.25	0.43	1.52
[b]	Diluted	1.16	0.09	0.20	1.25	0.43	1.52

VMS INDUSTRIES LIMITED

Authorised Signatory

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Board of Directors evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments namely i. Manufacturing and ii. Trading. Accordingly, information has been presented along these business segments which have been defined based nature of busines activities. The segment-wise information regarding operational revenue and profitability have been given as under:

Statement of Audited Standalone Segment Information for the Quarter and Half Year ended on September, 2023

No.	Particulars	Quarter ended September 30,2023	Quarter ended June 30,2023	Quarter ended September 30,2022	For the Half Year ended: Half Year ended September 30,2023	For the Half Year ended: Half Year ended September 30,2022	For the Year ended: Year ended on March 31, 2023
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
I	**Segement Value of Revenue From Operations**						
[a]	Manufacturing	4,651.56	22.75	1,115.86	4,674.31	4,419.15	5,009.59
[b]	Trading	4,105.26	1,315.18	774.82	5,420.44	3,110.46	9,029.28
II	**Total Revenue From Operations(a+ b)**	**8,756.82**	**1,337.93**	**1,890.68**	**10,094.75**	**7,529.61**	**14,038.87**
III	**Segment Results [EBIDTA]**						
[a]	Manufacturing	272.09	(7.31)	7.76	264.78	47.35	13.93
[b]	Trading	41.75	(7.11)	(24.87)	34.64	(22.94)	6.30
IV	**Total Segment Profit Before Depreciation, Interest, Tax & Other Income**	**313.84**	**(14.42)**	**(17.11)**	**299.42**	**24.41**	**20.23**
[a]	Manufacturing						
i	Less: Depreciation	(9.67)	(9.52)	(9.85)	(19.19)	(19.42)	(38.15)
ii	Less: Finance Expenses	(85.63)	(22.10)	(16.11)	(107.73)	(33.67)	(62.17)
iii	Add: Other Income	25.19	19.08	21.78	44.27	51.25	296.22
	Manufacturing-Segement Results Before Tax	**201.98**	**(19.85)**	**3.58**	**182.13**	**45.51**	**209.83**
[b]	Trading						
i	Depreciation	(0.32)	(0.27)	-	(0.59)	-	(0.21)
ii	Finance Expenses	(20.99)	(23.39)	13.50	(44.38)	(50.56)	(102.79)
iii	Add: Other Income	34.20	73.06	54.81	107.26	125.72	241.20
	Trading-Segement Results Before Tax	**54.64**	**42.29**	**43.44**	**96.93**	**52.22**	**144.50**
V	**Total Segment Profit Before Tax [IV(a)+IV(b)]**	**256.62**	**22.44**	**47.02**	**279.06**	**97.73**	**354.33**
VI	**Tax Expenses**						
[a]	Manufacturing						
i	Less: Current Tax	(52.02)	4.11	(3.80)	(47.91)	(13.96)	(25.48)
ii	Add/(Less): Deferred Tax	(0.86)	(0.88)	(0.71)	(1.74)	(1.34)	(2.44)
iii	Add: MAT Credit Entitlement		-	-	-	-	-
	Manufacturing-Segement Results After Tax	**149.10**	**(16.62)**	**(0.93)**	**132.48**	**30.21**	**181.91**
[b]	Trading						
i	Less: Current Tax	(13.61)	(10.51)	(9.81)	(24.12)	(11.69)	(20.67)
ii	Add/(Less): Deferred Tax	-	-	-	-	-	-
iii	Add: MAT Credit Entitlement	-	-	-	-	-	-
	Trading-Segement Results After Tax	**41.03**	**31.78**	**33.63**	**72.81**	**40.53**	**123.83**
VII	**Total Segment Profit After Tax [V-VI]**	**190.13**	**15.16**	**32.70**	**205.29**	**70.74**	**305.74**
VIII	**Add/(Less): Unallocable Items**		-	-	-	-	**(55.99)**
IX	**Net Profit After Tax [VIII-IX]**	**190.13**	**15.16**	**32.70**	**205.29**	**70.74**	**249.75**
X	**Segment Assets**						
i	Manufacturing	4,022.39	1,896.31	2,655.56	4,022.39	2,655.56	1,916.36
ii	Trading	7,179.06	5,506.54	6,625.06	7,179.06	6,625.06	6,778.77
iii	Unallocable Assets	46.91	131.98	59.79	46.91	59.79	60.77
	Total Segment Assets	**11,248.36**	**7,534.83**	**9,340.41**	**11,248.36**	**9,340.41**	**8,755.90**
XI	**Segment Liabilities**						
i	Manufacturing	2,171.23	99.57	81.09	2,171.23	81.09	70.66
ii	Trading	3,112.85	1,605.19	3,656.58	3,112.85	3,656.58	2,906.15
iii	Unallocable Liabilities	-	-	-	-		10.32
	Total Segment Liabilities	**5,284.08**	**1,704.76**	**3,737.67**	**5,284.08**	**3,737.67**	**2,987.13**
XII	**Capital Employed**						
i	Equity Share Capital	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34
ii	Other Equity	4,316.94	4,182.73	3,955.40	4,316.94	3,955.40	4,121.43
	Total Capital Employed	**5,964.28**	**5,830.07**	**5,602.74**	**5,964.28**	**5,602.74**	**5,768.77**

Date: 11th November, 2023
Place: Ahmedabad

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN:02180018)

VMS INDUSTRIES LIMITED

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[Rs. In Lakhs]

Standalone Statement of Asset and Liability As On September 30, 2023

No.	Particulars	30.09.2023 Un-Audited	31.03.2023 Audited
I	**ASSET:**		
1	**Non-Current Assets:**		
[a]	Property, Plant and Equipment	468.98	487.18
[b]	Capital Work in Progress	-	-
[c]	Other Intangible Assets	-	-
[d]	Investment Property	-	-
[e]	Goodwill	-	-
[f]	Other Intangible Assets	-	-
[g]	Intangible Assets Under Development	-	-
[h]	Financial Assets		
	(i) Investment		
	(ii) Trade Receivables	-	-
	(iii) Long Term Loans and Advances	-	-
	(iv) Other Non-Current Financial Assets	7.30	7.30
[i]	Deferred Tax Assets (Net)	-	-
[j]	Other Non-Current Assets		-
	Total Non-Current Assets	**476.28**	**494.48**
2	**Current Assets:**		
[a]	Invetories	72.37	204.55
[b]	Financial assets:		
	(i) Investments	-	-
	(ii) Trade and Other Receivables	4,373.71	2,571.22
	(iii) Cash and Cash Equivalents	2,767.86	1,863.47
	(iv) Bank Balance Other Than Above	-	-
	(v) Loan and Advances	3,500.88	3,538.57
	(iv) Others Current Financial Assets	0.53	22.66
[c]	Current Tax Assets(Net)	-	-
[d]	Other Current Assets	56.73	60.95
	Total Current Assets	**10,772.08**	**8,261.42**
	TOTAL ASSETS(1+2)	**11,248.36**	**8,755.90**
II	**EQUITY AND LIABILITIES:**		
1	**Equity**		
	(i) Equity Share Capital	1,647.34	1,647.34
	(ii) Other Equity	4,316.94	4,121.43
	Total Equity	**5,964.28**	**5,768.77**
2	**Liabilities**		
[a]	Non-Current Liabilites:		
	(i) Financial Liabilities		
	(1) Borrowings	241.58	310.75
	(2) Trade Payables	-	-
	(3) Other Non-Current Financial Liabilities	-	-
	(ii) Provisions	-	-
	(iii) Deferred Tax Liabilities (Net)	61.63	59.88
	(iv) Other Non-Current Liabilities	-	-
	Total Non-Current Liabilities	**303.21**	**370.63**
[b]	Current Liabilities:		
	(i) Financial Liabilities:		
	(1) Borrowings	2,794.38	2,593.50
	(2) Current Maturities of Long Term Borrowings		-
	(3) Trade Payables		
	- Total Outstanding Dues of Micro Enterprises and Small Enterprises	-	-
	- Total Outstanding Dues of Creditors Other Than Above	2,000.43	3.99
	(ii) Other Current Liabilities	140.34	10.45
	(iii) Provisions	-	-
	(iii) Current Tax Liabilities(Net)	45.72	8.56
	Total Current Liabilities	**4,980.87**	**2,616.50**
	TOTAL EQUITY AND LIABILITIES(1+2)	**11,248.36**	**8,755.90**

VMS INDUSTRIES LIMITED

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

MANOJ KUMAR JAIN
Managing Director
(DIN:02190018)

Date: 11th November, 2023
Place: Ahmedabad

VMS INDUSTRIES LIMITED

Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015

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STANDALONE UNAUDITED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2023

[Rs. In Lakhs]

SR. NO.	PARTICULARS	FOR THE HALF YEAR ENDED 30-Sep-23 AMOUNT	AMOUNT	FOR THE HALF YEAR ENDED 30-Sep-22 AMOUNT	AMOUNT
I.	**PROFIT BEFORE TAX**		279.06		97.73
	ADJUSTMENTS FOR:				
	Depreciation and Amortization Expense	19.77		19.42	
	Finance Cost	152.12		84.23	
	Interest Income	(146.82)		(161.14)	
	Rent Income	(3.54)		(3.79)	
	Profit on Sale of Shares	-		-	
	Loss On Sale of Fixed Assets	-		-	
	Prior Period Expenses/(Income) (Net)	-		-	
	Share of Profit From Partnership Firm	-		-	
			21.53		(61.28)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**300.59**		**36.45**
	ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL:				
	Inventories	132.19		4,111.30	
	Trade Receivables	(1,802.49)		(318.97)	
	Non-Current Loans & Advances	-		-	
	Other Current Assets, Current Loans & Advances	64.04		(656.68)	
	Trade Payables	1,996.44		(4,605.91)	
	Other Current Liabilities	129.89		462.69	
			520.07		(1,007.57)
	CASH GENERATED FROM OPERATIONS		**820.66**		**(971.12)**
	Income Tax Paid		(44.65)		(7.09)
	NET CASH FROM OPERATING ACTIVITIES		**776.01**		**(978.21)**
II.	**CASHFLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment	(1.58)		(0.10)	
	Sale of Property, Plant and Equipment	-		-	
	Purchase of Non-Current/Current Investments	-		-	
	Sale of Non-Current/Current Investments/Change in Classification			233.52	
	Rent Received	3.54		3.79	
	Interest Received	146.82		161.14	
	Share Of Profit From Partnership Firm	-		-	
	NET CASH FROM/(USED) IN INVESTING ACTIVITIES		**148.78**		**398.35**
III.	**CASHFLOW FROM FINANCING ACTIVITIES**				
	Proceeds/(Repayment) Of Non-Current Borrowings [Net]	(70.60)		(136.24)	
	Proceeds/(Repayment) Of Current Borrowings	202.32		146.05	
	Finance Cost	(152.12)		(84.23)	
	NET CASH FROM/(USED) FINANCING ACTIVITIES		**(20.40)**		**(74.42)**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [I+II+III]		**904.39**		**(654.28)**
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		**1,863.47**		**1,953.61**
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		**2,767.86**		**1,299.33**

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statements of Cash Flow ".

2 Direct Taxes Paid are treated as arising from Operating Activities without their bifurcation into Investing and Financing Activities.

3 Figures of the previous half year have been regrouped wherever necessary to make them comparable with the figures of the current period.

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN:02190018)

Date: 11th November, 2023
Place: Ahmedabad

Notes:

1 The financial resuts of the company for the quarter and half year ended on September 30, 2023 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company in their meeting held on 11th November, 2023. The results are being published in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2 Comparative figures have been rearranged/regrouped wherever necessary.

VMS INDUSTRIES LIMITED

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

MANOJ KUMAR JAIN
Managing Director
(DIN: 02190018)

Independent Auditor's Review Report On Standalone Unaudited Quarterly Financial Results and Year to Date Financial Results of VMS Industries Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

Review Report to,
The Board of Directors of,
VMS INDUSTRIES LIMITED

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results ("the Statement") of VMS Industries Limited ("the Company"), for the quarter ended on 30th September, 2022 and year to date results from 1st April, 2022 to 30th September, 2022, attached herewith, being submitted by the company pursuant to the requirement of Regulation 33 of the SEBI(Listing Obligations and Disclosure Requirements) Regulations,2015 (as amended), including relevant circulars issued by the SEBI from time to time.
2. This Statement which is the responsibility of the Company's Management approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with relevant rules issued there-under and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

S.N. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India (the ICAI). This standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. A review is substantially less in scope than an audit conducted in accordance with the Standards on Auditing specified under section 143(10) of the Act, and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement of Unaudited Financial Results, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian Accounting Standards (Ind-AS) specified under section 133 of the Companies Act, 2013, read with applicable rules issued there-under and other recognized accounting practices and policies has not disclosed the information required to be disclosed in terms of regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations,2015, as amended including the manner in which it is to be disclosed, or that it contains any material misstatement.

FOR, S.N. SHAH & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REG. NO.: 109782W

S.N. SHAH & ASSOCIATES AHMEDABAD CHARTERED ACCOUNTANTS

FIROJ BODLA
PARTNER
M. NO.: 126770
DATE: NOVEMBER 10, 2022
PLACE: AHMEDABAD
UDIN: 22126770BCRTBJ4275

VMS INDUSTRIES LIMITED

Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
CIN : L74140GJ1991PLC016714 website : www.vmsil.com email : info@vmsil.in Tel : Ph. No.: +91-79-40320484

[Rs. In Lakhs]

Statement of Un-Audited Standalone Financial Results for the Quarter and Half-Year ended on September 30, 2022

No.	Particulars	Quarter ended September 30,2022	Quarter ended June 30,2022	Quarter ended September 30,2021	For the Half Year ended Half Year ended September 30,2022	For the Half Year ended Half Year ended September 30,2021	For the Year ended Year ended on March 31, 2022
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
I	Income						
[a]	Revenue From Operations	1,890.68	5,638.93	2,964.36	7,529.61	5,273.76	15,764.05
[b]	Other Income	76.59	100.38	153.84	176.97	241.00	549.61
II	**Total Income(a+ b)**	**1,967.27**	**5,739.31**	**3,118.20**	**7,706.58**	**5,514.76**	**16,313.66**
III	**Expenses:**						
[a]	Cost of Materials Consumed	1,067.67	3,043.62	1,312.31	4,111.29	2,703.15	8,136.07
[b]	Purchase of Stock In Trade	768.79	2,302.95	1,722.74	3,071.74	2,253.05	7,226.65
[c]	Changes in Inventories of Finished Goods, Work in Progress and Stock in -Trade	-	-	-	-	-	-
[d]	Employees Benefits Expenses	36.43	44.78	45.69	81.21	79.35	214.44
[e]	Finance Costs	2.61	81.62	13.97	84.23	72.31	193.81
[f]	Depreciation and Amortisation Expenses	9.85	9.57	9.61	19.42	19.12	38.19
[g]	Other Expenses	34.90	206.06	26.47	240.96	235.30	356.57
IV	**Total Expenses**	**1,920.25**	**5,688.60**	**3,130.79**	**7,608.85**	**5,362.28**	**16,165.73**
V	Profit/(Loss) before exceptional and extraordinary Items and tax (III-IV)	**47.02**	**50.71**	**(12.59)**	**97.73**	**152.48**	**147.93**
VI	Exceptional Items	-	-	-	-	-	-
VII	Profit Before Extraordinary Items and Tax (V-VI)	**47.02**	**50.71**	**(12.59)**	**97.73**	**152.48**	**147.93**
VIII	Extraordinary Items	-	-	-	-	-	-
IX	Profit Before Tax (VII-VIII)	**47.02**	**50.71**	**(12.59)**	**97.73**	**152.48**	**147.93**
X	Tax Expenses:						
(a)	Current Tax	(13.61)	(12.04)	2.82	(25.65)	(39.05)	(38.58)
(b)	Deferred Tax	(0.71)	(0.63)	(0.42)	(1.34)	(0.85)	(1.64)
(c)	MAT Cedit Entitlement	-	-	-	-	-	-
(d)	Income tax of earlier years	-	-	-	-	-	-
	Total Tax Expenses	**(14.32)**	**(12.67)**	**2.40**	**(26.99)**	**(39.90)**	**(40.22)**
XI	Profit(loss) for the Period from Continuing operations(IX-X)	**32.70**	**38.04**	**(10.19)**	**70.74**	**112.58**	**107.71**
XII	Profit(loss) for the Period from Discontinuing operations	-	-	-	-	-	-
XIII	Tax expenses of Discontinuing operations	-	-	-	-	-	-
XIV	Profit(loss) for the Period from discontinuing operations (after tax) (XII-XIII)	-	-	-	-	-	-
XV	Net Profit(loss) for the Period (XI-XIV)	**32.70**	**38.04**	**(10.19)**	**70.74**	**112.58**	**107.71**
XVI	Other Comprehensive Income	-	-	-	-	-	-
[a]	Items that will not be reclassified to Profit or Loss (Net of Tax)	-	-	1.09	-	1.09	6.89
[b]	Items that will be reclassified to Profit or Loss (Net of tax)	-	-	-	-	-	-
XVII	Total Comprehensive Income for the period (XV+XVI) (Comprising Profit/(Loss) and other Comprehensive income for the period)	**32.70**	**38.04**	**(9.10)**	**70.74**	**113.67**	**114.60**
XVIII	Paid-up equity share capital (face value of Rs.10)	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34
XIX	Reserves / Other Equity	3,955.40	3,922.70	3,888.70	3,955.40	3,888.70	3,884.65
XX	Earning per equity Shares(before extra-ordinary Items)						
[a]	Basic	0.20	0.23	(0.06)	0.43	0.69	0.70
[b]	Diluted	0.20	0.23	(0.06)	0.43	0.69	0.70
XXI	Earning per equity Shares(after extra-ordinary Items)						
[a]	Basic	0.20	0.23	(0.06)	0.43	0.69	0.70
[b]	Diluted	0.20	0.23	(0.06)	0.43	0.69	0.70

VMS INDUSTRIES LIMITED

Based on the "management approach" as defined in Ind-AS 108 - Operating Segments, the Board of Directors evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments namely i. Manufacturing and ii. Trading. Accordingly, information has been presented along these business segments which have been defined based nature of busines activities. The segment-wise information regarding operational revenue and profitability have been given as under:

Statement of Audited Standalone Segment Information for the Quarter and Half Year ended on September, 2022

No.	Particulars	Quarter ended September 30,2022	Quarter ended June 30,2022	Quarter ended September 30,2021	For the Half Year ended: Half Year ended September 30,2022	For the Half Year ended: Half Year ended September 30,2021	For the Year ended: Year ended on March 31, 2022
		Un-audited	Un-audited	Un-audited	Un-audited	Un-audited	Audited
I	**Segement Value of Revenue From Operations**						
(a)	Manufacturing	1,115.86	3,303.29	1,227.34	4,419.15	3,023.08	8,505.77
(b)	Trading	774.82	2,335.64	1,737.02	3,110.46	2,250.68	7,258.28
II	**Total Revenue From Operations(a+ b)**	**1,890.68**	**5,638.93**	**2,964.36**	**7,529.61**	**5,273.76**	**15,764.05**
III	**Segment Results [EBIDTA]**						
(a)	Manufacturing	7.76	39.59	(155.05)	47.35	35.06	(107.35)
(b)	Trading	(24.87)	1.93	12.20	(22.94)	(32.15)	(61.49)
IV	**Total Segment Profit Before Depreciation, Interest, Tax & Other Income**	**(17.11)**	**41.52**	**(142.85)**	**24.41**	**2.91**	**(168.84)**
(a)	Manufacturing						
i	Less: Depreciation	(9.85)	(9.57)	(9.61)	(19.42)	(19.12)	(38.19)
ii	Less: Finance Expenses	(16.11)	(17.56)	(14.42)	(33.67)	(35.41)	(109.37)
iii	Add: Other Income	21.78	29.47	67.08	51.25	94.41	120.48
	Manufacturing-Segement Results Before Tax	**3.58**	**41.93**	**(112.00)**	**45.51**	**74.94**	**(134.43)**
(b)	Trading						
i	Depreciation	-	-	-	-	-	-
ii	Finance Expenses	13.50	(64.06)	0.45	(50.56)	(36.90)	(84.43)
iii	Add: Other Income	54.81	70.91	86.76	125.72	146.59	429.14
	Trading-Segement Results Before Tax	**43.44**	**8.78**	**99.41**	**52.22**	**77.54**	**283.21**
V	**Total Segment Profit Before Tax (IV(a)+IV(b))**	**47.02**	**50.71**	**(12.59)**	**97.73**	**152.48**	**148.78**
VI	**Tax Expenses**						
(a)	Manufacturing						
i	Less: Current Tax	(3.80)	(10.16)	27.05	(13.96)	(19.53)	32.12
ii	Add/(Less): Deferred Tax	(0.71)	(0.63)	(0.42)	(1.34)	(0.85)	(1.64)
iii	Add: MAT Credit Entitlement		-				-
	Manufacturing-Segement Results After Tax	**(0.93)**	**31.14**	**(85.37)**	**30.21**	**54.56**	**(103.95)**
(b)	Trading						
i	Less: Current Tax	(9.81)	(1.88)	(24.23)	(11.69)	(19.52)	(70.70)
ii	Add/(Less): Deferred Tax	-	-	-	-	-	-
iii	Add: MAT Credit Entitlement	-	-	-	-	-	-
	Trading-Segement Results After Tax	**33.63**	**6.90**	**75.18**	**40.53**	**58.02**	**212.51**
VII	**Total Segment Profit After Tax [V-VI]**	**32.70**	**38.04**	**(10.19)**	**70.74**	**112.58**	**108.56**
VIII	**Add/(Less): Unallocable Items**		-	-	-	-	**(0.85)**
IX	**Net Profit After Tax [VIII-IX]**	**32.70**	**38.04**	**(10.19)**	**70.74**	**112.58**	**107.71**
X	**Segment Assets**						
i	Manufacturing	2,655.56	3,817.14	5,498.08	2,655.56	5,498.08	7,549.87
ii	Trading	6,625.06	6,465.12	7,352.64	6,625.06	7,352.64	5,786.34
iii	Unallocable Assets	59.79	57.07	46.92	59.79	46.92	46.98
	Total Segment Assets	**9,340.41**	**10,339.33**	**12,897.64**	**9,340.41**	**12,897.64**	**13,383.19**
XI	**Segment Liabilities**						
i	Manufacturing	81.09	987.14	3,158.87	81.09	3,158.87	5,335.73
ii	Trading	3,656.58	3,782.15	4,165.92	3,656.58	4,165.92	2,514.62
iii	Unallocable Liabilities	-	-	36.81	-	36.81	0.85
	Total Segment Liabilities	**3,737.67**	**4,769.29**	**7,361.60**	**3,737.67**	**7,361.60**	**7,851.20**
XII	**Capital Employed**						
i	Equity Share Capital	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34	1,647.34
ii	Other Equity	3,955.40	3,922.70	3,888.70	3,955.40	3,888.70	3,884.65
	Total Capital Employed	**5,602.74**	**5,570.04**	**5,536.04**	**5,602.74**	**5,536.04**	**5,531.99**

Date: 10th November, 2022
Place: Ahmedabad

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD.

VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN:02190018)

VMS INDUSTRIES LIMITED

Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
CIN : L74140GJ1991PLC016714 website : www.vmsil.com email : info@vmsil.com Tel : Ph. No.: +91-79-40320484

[Rs. In Lakhs]

Standalone Statement of Asset and Liability As On September 30, 2022

No.	Particulars	30.09.2022 Un-Audited	31.03.2022 Audited
I	**ASSET:**		
1	**Non-Current Assets:**		
[a]	Property, Plant and Equipment	500.08	519.40
[b]	Capital Work in Progress	-	-
[c]	Other Intangible Assets	-	-
[d]	Investment Property	-	-
[e]	Goodwill	-	-
[f]	Other Intangible Assets	-	-
[g]	Intangible Assets Under Development	-	-
[h]	Financial Assets		
	(i) Investment	136.88	370.40
	(ii) Trade Receivables	-	-
	(ii) Long Term Loans and Advances	-	-
	(iii) Other Non-Current Financial Assets	7.11	7.11
[i]	Deferred Tax Assets (Net)	-	-
[j]	Other Non-Current Assets		-
	Total Non-Current Assets	**644.07**	**896.91**
2	**Current Assets:**		
[a]	Invetories	732.90	4,844.20
[b]	Financial assets:		
	(i) Investments	-	-
	(ii) Trade and Other Receivables	2,888.61	2,569.64
	(iii) Cash and Cash Equivalents	1,299.33	1,953.61
	(iv) Bank Balance Other Than Above	-	-
	(v) Loan and Advances	3,639.12	3,087.92
	(iv) Others Current Financial Assets	122.15	2.62
[c]	Current Tax Assets(Net)	-	11.70
[d]	Other Current Assets	14.23	16.59
	Total Current Assets	**8,696.34**	**12,486.28**
	TOTAL ASSETS(1+2)	**9,340.41**	**13,383.19**
II	**EQUITY AND LIABILITIES:**		
1	**Equity**		
	(i) Equity Share Capital	1,647.34	1,647.34
	(ii) Other Equity	3,955.40	3,884.65
	Total Equity	**5,602.74**	**5,531.99**
2	**Liabilities**		
[a]	Non-Current Liabilites:		
	(i) Financial Liabilities		
	(1) Borrowings	381.04	451.56
	(2) Trade Payables	-	-
	(3) Other Non-Current Financial Liabilities	-	-
	(ii) Provisions	-	-
	(iii) Deferred Tax Liabilities (Net)	58.78	57.44
	(iv) Other Non-Current Liabilities	-	-
	Total Non-Current Liabilities	**439.82**	**509.00**
[b]	Current Liabilities:		
	(i) Financial Liabilities:		
	(1) Borrowings	2,687.20	2,541.16
	(2) Current Maturities of Long Term Borrowings	106.46	172.18
	(3) Trade Payables		
	- Total Outstanding Dues of Micro Enterprises and Small Enterprises	0.11	0.12
	- Total Outstanding Dues of Creditors Other Than Above	2.45	4,608.35
	(ii) Other Current Liabilities	483.08	20.39
	(iii) Provisions	-	-
	(iii) Current Tax Liabilities(Net)	18.55	-
	Total Current Liabilities	**3,297.85**	**7,342.20**
	TOTAL EQUITY AND LIABILITIES(1+2)	**9,340.41**	**13,383.19**

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN:02190018)

Date: 10th November, 2022
Place: Ahmedabad

VMS INDUSTRIES LIMITED

Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015
CIN : L74140GJ1991PLC016714 website : www.vmsll.com email : info@vmsll.com Tel : Ph. No.: +91-79-40320484

STANDALONE UNAUDITED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED 30TH SEPTEMBER, 2022

[Rs. in Lakhs]

SR. NO.	PARTICULARS	FOR THE HALF YEAR ENDED 30-Sep-22 AMOUNT	AMOUNT	FOR THE HALF YEAR ENDED 30-Sep-21 AMOUNT	AMOUNT
I.	PROFIT BEFORE TAX		97.73		152.48
	ADJUSTMENTS FOR:				
	Depreciation and Amortization Expense	19.42		19.12	
	Finance Cost	84.23		72.31	
	Interest Income	(161.14)		(173.58)	
	Rent Income	(3.79)		(3.89)	
	Profit on Sale of Shares	-		-	
	Loss On Sale of Fixed Assets	-		-	
	Prior Period Expenses/(Income) (Net)	-		-	
	Share of Profit From Partnership Firm	-		-	
			(61.28)		(86.04)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		36.45		66.44
	ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL:				
	Inventories	4,111.30		(1,356.64)	
	Trade Receivables	(318.97)		(1,824.88)	
	Non-Current Loans & Advances	-		-	
	Other Current Assets, Current Loans & Advances	(656.68)		345.39	
	Trade Payables	(4,605.91)		92.24	
	Other Current Liabilities	462.69		(26.18)	
			(1,007.57)		(2,770.07)
	CASH GENERATED FROM OPERATIONS		(971.12)		(2,703.63)
	Income Tax Paid		(7.09)		(7.56)
	NET CASH FROM OPERATING ACTIVITIES		(978.21)		(2,711.18)
II.	CASHFLOW FROM INVESTING ACTIVITIES				
	Purchase of Property, Plant and Equipment	(0.10)		(2.50)	
	Sale of Property, Plant and Equipment	-		-	
	Purchase of Non-Current/Current investments	-		(138.00)	
	Sale of Non-Current/Current Investments/Change in Classification	233.52		-	
	Rent Received	3.79		3.89	
	Interest Received	161.14		173.58	
	Share Of Profit From Partnership Firm	-		-	
	NET CASH FROM/(USED) IN INVESTING ACTIVITIES		398.35		36.97
III.	CASHFLOW FROM FINANCING ACTIVITIES				
	Proceeds/(Repayment) Of Non-Current Borrowings [Net]	(136.24)		(133.84)	
	Proceeds/(Repayment) Of Current Borrowings	146.05		2,577.33	
	Finance Cost	(84.23)		(72.31)	
	NET CASH FROM/(USED) FINANCING ACTIVITIES		(74.42)		2,371.18
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [I+II+III]		(654.28)		(303.03)
	CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR		1,953.61		2,052.87
	CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR		1,299.33		1,749.84

Notes:

1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statements of Cash Flow ".

2 Direct Taxes Paid are treated as arising from Operating Activities without their bifurcation into Investing and Financing Activities.

3 Figures of the previous half year have been regrouped wherever necessary to make them comparable with the figures of the current period.

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN:02190018)

Date: 10th November, 2022
Place: Ahmedabad

Notes:

1 The financial resuts of the company for the quarter and half year ended on September 30, 2022 have been reviewed and recommended by the Audit Committee and approved by the Board of Directors of the Company in their meeting held on 10th November, 2022. The results are being published in accordance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

2 Comparative figures have been rearranged/regrouped wherever necessary.

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LTD

VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN: 02190018)

VMS INDUSTRIES LIMITED

Regd. Office: 808-C-, Pinnacle Business Park, Corporate Road, Prahladnagar, Ahmedabad-380015

CIN : L74140GJ1991PLC016714 website : www.vmsil.com email : info@vmsil.com Tel : Ph. No.: +91-79-40320484

EXTRACT OF UN-AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED ON 30TH SEPTEMBER, 2022

[Rs. In Lacs]

Particulars	For the Quarter Ended		For the Year Ended
	30-09-2022	30-09-2021	31-03-2022
	Un-audited	Un-audited	Audited
Total Income from operations (net)	1,890.68	2,964.36	15,764.05
Net Profit / (Loss) for the period (before tax , Exceptional and / or Extra Ordinary items)	47.02	(12.59)	147.93
Net profit / (Loss) for the period after tax (after Exceptional and/or Extraordinary items)	32.70	(10.19)	107.71
Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	32.70	(9.10)	114.60
Equity Share Capital	1,647.34	1,647.34	1,647.34
Reserves (excluding Revaluation Reserve as shown in the Audited Balance sheet of previous year)	3,955.40	3,888.70	3,884.65
Earnings Per Share (of Rs. 10/- each) (for continuing and discontinued operations) -			
(a) Basic	0.20	(0.06)	0.70
(b) Diluted	0.20	(0.06)	0.70

Note :

1. The above is an extract of the detailed format of Quarter ended on 30th September, 2022 filed with the Stock Exchanges under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The full format of the Quarter ended Financial Results are available on the Stock Exchange website i.e. www.bseindia.com and on the website of the Company i.e www.vmsil.com

2. The above results have been reviewed by the Audit Committee and approved by the Board of Directors at their meeting held on 10th November, 202.

3. Figures for the previous periods have been regrouped/ reclassified/ restated wherever necessary.

VMS INDUSTRIES LIMITED

FOR AND ON BEHALF OF THE BOARD
VMS INDUSTRIES LIMITED

MANOJ KUMAR JAIN
Managing Director
(DIN 02190018)

Date: 10th November, 2022
Place : Ahmedabad

INDEPENDENT AUDITOR'S REPORT

To the Members of
VMS INDUSTRIES LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS:

OPINION

We have audited the standalone financial statements of VMS INDUSTRIES LIMITED ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, the Standalone Statement of Profit and Loss (Including Other Comprehensive Income), the Standalone Statement of Changes In Equity and the Standalone Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Standalone 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 "except for non-provision for gratuity and other long term employee benefits as per Ind-As-19 "Employee Benefits" 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 accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act, of the state of affairs of the Company as at March 31, 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

BASIS OF OPINION

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 Act and the Rules thereunder, 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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of Key Audit Matters:

The Key Audit Matter	How the matter was addressed in our audit
1. Litigations and Claims (Refer to Note No. 27 Relating to Contingent Liabilities) The Company is/was subject to different Laws and Regulations which are subject to different implications and interpretations thereof. In such regulatory environment, the Company is subject to some legal and tax related claims which have been disclosed as contingent liabilities in the financial statements based on the facts and circumstances of each case. Taxation and litigations have been identified as a key audit matter due to the status of legal proceedings, timescales involved for resolution and the potential financial impact of these on the financial statements. Further, such tax litigations involve significant management judgment in assessing the exposure of each case and thus a risk that such cases may not be adequately provided for or disclosed.	• Gained an understanding of the process of identification of claims, litigations and contingent liabilities and identified key controls in the process. • Obtained the summary of Company's legal and tax cases and critically assessed management's position through discussions with the Legal Counsel, appropriate senior management and operational management, on both the probability of success in significant cases, and the magnitude of any potential loss. • Assessed management's estimate of the possible outcome of the litigations, the relevant disclosures made within the financial statements to address whether they appropriately reflect the facts and circumstances of the respective tax and legal exposures and the requirements of relevant accounting standards.

INFORMATION OTHER THAN THE STANDALONE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the standalone 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 standalone 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 in the 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 AND BOARD OF DIRECTOR'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS:

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS), accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015 as amended.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 and Board of Directors are 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 is also 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 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 judgment and maintain professional skepticism 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 control 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 with reference to financial statements 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 disclosures 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control 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 auditors' 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:

1. As required by The Companies (Auditor's Report) Order, 2020 issued by The Central Government Of India in term of section 143 (11) of The Companies Act, 2013, we enclose in the Annexure-A hereto a statement on the matters specified in paragraphs 3 and 4 of the said order, to the extent applicable to the company.

2. As required by section 143(3) of the Act, based on our audit 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 appears from our examination of those books;

   c) The Standalone Balance Sheet, Standalone the Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity & the Standalone Statement of Cash Flows dealt with by this Report are in agreement with the books of account;

   d) In our opinion, aforesaid Standalone Balance Sheet, the Standalone Statement of Profit and Loss including Other Comprehensive Income, the Standalone Statement of Changes in Equity & the Standalone Statement of Cash Flows except Ind-As-19 "Employee Benefits", comply with the Indian Accounting Standards prescribed under section 133 of the Act;

   e) On the basis of written representations received from the directors of the Company as on March 31, 2023, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023, from being appointed as a director in terms of sub-section (2) of section 164 of Act;

   f) With respect to the adequacy of internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure-B to this report;

   g) With respect to the other matters included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company had the following litigations pending as at the end of the financial year which may impact its financial position on final disposal of the respective matters.

(Rs. in Lakh)

Sr. No.	Name of The Party/Department	Brief Facts of the Case	Financial Impact
1.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2014-15 Order U/s. 143(3) of Income Tax Act, 1961	Disputed Income Tax Demand for A.Y. 2014-15	8.28
2.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2015-16 Order U/s. 143(3) of Income Tax Act, 1961	Disputed Income Tax Demand for A.Y. 2015-16	14.23
3.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2010-11 Order U/s. 271(1)(c) of Income Tax Act, 1961	Disputed Income Tax Demand for A.Y. 2010-11	2.46
4.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2011-12 Order U/s. 271(1)(c) of Income Tax Act, 1961	Disputed Income Tax Demand for A.Y. 2011-12	2.47

      ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.

      iii. As at 31st March, 2023 there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. Management Representation:

         a. The Management of the Company has represented to us that to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) 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(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in

writing or otherwise, that the Intermediary shall, 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 of the Company has represented, that, to the best of it's knowledge and belief no funds (which are material either individually or in the aggregate) have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with 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.

c. Based on audit procedures which we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) Companies (Audit and Auditors) Rules, 2014 (as amended) and provided in clauses (a) and (b) above contain any material mis-statement.

v. The company has not declared or paid any dividend during the year.

3. With respect to the matter to be included in the Auditors' Report under Section 197(16) of the Act:

n our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

FOR AND ON BEHALF OF
S. N. SHAH & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REG. No.: 109782W

FIROJ G. BODLA
PARTNER
M. No.: 126770
UDIN: 23126770BGWHAM1583

PLACE : AHMEDABAD
DATED : 29TH MAY, 2023

ANNEXURE-A TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 1 under "Report On Other Legal And Regulatory Requirements' section of our report of even date to the members of VMS INDUSTRIES LIMITED on the Standalone financial statements of the company for the year ended 31st March, 2023:

On the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us during the course of audit and to the best of our knowledge and belief, we further report that:

i. In respect of its Property, Plant & Equipment:

a) According to the information and explanations given to us, the company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.

b) As explained to us, the management in accordance with a phased programme of verification adopted by the company has physically verified the property, plant and equipment. To the best of our knowledge, no material discrepancies have been noticed on such verification or have been reported to us.

c) According to the information and explanations given to us and on the basis of the examination of the records of the company, the title deeds of immovable properties disclosed in the financial statements as part of property, plant & equipment are held in the name of the Company as at the balance sheet date.

d) The Company has not revalued any of its property, plant and equipment and intangible assets during the year.

e) According to the information and explanations given to us no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

ii. In respect of its Inventories:

a) As explained to us, the inventories have been physically verified by the management of the company during the year at reasonable intervals. In our opinion, the coverage and procedure of such verification by the Management of the company is appropriate having regard to the size of the Company and the nature of its operations. According to the information and explanations given to us, no discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, from banks on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns and statements comprising of stock statements filed by the company with such banks are generally in agreement with unaudited books of accounts of the Company of respective quarters.

iii. Investments/Guarantee/Security/Loans/Advances Granted:

As informed to us, during the year the company has granted unsecured loans to companies re-payable on demand, the details of which are given below.

a) As informed to us, during the year the Company has granted unsecured loans to companies re-payable on demand and made investments in partnership firms, the details of which are given below:

(Amount Rs. In Crores)

Sr. No.	Particulars	Investments	Loans	Guarantee
A.	**Aggregate Amount Granted/Provided during the year:**			
	- Related Parties	NIL	41.57	NIL
	- Others	NIL	6.96	NIL
B.	**Balance Outstanding As At Balance Sheet Date in Respect of Above Cases (Including Outstanding Against Opening Balances):**			
	- Related Parties	NIL	31.28	NIL
	- Others	NIL	3.37	NIL

According to the information and explanations given to us, the company has not provided any guarantee or security to companies, firms, limited liability partnerships or other parties during the year.

b) According to the information and explanations given to us, the company has not stipulated any specific terms or conditions as to the loans granted to the above parties. According to the information and explanations given to us and in our opinion, the investments made and the terms and conditions of grant of loans given during the year, are prima facie, not prejudicial to the interest of the Company.

c) According to the information and explanations given to us, the company has not stipulated any schedule for repayment of the

loans. As informed to us, the repayment of loan and was received as and when demands were raised. According to the information and explanations given to us, the payment of interest has been regular. As informed to us, there is no default in repayment of loan and payment of interest by the party.

d) According to the information and explanations given to us, in respect of loans granted and advances in the nature of loans provided by the Company, there was no overdue amount remaining outstanding as at the balance sheet date.

e) According to the information and explanations given to us, the company has not stipulated any schedule for repayment of the loans. However, as explained to us, no loan or advances in the nature of loan granted by the Company against which demand was made from any party, has been renewed or extended or fresh loans were granted to settle the amounts against which demands were made from the same party.

f) According to the information and explanations given to us, the company has not stipulated any specific terms or conditions and stipulated any schedule for repayment of the loans as to the loans granted to the above parties. The aggregate amount of such loans granted during the year to other parties was Rs. 6.96 crores and Rs. 41.57 crores to related parties referred as defined in clause (76) of section 2 of the Companies Act, 2013.

iv. According to the information and explanations given to us, the company has complied with the provisions of Sections 185 and 186 of The Companies Act, 2013 in respect of grant of any loans, investments, guarantees and securities, as applicable.

v. According to the information and explanations given to us, the company has not accepted any deposits from the public within the meaning of section 73,74,75 & 76 of the Act and Rules framed thereunder during the year and therefore, the provisions of clause 3(v) of the Order are not applicable to the Company.

vi. We have broadly reviewed the cost records maintained by the Company pursuant to rules made by the Central Government under section 148 (1). We are of the opinion that prima facie the prescribed accounts and records have been maintained and made. We have however, not made a detailed examination of these records with a view to determine whether they are accurate or complete.

vii. In respect of Statutory Dues:

a) As per the information & explanations furnished to us, in our opinion the company is generally regular in depositing with appropriate authorities undisputed statutory dues of Custom Duty, T.D.S., GST, Employee Provident Fund, ESIC, Professional Tax, Cess and other material statutory dues as applicable to it. According to the information and explanations given to us, no undisputed statutory liabilities were outstanding for more than six months as at 31st March, 2023 from the date they were due for payment.

b) According to information and explanations given to us and so far, as appears from our examination of books of account, there were no statutory dues outstanding for more than six months as at 31st March, 2023 which have not been deposited on account of any dispute except the following disputed dues.

Sr. No.	Name of the Act	Nature of Dues	Amount (Rs. in Lakh)	Period to Which Amount Relates	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax Demand	8.28	A.Y. 2014-15	CIT-(Appeals), NFAC, Income Tax Department
2.	Income Tax Act, 1961	Income Tax Demand	14.23	A.Y. 2015-16	CIT-(Appeals), NFAC, Income Tax Department
3.	Income Tax Act, 1961	Income Tax Demand	2.46	A.Y. 2010-11	CIT-(Appeals), NFAC, Income Tax Department
4.	Income Tax Act, 1961	Income Tax Demand	2.47	A.Y. 2011-12	CIT-(Appeals), NFAC, Income Tax Department

viii. According to the information and explanations given to us and so far as appears from our examination of books of account and other records as applicable, there were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.

ix. In respect of Loans & Other Borrowings:

a) According to the information and explanations given to us, the company has repaid the principal amount and made payment of interest on loans or borrowings taken by it from banks.

b) According to the information and explanations given to us so far as appears from our examination of relevant records, we are of the opinion that the company has not been declared willful defaulter by any bank or financial institution or any other lender.

c) In our opinion and according to the information and explanations given to us, the company has not obtained any new term loan during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable to the company.

d) According to the information and explanations given to us, and the audit procedures performed by us, and on an overall examination of the financial statements of the company for the year, we are of the opinion that funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the company.

e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds during the year from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures, if any and hence reporting under clause 3(ix)(e) of the Order is not applicable.

f) According to the information and explanations given to us and audit procedures performed by us, we report that the company has not raised any loan during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, if any and hence reporting under clause 3(ix)(f) of the Order is not applicable.

x. In respect of moneys raised by issue of securities:

a) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.

b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and hence reporting under clause 3(x)(b) of the Order is not applicable.

xi. In respect of Frauds and Whistle Blower Complaints:

a) According to the information and explanations given to us and to the best of our knowledge, no material fraud by the Company or on the Company has been noticed or reported to us by the management during the year.

b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT- 4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) According to the information and explanations given to us, the Company has not received any whistle-blower complaints from any party during the year.

xii. As the company is not the Nidhi Company, clause (xii) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable to it.

xiii. According to the information and explanations given to us, the company is in compliance with the provisions of sections 177 and 188 of the Companies Act, 2013, where applicable, for related party transactions and the details of related party transactions have been disclosed in the Notes to the Financial Statements in accordance with the applicable Ind AS.

xiv. In respect of Internal Audit:

a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) We have held discussions with the internal auditor of the Company for the year under audit and considered their opinion in determining the nature, timing and extent of our audit procedure.

xv. According to the information and explanations given to us, the company has not entered into any non-cash transaction with directors or persons connected with them and hence clause (xv) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable to it during the year.

xvi. In respect of Registration Under Section 45-IA of the Reserve Bank of India Act, 1934/CIC

a) As the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934), clause (xvi)(a) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable to it.

b) According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year and clause (xvi)(b) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable to it.

c) As the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, clause (xvi)(c) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable to it.

d) According to the information and explanations given to us, the company has no Core Investment Company (CIC) as part of its group, clause (xvi)(c) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable to it.

xvii. The Company has not incurred cash losses in the financial year covered by our audit and the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year and hence reporting under clause (xviii) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not 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 the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. As the company does not fall in any of the criteria specified under section 135 of the Companies Act, 2013 in the financial year covered by audit, reporting as per clauses (xx)(a) & (b) of paragraph 3 of The Companies (Auditor's Report) Order, 2020 is not applicable to it.

FOR AND ON BEHALF OF
S. N. SHAH & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REG. No.: 109782W

FIROJ G. BODLA
PARTNER
M. No.: 126770
UDIN: 23126770BGWHAM1583

PLACE : AHMEDABAD
DATED : 29TH MAY, 2023

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

[REFERRED TO IN PARAGRAPH 2(f) UNDER "REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS SECTION OF OUR REPORT OF EVEN DATE] FINANCIAL YEAR ENDED 31ST MARCH 2023

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 VMS INDUSTRIES LIMITED ("the Company") as of March 31, 2023 in conjunction with our audit of the Standalone Ind AS financial statements of the company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the company 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 judgment, 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 and to the best of our information and according to the information and explanations given to us, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were commensurate with the nature of the business of the company and operating effectively as at March 31, 2023,

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 AND ON BEHALF OF
S. N. SHAH & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REG. No.: 109782W

FIROJ G. BODLA
PARTNER
M. No.: 126770
UDIN: 23126770BGWHAM1583

PLACE : AHMEDABAD
DATED : 29TH MAY, 2023

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of
VMS INDUSTRIES LIMITED

We have examined the compliance of conditions of Corporate Governance by VMS INDUSTRIES LIMITED, for the year ended on 31st March, 2023, as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations").

Managements' Responsibility

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of the Corporate Governance stipulated in the Listing Regulations.

Auditor's Responsibility

Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.

We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the "ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

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

Opinion

According to the information and explanations given to us and the representations provided by the Management of the company and in our opinion and to the best of our information, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and para C and D of Schedule V to the Listing Regulations during the year ended 31st March, 2023.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company..

FOR AND ON BEHALF OF
S. N. SHAH & ASSOCIATES,
CHARTERED ACCOUNTANTS,
FIRM REG. No.: 109782W

FIROJ G. BODLA
PARTNER
M. No.: 126770
UDIN: 23126770BGWHAM1583

PLACE : AHMEDABAD
DATED : 29TH MAY, 2023

BALANCE SHEET AS AT MARCH, 2023

[Amount ₹ In Lakhs]

SR. NO.	PARTICULARS	NOTE NO.	AS AT 31-Mar-23 AMOUNT	AS AT 31-Mar-23 AMOUNT	AS AT 31-Mar-22 AMOUNT	AS AT 31-Mar-22 AMOUNT
A.	**ASSETS:**					
I.	**NON-CURRENT ASSETS**					
	1 Property, Plant and Equipment	2	487.18		518.90	
				487.18		**518.90**
2	**FINANCIAL ASSETS**					
	(i) Investments	3	-		370.40	
	(ii) Other Financial Assets	4	7.30		7.10	
				7.30		**377.50**
	TOTAL .... [I]			**494.48**		**896.90**
II.	**CURRENT ASSETS:**					
1	**INVENTORIES**	5		204.55		4,844.20
2	**FINANCIAL ASSETS**					
	(i) Trade Receivables	6	2,571.22		2,569.64	
	(ii) Cash & Cash Equivalents	7	1,863.47		1,953.61	
	(iii) Loans & Advances	8	3,538.57		3,087.92	
	(iv) Other Financial Assets	9	22.66		2.63	
				7,995.92		**7,613.80**
3	**CURRENT TAX ASSETS [NET]**	10	-		11.70	
4	**OTHER CURRENT ASSETS**	11	60.95		16.59	
	TOTAL .... [II]			**8,261.42**		**12,486.29**
5	**INTER UNIT BALANCES**			**-**		**-**
	TOTAL ASSETS			**8,755.90**		**13,383.19**
B.	**EQUITY AND LIABILITIES:**					
I.	**EQUITY**					
	1 Equity Share Capital	12	1,647.34		1,647.34	
	2 Other Equity		4,121.43		3,884.65	
	TOTAL .... [I]			**5,768.77**		**5,531.99**
II.	**NON-CURRENT LIABILITIES**					
1	**FINANCIAL LIABILITIES**					
	(i) Borrowings	13	310.75		451.56	
				310.75		**451.56**
2	**DEFERRED TAX LIABILITIES [NET]**	14	59.88		57.44	
	TOTAL .... [II]			**370.63**		**509.00**
III.	**CURRENT LIABILITIES**					
1	**FINANCIAL LIABILITIES**					
	(i) Borrowings	15	2,593.50		2,713.34	
	(ii) Trade Payables	16				
	- Total Outstanding Dues of Micro Enterprises and Small Enterprises		-		0.12	
	- Total Outstanding Dues of Creditors Other Than Above		3.99		4,608.35	
				2,597.49		**7,321.81**
2	**OTHER CURRENT LIABILITIES**	17	10.45		20.39	
3	**CURRENT TAX LIABILITIES [NET]**	18	8.57		-	
	TOTAL .... [III]			**2,616.50**		**7,342.20**
	TOTAL EQUITY AND LIABILITIES			**8,755.90**		**13,383.19**
	DIFF. IN BALANCE SHEET					
C.	**SIGNIFICANT ACCOUNTING POLICIES**	1				
D.	**CONTINGENT LIABILITIES**	27				
E.	**NOTES TO THE FINANCIAL STATEMETNS**	29 TO 31				

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR, S.N. SHAH& ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN: 109782W

FIROJ G. BODLA
M. NO. : 126770

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

FOR AND ON BEHALF OF THE BOARD

MR. MANOJ KUMAR JAIN
MANAGING DIRECTOR
DIN: 02190018

MRS. SANGEETA JAIN
DIRECTOR
DIN: 00125273

MR. AMIT MANDALIYA
CHIEF FINANCIAL OFFICER

MR. HEMAL PATEL
COMPANY SECRETARY

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

[Amount ₹ In Lakhs]

SR. NO.	PARTICULARS	NOTE NO.	FOR THE YEAR ENDED 31-Mar-23		FOR THE YEAR ENDED 31-Mar-22	
			AMOUNT	AMOUNT	AMOUNT	AMOUNT
I.	**INCOME:**					
1	Revenue From Operations	19	14,038.87		15,764.05	
2	Other Income	20	537.42		549.61	
	TOTAL INCOME … … …			**14,576.29**		**16,313.66**
II.	**EXPENSES:**					
1	Cost of Raw Materials Consumed	21	4,639.65		8,136.07	
2	Purchase of Stock-in-Trade	22	8,973.48		7,226.65	
3	Employee Benefit Expense	23	100.70		214.44	
4	Finance Costs	24	164.96		193.81	
5	Depreciation and Amortisation Expense	25	38.36		38.19	
6	Other Expenses	26	360.79		356.57	
	TOTAL EXPENSES … … …			**14,277.94**		**16,165.73**
III.	**PROFIT BEFORE TAX[I-II]**			**298.35**		**147.93**
IV.	**TAX EXPENSES**					
	Current Tax		46.15		38.58	
	Deferred Tax		2.44		1.64	
				48.60		**40.22**
V.	**PROFIT(LOSS) AFTER TAX FOR THE YEAR [III-IV]**			**249.75**		**107.71**
VI.	**OTHER COMPREHENSIVE INCOME (OCI)**					
	(A) (i) Items that will not be reclassified to Profit or Loss:					
	- Remeasurements of the defined benefit plans		-		-	
	- Equity instruments through other comprehensive income		-		9.20	
	(ii) Income tax relating to items that will not be reclassified to profit or loss		-		(2.32)	
				-		6.89
	(B) (i) Items that will be reclassified to Profit or Loss:					
	- Effective portion of Gains/(Losses) on designated portion of hedging instruments in a cash flow hedge		-		-	
	(ii) Income tax relating to items that will be reclassified to profit or loss		-		-	
				-		-
VII.	**TOTAL OTHER COMPREHENSIVE INCOME (NET OF TAX) [A+B]**			**-**		**6.89**
VIII.	**TOTAL COMPREHENSIVE INCOME (NET OF TAX) [V+VII]**			**249.75**		**114.60**
IX.	**EARNING PER EQUITY SHARE: (FACE VALUE OF RS. 10 EACH)**					
	Basic		1.52		0.70	
	Diluted		1.52		0.70	

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR, S.N. SHAH& ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN: 109782W

FIROJ G. BODLA
M. NO. : 126770

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

FOR AND ON BEHALF OF THE BOARD

MR. MANOJ KUMAR JAIN
MANAGING DIRECTOR
DIN: 02190018

MRS. SANGEETA JAIN
DIRECTOR
DIN: 00125273

MR. AMIT MANDALIYA
CHIEF FINANCIAL OFFICER

MR. HEMAL PATEL
COMPANY SECRETARY

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

STATEMENT OF CHANGES IN EQUITY EQUITY SHARE CAPITAL AND OTHER EQUITY

FOR THE YEAR ENDED MARCH 31, 2023

[Amount ₹ In Lakhs]

SR. NO.	PARTICULARS	RESERVE & SURPLUS				OCI
		EQUITY SHARE CAPITAL	SECURITIES PREMIUM RESERVE	GENERAL RESERVE	RETAINED EARNINGS	RESERVE FOR EQUITY INSTRUMENTS THROUGH OCI
I.	**Balance As At 1st April, 2022**	1,647.34	2,473.81	46.29	1,347.67	16.88
II.	**ADDITIONS**					
	Profit For The Year				249.75	
	Other Comprehensive Income Tranferred				16.88	(16.88)
III.	**Total Comprehensive Income For The Year [I+II]**	**1,647.34**	**2,473.81**	**46.29**	**1,614.31**	**-**
IV.	**DEDUCTIONS**					
	Changes in Accouting Policies & Prior Period Errors				(12.98)	
	Deduction/Adjusments to Total Comprehensive Income For the Year	**-**	**-**	**-**	**(12.98)**	**-**
V.	**Balance As At 31st March, 2023 [III-IV]**	**1,647.34**	**2,473.81**	**46.29**	**1,601.33**	**-**

FOR THE YEAR ENDED MARCH 31, 2022

SR. NO.	PARTICULARS	RESERVE & SURPLUS				OCI
		EQUITY SHARE CAPITAL	SECURITIES PREMIUM RESERVE	GENERAL RESERVE	RETAINED EARNINGS	RESERVE FOR EQUITY INSTRUMENTS THROUGH OCI
I.	**Balance As At 1st April, 2021**	1,647.34	2,474.89	46.29	1,221.32	9.99
II.	**ADDITIONS**					
	Profit For The Year				107.71	
	Other Comprehensive Income For The Year				-	6.89
	Other Adjustments				23.63	
III.	**Total Comprehensive Income For The Year [I+II]**	**1,647.34**	**2,474.89**	**46.29**	**1,352.65**	**16.88**
IV.	**DEDUCTIONS**					
	Changes in Accouting Policies & Prior Period Errors				(4.68)	
	Short Provision for Income Tax of Earlier Years				(0.30)	
	1/10th of Public Issue Expenses Written Off		(1.08)			
	Deduction/Adjusments to Total Comprehensive Income For the Year	**-**	**(1.08)**	**-**	**(4.98)**	-
V.	**Balance As At 31st March, 2022 [III-IV]**	**1,647.34**	**2,473.81**	**46.29**	**1,347.67**	**16.88**

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR, S.N. SHAH& ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN: 109782W

FIROJ G. BODLA
M. NO. : 126770

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

FOR AND ON BEHALF OF THE BOARD

MR. MANOJ KUMAR JAIN
MANAGING DIRECTOR
DIN: 02190018

MRS. SANGEETA JAIN
DIRECTOR
DIN: 00125273

MR. AMIT MANDALIYA
CHIEF FINANCIAL OFFICER

MR. HEMAL PATEL
COMPANY SECRETARY

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2023

[Amount ₹ In Lakhs]

SR. NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23		FOR THE YEAR ENDED 31-Mar-22	
		AMOUNT	AMOUNT	AMOUNT	AMOUNT
I.	**PROFIT BEFORE TAX**		298.35		147.93
	ADJUSTMENTS FOR:				
	Depreciation and Amortization Expense	38.36		38.19	
	Finance Cost	164.96		193.81	
	Interest Income	(306.48)		(419.74)	
	Rent Income	(7.79)		(7.73)	
	Profit on Sale of Shares	(211.12)		-	
	Prior Period (Expenses)/Income (Net)	(12.98)		18.94	
	Share of Profit From Partnership Firm	-		(0.58)	
			(335.05)		(176.60)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**(36.70)**		**(29.17)**
	ADJUSTMENTS FOR CHANGES IN WORKING CAPITAL:				
	Inventories	4,639.65		(3,381.83)	
	Trade Receivables	(1.59)		(665.06)	
	Non-Current Loans & Advances	(0.20)		-	
	Other Current Assets, Current Loans & Advances	(503.34)		881.93	
	Trade Payables	(4,604.48)		2,145.15	
	Other Current Liabilities	(9.94)		(44.17)	
			(479.90)		(1,063.99)
	CASH GENERATED FROM OPERATIONS		**(516.61)**		**(1,093.15)**
	Income Tax Paid		(37.59)		(54.45)
	NET CASH FROM OPERATING ACTIVITIES		**(554.19)**		**(1,147.60)**
II.	**CASHFLOW FROM INVESTING ACTIVITIES**				
	Purchase of Property, Plant and Equipment	(6.14)		(19.03)	
	Sale of Property, Plant and Equipment	-		4.68	
	Decrease/(Increase) in Non-Current/Current Investments	233.52		(100.42)	
	Sale of Non-Current Investments-Equity Shares	348.00		-	
	Rent Received	7.79		7.73	
	Interest Received	306.48		419.74	
	Share Of Profit From Partnership Firm	-		0.58	
	NET CASH FROM/(USED) IN INVESTING ACTIVITIES		**889.66**		**313.27**
III.	**CASHFLOW FROM FINANCING ACTIVITIES**				
	Proceeds/(Repayment) Of Non-Current Borrowings [Net]	(206.69)		(128.70)	
	Proceeds/(Repayment) Of Current Borrowings	(53.96)		1,057.59	
	Finance Cost	(164.96)		(193.81)	
	NET CASH FROM/(USED) FINANCING ACTIVITIES		**(425.61)**		**735.07**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS [I+II+III]			**(90.14)**		**(99.26)**
CASH AND CASH EQUIVALENTS AS AT THE BEGINNING OF THE YEAR			**1,953.61**		**2,052.87**
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR [REFER TO NOTE NO. 1(q)]			**1,863.47**		**1,953.61**
Cash and Cash Equivalents Comprise Of:					
I.	**Balances with Banks**				
	A. In Current Accounts		33.87		16.30
	B. Term Deposits-As Margin Against Import of Raw Materials		1,820.70		1,929.49
II.	**Cash On Hand**		8.90		7.82
	TOTAL		**1,863.47**		**1,953.61**

Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS - 7 "Statements of Cash Flow.

2 Direct Taxes Paid are treated as arising from Operating Activities without their bifurcation into Investing and Financing Activities

3 Figures of the previous year have been regrouped wherever necessary to make them comparable with the figures of the current period.

The accompanying notes 1 to 31 are an integral part of the Financial Statements.

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR, S.N. SHAH& ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN: 109782W

FIROJ G. BODLA
M. NO. : 126770

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

FOR AND ON BEHALF OF THE BOARD

MR. MANOJ KUMAR JAIN
MANAGING DIRECTOR
DIN: 02190018

MRS. SANGEETA JAIN
DIRECTOR
DIN: 00125273

MR. AMIT MANDALIYA
CHIEF FINANCIAL OFFICER

MR. HEMAL PATEL
COMPANY SECRETARY

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

CORPORATE INFORMATION:

VMS Industries Limited is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The shares of the company are listed in the Bombay Stock Exchange Limited ('BSE').

The company is engaged in the business of ship breaking as well as trading in Ferrous and Non-Ferrous metals.

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PREPARATION OF FINANCIAL STATEMENTS

a) Accounting Conventions:

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and with Companies (Indian Accounting Standards) (Amendment) Rules, 2017 and comply in all material aspects with the relevant provisions of the Companies Act,2013 to the extent applicable to it.

The Financial Statements have been prepared on a historical cost basis except the following assets and liabilities which have been measured at fair values:

- Certain Financial Assets and Liabilities that are measured at Fair Value

b) Use of Estimates:

The preparation of financial statements requires management to make estimates and assumptions that are believed to be reasonable under the circumstances and such estimates and assumptions may affect the reported amount of assets and liabilities, classification of assets and liabilities into non-current and current and disclosures relating to contingent liabilities as at the date of financial statements and the reported amounts of income and expenses and cash flows during the reporting period. Although the financial statements have been prepared based on the management's best knowledge of current events and procedures/actions, the actual results may differ on the final outcome of the matters/transactions/procedures to which the estimates relate. All assets and liabilities are classified into current and non-current generally based on the criteria of realisation/settlement within a twelve months period from the balance sheet date.

c) 1. Property, Plant and Equipment (PPE):

The Company had applied for the one-time transition exemption of considering the carrying cost on the transition date i.e. 1st April, 2017 as the deemed cost under IND AS, regarded thereafter as historical cost.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the entity; and

(b) the cost of the item can be measured reliably.

The acquisition of property, plant and equipment, directly increasing the future economic benefits of any particular existing item of property, plant and equipment, which are necessary for the Company to obtain the future economic benefits from its other assets, are recognized as assets.

The items of Property, Plant and Equipment are stated at cost of acquisition/construction (less Accumulated Depreciation and Impairment, if any). The cost of Property, Plant and Equipment comprises of their purchase prices including freight, duties, taxes or levies, directly attributable cost of bringing the assets to their working conditions for their intended use. The Company capitalises its Property, Plant and Equipment at a value net of GST/ Other Tax Credits received/receivable during the year in respect of eligible item of Property, Plant and Equipment. Subsequent costs are included in the carrying amount of respective Property, Plant and Equipment or recognized as separate assets as appropriate, only if such costs increase the future benefits from the existing items beyond their previously assessed standard of performance and cost of such items can be measured reliably.

2. Estimated Useful Lives of Items of Property, Plant & Equipment are as follows:

Sr. No.	Class of Items of Property, Plant & Equipment	Estimated Useful Life
a.	Buildings	30 to 60 Years
b.	Plant & Machineries	15 Years
c.	Furniture & Fixtures	10 Years
d.	Vehicles	8 Years
e.	Office Equipments	5 Years
f.	Computers, Printers and Other Peripherals to Computers	3 Years

3. **Depreciation & Amortization:**

The Depreciation on tangible items of Property, Plant and Equipment is provided on straight line method for the period of acquisition/construction i.e. from the period from which such assets were available for their intended use on pro-rata basis on the basis of useful life of each of the fixed assets as per Schedule II of the Companies Act, 2013 and in the manner specified in Schedule II of the Companies Act, 2013.

d) Inventories

The Inventories of Raw Materials-uncut ships have been valued at cost. The Trading Goods have been valued at cost or net realisable value whichever is lower. The cost of Raw Materials and Trading Goods comprises of the purchase price including duties and taxes, freight inwards and other expenditure directly attributable to the acquisition.

Consumable Stores and Spares are considered to have been consumed at the time of purchases.

In ship recycling industry, the weight of ship purchased is accounted in terms of LDT/MT of the ship at the time of its construction. Ascertaining weight of ship at the time of purchase is not possible due to its nature and size. There is loss of weight of ship on account of corrosion and other factors during the usage of ship during its operating years and its voyage for long period cutting loss. The inventory at the balance sheet date is ascertained by the management by reducing the weight of the scrap sold together with the estimated wastage of the material.

e) Revenue Recognition:

Revenue is measured at the fair value of the consideration received or receivable from the customers/parties net of returns, rebates, and discount to the customers and amounts collected on behalf of third parties. The Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made.

Sale of Goods:

The revenue from the sale of goods is recognized at the transaction price when the company had transferred the property in Goods to the buyer for a price or all significant risks and rewards of ownership had been transferred to the buyer and no significant uncertainty existed as to the amount of consideration that would be derived from such sale. The recognition event is usually the dispatch of goods to the buyer such that the Company retains no effective control over the goods dispatched.

Rent Income:

Rental income is recognized in the period to which such income relates.

Interest Income:

Income from investments and deposits, where appropriate, is taken into revenue in full on declaration or accrual on time basis and tax deducted at source thereon is treated as advance tax. The interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the company and the amount interest income can be measured reliably.

f) Foreign Currency Transactions

The Company's financial statements have been prepared and presented in Indian Rupees (`) which is also its functional currency.

The transactions in foreign currency initially have been recorded using the rate of exchange prevailing on the date of transactions. The differences arising on the settlement/restatement of the foreign currency denominated Financial Assets/Liabilities into Indian rupees have been recognized as expenses/income (net) of the year and carried to the statement of profit and loss.

The monetary items denominated in foreign currencies outstanding as at the end of the reporting period, are translated at the exchange rates prevailing as at the end of the reporting period.

g) Employee Benefits:

1. **Short Term Obligations:**

Short term employee benefits of like wages, salaries and other monetary and non-monetary benefits are recognized in the period during which services are rendered by the employees and are recognized at the value at amounts at which liabilities have been settled or are expected to be settled.

2. **Post-Employment and Other Long-Term Employee Benefits:**

2.1 Contribution to Provident Fund:

The Company's contribution to the Provident Fund is remitted as per the provisions relating to the Employee Provident Fund Scheme and such contribution is charged to the Statement of Profit & Loss of the period to which contribution relates.

2.2 Gratuity:

The management of the company is of the view that none of the employees were eligible in respect of which the company was required to make contribution as per the provisions relating to the Payment of Gratuity and accordingly provision for gratuity was not required to be made. However, if the company is required to make payment of gratuity on happening of any

event/incident due to which the provisions relating to payment of gratuity becomes applicable to the company, the same will be accounted as and when incurred.

h) Borrowing Costs

The borrowing costs incurred during the year have been debited to the Statement of Profit and Loss of the current year.

i) Operating Segment

The Company identifies operating segments on the basis of dominant source, nature of risks and returns and the internal organization. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the Managing Director/Chief Executive Officer who is Company's chief operating maker in deciding how to allocate resources and in assessing performance.

The dominant source of income of the company is from Manufacturing (Ship Breaking Activities) and Trading of Scrap of Iron and Steel. On the basis of dominant source, nature of risks and returns and the internal organization, the company has identified two operating segments: i. Manufacturing (Ship Breaking) and ii. Trading.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

The following specific accounting policies have been followed for segment reporting:

i. Segment revenue includes sales and other operational revenue directly identifiable with/allocable to the segment.

ii. Expenses that are directly identifiable with/allocable to segments

iii. Income/Expenses which relates to the Company as a whole and not allocable to segments is included in unallocable corporate income/expenditure.

The geographical/regulatory environment in which the company operates does not materially differ considering the political and economic environment, the type of customers, assets employed and the risk and return associated in respect of each of the geographical area.

j) Taxes On Income:

1. Current Tax:

The provision for current tax is made as per the provisions of the Income Tax Act, 1961.

Taxes on income have been determined based on the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The current tax liabilities and assets are measured at the amounts expected to be paid or to be recovered from the taxation authorities as at the balance sheet date.

The current tax liabilities and assets are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

The current income tax relating to items recognized outside profit or loss is recognized either in the Other Comprehensive Income or in Other Equity Directly.

2. Deferred Tax:

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities as per the provisions of the Income Tax Act, 1961 and their carrying amounts for financial reporting purposes as at the balance sheet date.

Deferred tax liabilities are recognized for all taxable temporary timing differences. Deferred tax assets are recognized for all deductible taxable temporary timing differences, the carry forward of unused tax losses and unused tax credits to the extent to which future taxable profits are expected to be available against which the deductible temporary differences and the carry forward of unused tax losses and unused tax credits can be utilized/set-off.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

k) Impairment of Non-Financial Assets:

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Impairment loss is recognized when the carrying amount of an asset exceeds recoverable amount.

l) Provisions, Contingent Liabilities and Contingent Assets

The Company recognises a provision when it has a present obligation as a result of a past event that probably requires an outflow of the Company's resources embodying economic benefits at the time of settlement and a reliable estimate can be made of the amount of the obligation. The provisions are measured at the best estimate of the amounts required to settle the present obligation as at the balance sheet date and are not discounted to their present values.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only on the occurrence or non-occurrence of one or more future uncertain events which are not wholly or substantially within the control of the Company or a present obligation that arises from the past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

When demand notices are issued by the Government Authorities and demand is disputed by the company and it is probable that the company will not be required to settle/pay such demands then these are classified as disputed obligations.

Contingent Assets, if any, are not recognised in the financial statements. If it becomes certain that inflow of economic benefit will arise then such asset and the relative income are recognised in financial statements.

m) Prior Period Errors:

Prior period errors are in the form of omission of certain items in the financial statements of prior periods which were not available when the financial statements were approved for issue and which could reasonably be expected to have been obtained and taken into account in the preparation and presentation of financial statement of prior period.

The Prior period errors have been corrected retrospectively by restating the respective amounts of the prior period presented in which the error occurred. If the errors have occurred before the earliest prior period presented, the errors have been corrected by restating the opening balances of assets, liabilities and equity of the earliest prior period presented.

n) Current/Non-Current Classifications:

The Company presents assets and liabilities in the balance sheet on the basis of their classifications into current and non-current.

Assets:

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liabilities:

A liability is treated as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

o) Financial Instruments, Financial Assets, Financial Liabilities, Investments and Equity Instruments

The financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and 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 measured at fair value through profit or loss) are added to or deducted from the fair value on initial recognition of financial assets or financial liabilities.

A. Financial Assets:

Initial Recognition:

Financial Assets include Investments, Trade Receivables, Security Deposits, Cash and Cash Equivalents and eligible current and non-current assets. The financial assets are initially recognized at the transaction price when the Company becomes party to contractual obligations. The transaction price includes transaction costs unless the asset is being value at fair value through the Statement Of Profit and Loss.

Subsequent Measurement:

The subsequent measurement of financial assets depends upon the initial classification of financial assets. For the purpose of subsequent measurement, financial assets are classified as under:

i. Financial Assets At Amortized Cost where the financial assets are held solely for collection of cash flows and contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

ii. fair value through other comprehensive income (FVTOCI), where the financial assets are held not only for realization of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income.

iii. Fair value through profit or loss (FVTPL), where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

Trade Receivables, Security Deposits, Cash and Cash Equivalents, Investments in Equity where reliable data for fair value is not available then such eligible current and non-current assets are classified for measurement at amortized cost.

Impairment:

If the recoverable amount of an asset (or cash-generating unit/Fixed Assets) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a re-valued amount if any, in which case the impairment loss is treated as a revaluation decrease.

Financial assets, other than those at Fair Value through Profit and Loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The company recognises impairment loss on trade receivables using expected credit loss model.

B. Financial Liabilities:

Financial liabilities include long and short-term loans and borrowings, trade payables, eligible current and non-current liabilities. The borrowings, trade payables and other financial liabilities are initially recognised at the value of the respective contractual obligations. Financial liabilities are derecognised when the liability is extinguished, that is, when the contractual obligation is discharged, cancelled and on expiry of the terms.

p) Fair Value Measurement:

The Company measures financial instruments at fair value at each balance sheet date. 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:

- In the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability
- The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, 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 categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

q) Cash and Cash Equivalents-For the Purpose of Cash Flow Statements:

Cash and cash equivalent in the balance sheet comprise cash at banks and in hand and short-term deposits, which are subject to an insignificant risk of changes in value.

r) Operating Cycle:

Based on the activities of the company and normal time between incurring of liabilities and their settlement in cash or cash equivalents and acquisition/right to assets and their realization in cash or cash equivalents, the company has considered its operating cycle as 12 months for the purpose of classification of its liabilities and assets as current and non-current.

s) Significant Influence:

Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

If an entity holds, directly or indirectly (e g through subsidiaries), 20 per cent or more of the voting power of the investee, it is presumed that the entity has significant influence, unless it can be clearly demonstrated that this is not the case. Conversely, if the entity holds, directly or indirectly (e g through subsidiaries), less than 20 per cent of the voting power of the investee, it is presumed that the entity does not have significant influence, unless such influence can be clearly demonstrated.

As at the reporting date, the company held less than 20 per cent of voting power of the investees.

The existence of significant influence by an entity is usually evidenced in one or more of the following ways:

(a) representation on the board of directors or equivalent governing body of the investee;

(b) participation in policy-making processes, including participation in decisions about dividends or other distributions

(c) material transactions between the entity and its investee;

(d) interchange of managerial personnel; or

(e) provision of essential technical information.

The company has neither appointed nor has entered into an agreement with any of the investees to appoint any director or representative on the Board of Director or equivalent governing body of the investees as representative of the company. The policy making decisions of company including participation in decisions about dividends or other distributions if any are taken by the board of directors of company irrespective of the policy decisions by the investees. The company did not have material transactions with investees with regard to business operations i.e. sale/purchase of goods or provision of services. There has been no interchange of managerial personnel or provision of essential technical information between the company and its investees during the year. Accordingly, the company has not identified any investee as associate.

t) Events Subsequent to Financial Statements Period:

Events after the reporting period are those events, both favourable and unfavourable that have occurred between the end of the reported financial statements year and the date when financial statements are approved for issue by the Board of Directors of the company.

Events after the reporting period can be identified as those that provide evidence of conditions that existed as at the end of the financial year i.e. adjusting events after the financial year end and those are indicative of conditions that arose after the financial year end i.e. non-adjusting events after the financial year end.

The company adjusts the amounts of assets, liabilities, incomes and expenses recognised in the financial statements of the reporting period to reflect the effects of adjusting events to the respective assets, liabilities, incomes and expenses of the reporting period.

The non-adjusting events are not recognised in the financial statement of the reporting period but the nature of event and an estimate of its financial effect are disclosed in the notes of accounts.

u) Earnings Per Share:

The Company presents basic and diluted earnings per share details for its ordinary shares. Basic earning per share is calculated by dividing the net profit after tax for the year attributable to the ordinary shareholders of the company by weighted number of ordinary shares outstanding for applicable period during the year.

Diluted earning per share is calculated considering the effect of dilution if any to ordinary share during the year.

NOTE NO. 2 : PROPERTY, PLANT & EQUIPMENT

SR. NO.	DESCRIPTION OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		AS AT 1ST APRIL, 2022	ADDITIONS	ADJUSTMENTS/ SALE DURING THE YEAR	AS AT 31ST MARCH 2023	AS AT 1ST APRIL, 2022	ADDITIONS	ADJUSTMENTS/ SALE DURING THE YEAR	AS AT 31ST MARCH 2023	AS AT 31ST MARCH 2023	AS AT 31ST MARCH, 2022
1	Building	41.93	-	-	41.93	6.65	1.47	-	8.12	33.82	35.29
2	Corporate Office	42.01	-	-	42.01	10.54	0.66	-	11.21	30.81	31.47
3	Plant & Machinery	0.71	-	-	0.71	0.68	-	-	0.68	0.04	0.04
4	Furniture & Fixtures	42.80	-	-	42.80	39.46	0.13	-	39.60	3.20	3.34
5	Air Conditioner	2.66	-	-	2.66	2.22	0.16	-	2.38	0.29	0.45
6	Weigh Bridge	6.21	-	-	6.21	5.88	-	-	5.88	0.34	0.34
7	Winch	190.90	-	-	190.90	66.46	5.90	-	72.37	118.53	124.43
8	Wire Rope	50.79	-	-	50.79	19.98	3.97	-	23.94	26.84	30.81
9	Crane	289.90	-	-	289.90	115.96	10.17	-	126.13	163.77	173.94
10	Oxygen Cylinders & Tank	124.16	-	-	124.16	69.98	3.33	-	73.30	50.86	54.19
11	DG Sets	1.67	-	-	1.67	1.06	0.11	-	1.17	0.50	0.61
12	Plazma Cutting Machine	5.44	-	-	5.44	0.20	0.34	-	0.54	4.90	5.24
13	Roof Top Solar Power Plant	9.86	-	-	9.86	0.26	0.62	-	0.88	8.97	9.60
14	Air Compressor	0.87	-	-	0.87	0.03	0.05	-	0.09	0.78	0.83
15	Office Equipments	2.69	4.44	-	7.13	1.06	0.28	-	1.33	5.80	1.64
16	C.C.TV Camera	2.76	1.57	-	4.33	1.41	0.57	-	1.99	2.34	1.35
17	EPBX	0.58	-	-	0.58	0.55	-	-	0.55	0.03	0.03
18	Water Filter	0.12	-	-	0.12	0.11	-	-	0.11	0.01	0.01
19	Godrege RHINO Safe	0.11	-	-	0.11	0.11	-	-	0.11	0.01	0.01
20	Vehicles	160.09	-	-	160.09	114.77	10.43	-	125.20	34.89	45.32
21	Computers	5.23	0.13	-	5.35	4.85	0.08	-	4.93	0.43	0.38
22	Printers	0.62	-	-	0.62	0.53	0.06	-	0.59	0.03	0.09
	TOTAL … … …	**982.12**	**6.14**	**-**	**988.26**	**463.23**	**38.36**	**-**	**501.08**	**487.18**	**518.90**
	PREVIOUS YEAR	**967.77**	**19.03**	**4.68**	**981.52**	**424.53**	**38.19**	**-**	**462.13**	**518.90**	**543.24**

NOTE NO. 3 : NON-CURRENT FINANCIAL ASSETS: INVESTMENTS **[Amount ₹ In Lakhs]**

SR. NO.	PARTICULARS	Face Value/ Paid Up Value	No. of Shares/Units	AS AT 31-Mar-23	AS AT 31-Mar-22
A.	**INVESTMENT MEASURED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (FVTOCI)**				
	UNQUOTED				
	VMS TMT Private Limited		-	-	136.88
B.	**INVESTMENTS IN PARTNERSHIP-AT COST**				
	I. Enternal Automobiles [Profit Sharing Ratio 10.00%]			-	233.52
	Details of Other Partners In The Firm:				
	Manoj Kumar Jain-Profit Sharing Ratio 15.00%				
	Smt. Sangeet Jain-Profit Sharing Ratio 15.00%				
	Other Individuals-Profit Sharing Ratio 60.00%				
II.	**Yohhan Enterprise [Profit Sharing Ratio 10.00%]**			-	-
	Details of Other Partners In The Firm:				
	Manoj Kumar Jain-Profit Sharing Ratio 15.00%				
	Smt. Sangeet Jain-Profit Sharing Ratio 15.00%				
	Other Individuals-Profit Sharing Ratio 60.00%				
	TOTAL			**-**	**370.40**

NOTE NO. 4 : NON-CURRENT FINANCIAL ASSETS: OTHERS **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
	Unsecured but Considered Good		
I.	**DEPOSITS**		
	SHIP RCECYCLING INDUSTIRES ASSOCIATION (DEPOSIT)	2.00	2.00
	BIOMEDICAL WASTE MANAGEMANT SCHEME	0.20	-
	SECURITY DEPOSITE (GMB PLOT RENEWAL)	5.00	5.00
	PGVCL DEPOSIT	0.10	0.10
		7.30	7.10
	TOTAL	**7.30**	**7.10**

NOTE NO. 5 : INVENTORIES **₹[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I	**-Inventories taken as Physically Verified, Valued and Certified by the management of the company**		
	1 Raw Materials-Uncut Ship	204.55	4,844.20
	TOTAL	**204.55**	**4,844.20**

- Refer to Note No. 1(I)(d) on Significant Accounting Policies for Basis of Valuation of Inventories.
- Refer to Note No. 15 regarding Inventories hypothecated as security for availing working capital loans by the company.

NOTE NO. 6 : CURRENT FINANCIAL ASSETS: TRADE RECEIVABLES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
1	**Unsecured But Considered Good**		
	- Outstanding for a period Exceeding Six Months (From the date from which they became due for payment)	-	-
	- Others	2,571.22	2,569.64
		2,571.22	**2,569.64**
	- Due by Companies in which Directors are Director/Interested	-	-
	- Due by Others	2,571.22	2,569.64
	TOTAL	**2,571.22**	**2,569.64**

- **Refer to Note No. 15 regarding Trade Receivables hypothecated as security for availing working capital loans by the company.**

NOTE NO. 6[A]: AGEING FOR TRADE RECEIVABLES OUTSTANDING **[Amount ₹ In Lakhs]**

AS AT MARCH 31, 2023:

SR. NO.	PARTICULARS	Outstanding for following periods from due date of payment#					TOTAL
		Less than Six Months	Six Months - One Year	1-2 Years	2-3 Years	More than 3 Years	
I.	Undisputed Trade Receivables- Considered Good	2,571.22	-	-	-	-	2,571.22
II.	Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
III.	Disputed Trade Receivables-Considered Good	-	-	-	-	-	-
IV.	Disputed Trade Receivables-Considered Doubtful	-	-	-	-	-	-
	TOTAL	**2,571.22**	**-**	**-**	**-**	**-**	**2,571.22**
	LESS: Allowance For Bad & Doubtful Debts	-	-	-	-	-	-
	NET TRADE RECEIVABLES	**2,571.22**	**-**	**-**	**-**	**-**	**2,571.22**

AS AT MARCH 31, 2022:

SR. NO.	PARTICULARS	Outstanding for following periods from due date of payment#					TOTAL
		Less than Six Months	Six Months - One Year	1-2 Years	2-3 Years	More than 3 Years	
I.	Undisputed Trade Receivables- Considered Good	2,559.34	-	10.29	-	-	2,569.64
II.	Undisputed Trade Receivables- Considered Doubtful	-	-	-	-	-	-
III.	Disputed Trade Receivables-Considered Good	-	-	-	-	-	-
IV.	Disputed Trade Receivables-Considered Doubtful	-	-	-	-	-	-
	TOTAL	**2,559.34**	**-**	**10.29**	**-**	**-**	**2,569.64**
	LESS: Allowance For Bad & Doubtful Debts	-	-	-	-	-	-
	NET TRADE RECEIVABLES	**2,559.34**	**-**	**10.29**	**-**	**-**	**2,569.64**

 # From the Date of bill accounted in the books of account.

NOTE NO. 7 : CURRENT FINANCIAL ASSETS: CASH & BANK BALANCES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I	**Balance with Banks**		
	In Current Accounts/Debit Balance in CC Accounts	33.87	16.30
	Fixed Deposits	1,820.70	1,929.49
		1,854.57	**1,945.79**
II	Cash on Hand	8.90	7.82
	TOTAL	**1,863.47**	**1,953.11**

NOTE NO. 8 : CURRENT FINANCIAL ASSETS: LOANS & ADVANCES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I.	**Unsecured but Considered Good**		
	Sundry Advances to Staff	4.97	3.65
	Loans and Advances to Related Parties & Others	3,465.47	3,026.66
	Balance With Government Authorities		
	Self Assessment/Advance Tax/TDS Receivable	60.77	46.98
		3,531.21	**3,077.29**
II.	Interest Accrued On Bank FDR/Parties	7.36	10.63
	TOTAL	**3,538.57**	**3,087.92**

NOTE NO. 9 : CURRENT FINANCIAL ASSETS: OTHER RECEIVABLES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I.	**Unsecured but Considered Good**		
	Sundry Debit Balances & Other Receivables	22.66	2.63
	TOTAL	**22.66**	**2.63**

NOTE NO. 10 : CURRENT TAX ASSETS [NET] **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I.	**CURRENT TAX ASSETS**		
	Advance Tax Paid A.Y. 2022-23	-	50.28
	TDS/TCS Receivable For The A.Y. 2022-23	-	-
	Less: Provision For Income Tax [Current]	-	(38.58)
		-	11.70
	TOTAL	**-**	**11.70**

Income tax has been provided for as per the provisions of section 115BAA of the Income-tax Act, 1961.

NOTE NO. 11 : OTHER CURRENT ASSETS **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I.	**ADVANCES**		
	1 Advances for Expenses & Other Debit Balances	5.68	14.21
		5.68	14.21
II.	Prepaid Expenses	55.27	2.38
	TOTAL	**60.95**	**16.59**

NOTE NO. 12 : EQUITY SHARE CAPITAL **[Amount ₹ In Lakhs]**

SR. NO.	PARTICULARS	AS AT 31-Mar-23		AS AT 31-Mar-22	
		NO. OF SHARES	AMOUNT RS.	NO. OF SHARES	AMOUNT RS.
I	**EQUITY SHARES**				
	AUTHORISED				
	Equity Shares of Rs. 10/= Each At Par	200.00	2,000.00	200.00	2,000.00
	Issued, Subscribed and Paid Up Capital				
	Equity Shares of Rs. 10/= Each At Par Fully Paid Up	164.73	1,647.34	164.73	1,647.34
	TOTAL	**164.73**	**1,647.34**	**164.73**	**1,647.34**

II. RECONCILIATION OF NUMBER SHARES OUTSTANDING **[Amount ₹ In Lakhs]**

SR. NO.	PARTICULARS	AS AT 31-Mar-23		AS AT 31-Mar-22	
		NO. OF SHARES	AMOUNT RS.	NO. OF SHARES	AMOUNT RS.
1.	Outstanding As At The Beginning Of The Year	164.73	1,647.34	164.73	1,647.34
	Add: Issue of Shares (Face Value)	-	-	-	-
	Outstanding As At The End Of The Year	**164.73**	**1,647.34**	**164.73**	**1,647.34**

III. Rights, preferences and restrictions attached to shares:

The Company has one class of equity shares having a par value of Re 10 each. Each shareholder is eligible for one vote per share held.

IV. DETAILS OF SHAREHOLDER HOLDING 5% OR MORE SHARES IN THE COMPANY

SR. NO.	Name of the Shareholder	As At 31st March, 2023		As At 31st March, 2022	
		NO. OF SHARES	% OF TOTAL HOLDING	NO. OF SHARES	% OF TOTAL HOLDING
1.	Manoj Kumar Jain	61.68	37.44%	61.68	37.44%
2	Sangeeta Jain	22.92	13.91%	22.92	13.91%

NOTE NO. 12 : EQUITY SHARE CAPITAL (Contd....) **[Amount ₹ In Lakhs]**

V. DETAILS OF SHAREHOLDING BY PROMOTERS AND PROMOTER GROUP IN THE COMPANY

A.

SR. NO.	Name of the Promoter	Class of Shares	As At 31st March, 2023		% Change
			No. OF Shares	% of Total Shares	During the Financial Year 2022-23
1	Manoj Kumar Jain	Equity Shares	61.68	37.44%	-
2	Sangeeta Jain	Equity Shares	22.92	13.91%	-
3	Varun Manojkumar Jain	Equity Shares	6.25	3.79%	-
4	Vaibhav Manojkumar Jain	Equity Shares	2.40	1.46%	-
	TOTAL		**93.25**	**56.61%**	

B.

SR. NO.	Name of the Promoter	Class of Shares	As At 31st March, 2022		% Change
			No. OF Shares	% of Total Shares	During the Financial Year 2021-22
1	Manoj Kumar Jain	Equity Shares	61.68	37.44%	-
2	Sangeeta Jain	Equity Shares	22.92	13.91%	-
3	Varun Manojkumar Jain	Equity Shares	6.25	3.79%	-
4	Vaibhav Manojkumar Jain	Equity Shares	2.40	1.46%	-
	TOTAL		**93.25**	**56.61%**	

NOTE NO. 13 : NON-CURRENT FINANCIAL LIABILITIES: BORROWINGS **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-22	AS AT 31-Mar-21
I.	**SECURED**		
1	**TERM LOANS**		
	From Bank of Baroda		
	AWCTL Term Loan A/c. No. 73280600000017	207.00	207.00
	BGECS Term Loan A/c. No. 08490600002945	103.75	242.08
	(Nature of Security)*	310.75	449.08
	(Guaranteed by Directors & Others)		
	Guaranteed by Others)		
	(Terms of repayment of term loans) **		
	(Also Refer to Note No. 15 on Balance due in next twelve months classified as current maturities of long term debts)		
2	**VEHICLE LOANS**		
	BOB Car Loan-CRETA	-	2.47
	TOTAL	**310.75**	**451.56**

DETAILS OF SECUTIRIES & TERMS OF REPAYMENT

A. Working Capital Term Loans

* The loans are in the form of additional working capital term loans to build up current assets, working capital requirements, liquidity mismatch and for other business requirements. The charge over the existing primary as well as collateral securities extended to cover these loans.

** The loans are repayable in 48 equal monthly instalments with one year moratorium (12 months) in payment of principal amount.

NOTE NO. 14 : DEFERRED TAX LIABILITIES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I.	OPENING BALANCE	57.44	55.80
	DEFERRED TAX LIABILITIES/(ASSETS) RELATING TO		
	Property, Plant and Equipments, Intangible Assets & Investment Properties	2.44	1.64
		59.88	57.44
	TOTAL	**59.88**	**57.44**

NOTE NO. 15 : CURRENT FINANCIAL LIABILITIES: SHORT TERM BORROWINGS **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I.	**SECURED**		
	Loans Repayable on Demand		
	Working Capital		
	From Banks		
	A CASH CREDIT*		
	From Bank of Baroda	439.61	1,090.76
	B LC **		
	BOB Inland LC	2,047.58	1,414.39
II.	**UNSECURED**		
	Inter Corporate Loans	-	36.00
III.	**Current Maturities of Long Term Debts $**		
	A. SECURED*		
	1 TERM LOANS		
	From Bank of Baroda		
	BCECL Term Loan A/c. No. 08490600002386	-	65.00
	BGECS Term Loan A/c. No. 08490600002945	103.75	103.75
		103.75	168.75
2	**VEHICLE LOANS**		
	BOB Car Loan-CRETA	2.55	2.60
	BOB Car Loan-CIAZ	-	0.84
	TOTAL	**2,593.50**	**2,713.34**

***I. NATURE OF SECURITY:**

A. Primary Security

Working Capital secured by way of Exclusive First charge by way of Hypothecation of entire Raw Materials, Stock-in-Process, Stores and Spares, Packing Materials, Finished Goods and Book-Debts of the Company both present and future.

B. Collateral Security

1. Equitable Mortgage of Immovable Properties.

II. GUARANTEE:

Outstanding balances of working capital secured by personal guarantees of the following:

1 Shri Manoj Kunar Jain-Director
2 Smt. Sangeeta Jain-Director
3 Shri Varun Manoj Jain

III. REPAYMENT TERMS:

Working capital loans repayable on demand.

****I. NATURE OF SECURITY:**

Cash Margin of 10% at the time of opening of LC.

$ For Nature of Security, Terms of Repayment, Gurantee Offered and Nature of Defaults Refer to Note No. 14.

NOTE NO. 16 : CURRENT FINANCIAL LIABILITIES: TRADE PAYABLES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I.	**Sundry Creditors for Goods**		
	-Micro & Small Enterprises	-	-
	-Others	-	4,598.80
II.	**Sundry Creditors for Other Expenses**		
	-Micro & Small Enterprises	-	0.12
	-Others	3.99	9.55
	TOTAL	**3.99**	**4,608.47**

NOTE: DUES TO MICRO AND SMALL ENTERPRISES

The Company has dues outstanding as at the reporting date to certain suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act, 2006 are as follows:

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
I	The principal amount remaining unpaid to any supplier at the end of the year.	-	0.12
II	Interest due as claimed remaining unpaid to any supplier at the end of the year.	-	-
III	The amount of interest paid by the company in terms of section 16 of the MSMED Act, 2006, along with the amount of the payment made to the suppliers beyond the appointed day during the year.	-	-
IV	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
V	The amount of interest accrued and remaining unpaid at the end of accounting year.	-	-
VI	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006.	- -	
	TOTAL	**-**	**0.12**

NOTE 16[A]: AGEING FOR TRADE PAYABLES OUTSTANDING **[Amount ₹ In Lakhs]**

AS AT MARCH 31, 2023:

SR. NO.	PARTICULARS	Outstanding for following periods from due date of payment#				TOTAL
		Less than One Year	1-2 Years	2-3 Years	More than 3 Years	
I.	**Trade Payable for Goods:**					
	- MSME-Others	-	-	-	-	-
	- MSME-Disputed	-	-	-	-	-
	- Other than MSME-Others	-	-	-	-	-
	- Other than MSME-Disputed	-	-	-	-	-
II.	**Trade Payable for Expenses:**					
	- MSME-Others	-	-	-	-	-
	- MSME-Disputed	-	-	-	-	-
	- Other than MSME-Others	3.99	-	-	-	3.99
	- Other than MSME-Disputed	-	-	-	-	-
	TOTAL	**3.99**	**-**	**-**	**-**	**3.99**

NOTE 16[A]: AGEING FOR TRADE PAYABLES OUTSTANDING (Contd....) **[Amount ₹ In Lakhs]**

AS AT MARCH 31, 2022:

SR. NO.	PARTICULARS	Outstanding for following periods from due date of payment#				TOTAL
		Less than One Year	1-2 Years	2-3 Years	More than 3 Years	
I.	**Trade Payable for Goods:**					
	- MSME-Others	-	-	-	-	-
	- MSME-Disputed	-	-	-	-	-
	- Other than MSME-Others	4,598.80	-	-	-	4,598.80
	- Other than MSME-Disputed	-	-	-	-	-
II.	**Trade Payable for Expenses:**					
	- MSME-Others	-	-	-	-	-
	- MSME-Disputed	-	-	-	-	-
	- Other than MSME-Others	9.67	-	-	-	9.67
	- Other than MSME-Disputed	-	-	-	-	-
	TOTAL	**4,608.47**	**-**	**-**	**-**	**4,608.47**

 # From the Date of bill accounted in the books of account.

NOTE NO. 17 : OTHER CURRENT LIABILITIES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23		AS AT 31-Mar-22	
I.	Advances from Customers/Sundry Credit Balances		4.04		0.15
II	Other Payables		2.67		8.10
III	**Other Payables-Statutory Liabilities**				
	Provident Fund	0.28		1.69	
	Employee State Insurance Fund	0.03		0.30	
	Professional Tax	0.01		0.45	
	T.D.S./T.C.S. Payable	3.20		9.35	
	GST Payable	0.22		0.36	
			3.74		12.15
	TOTAL		**10.45**		**20.39**

NOTE NO. 18 : CURRENT TAX LIABILITIES [NET] **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	AS AT 31-Mar-23	AS AT 31-Mar-22
	Current Income Tax Liabilities		
	Tax using the Company's Domestic Tax Rate		
	[Current Year: 25.17% Including Surcharge and Cess On Income Other Than Long Term Capital Gain]		
	[Current Year: 22.88% Including Surcharge and Cess On Long Term Capital Gain]		
	[Previous Year: 25.17% Including Surcharge and Cess]		
	Provision for Current Year	46.15	-
	Less: Advance Tax Paid	-	-
	Less: TDS/TCS Receivable	-37.59	-
	TOTAL	**8.57**	**-**
	ncome tax has been provided for as per the provisions of section 115BAA of the Income-tax Act, 1961.		

NOTE NO. 19 : REVENUE FROM OPERATIONS **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
A.	**SALE OF PRODUCTS**		
	Sales Of Manufacturing Goods-Ship Breaking (Inclusive of GST Collected On Sales)	5,009.59	8,505.76
	Sales Of Trading Goods (Inclusive of GST Collected On Sales)	9,029.28	7,258.28
		14,038.87	**15,764.05**
	TOTAL	**14,038.87**	**15,764.05**

NOTE NO. 20 : OTHER INCOME **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
1	**INTEREST INCOME**		
	From Current Investments/Advances/Others		
	Interest on Fixed Deposits With Banks	90.77	75.17
	Interest on Loans & Advances (Net)	215.71	344.57
		306.48	**419.74**
2	Share of Profit From Partnership Firm	-	0.58
3	**Other Non-Operating Income (Net of Related Expenses)**		
	Rent Income	7.79	7.73
	Late Payment Charges	-	68.13
	Foreign Exchange Fluctuations	-	47.71
	Profit on Sale of Shares	211.12	-
	VAT Refund	12.03	-
	Other Income	0.01	5.73
		230.94	**129.30**
	TOTAL	**537.42**	**549.61**

NOTE NO. 21 : COST OF MATERIALS CONSUMED **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
I.	**RAW MATERIALS CONSUMED:**		
A.	Opening Stock	4,844.20	1,462.37
	Add : Purchases (Inclusive of GST On Purchases)	-	11,222.29
	Add:Freight, Custom Duty, Clearing & Forwarding Charges	-	295.60
	Less : Closing Stocks	-204.55	-4,844.20
		4,639.65	**8,136.07**
	TOTAL	**4,639.65**	**8,136.07**

NOTE NO. 22 : PURCHASE STOCK IN TRADE **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
	- Purchases Stock in Trade (Inclusive of GST On Purchases & LC Charges)	8,954.67	7,220.09
	- Transportation Inward on Purchase	18.82	6.56
	TOTAL	**8,973.48**	**7,226.65**

NOTE NO. 23 : EMPLOYEE BENEFIT EXPENSES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
1.	Salaries, Wages & Labour Charges		
	-To Directors-Remuneration	54.24	98.15
	-To Others	34.49	69.73
		88.73	167.88
2	Company Contribution to Provident Fund	7.36	13.83
3	Company Contribution to ESIC	1.13	2.52
4	Professional Tax of Employees	0.13	0.61
5	Bonus & Exgratia	2.85	12.77
6	Staff Welfare Expenses (Net)	0.50	16.82
	TOTAL	**100.71**	**214.44**

NOTE NO. 24 : FINANCE COST **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
1.	Bank & Other Financial Charges	30.16	34.89
2.	Interest		
	To Bank	131.82	145.66
	On Vehicle Loans	0.35	0.70
	On Income Tax	-	0.61
	To Others	2.63	11.95
		134.80	**158.92**
	TOTAL	**164.96**	**193.81**

NOTE NO. 25 : DEPRECIATION AND AMORTISATION EXPENSES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
1.	Depreciation on Property, Plant & Equipments	38	38
	TOTAL	**38**	**38**

NOTE NO. 26 : OTHER EXPENSES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
I.	**MANUFACTURING EXPENSES**		
	1 Stores & Spares Consumed:	7.62	17.74
	2 Power, Fuel & Utilities :		
	Diesel, Gases & Carbide	18.09	48.10
	3 Repairs & Maintenance	1.31	1.83
	4 GMB Plot Rent/Development & Other Charges	35.60	24.53
	5 Other Manufacturing Expenses	5.30	5.89
		67.92	**98.09**
II.	**ADMINISTRATIVE, SELLING AND OTHER EXPENSES**		
	1 Postage & Telephone/Communications	0.82	1.04
	2 Stationery & Printing	0.13	0.54
	3 Travelling,Conveyance & Vehical Expenses		
	Travelling & Conveyance	0.79	0.61
	Vehicle Expenses (Including Repairs & Fuel)	3.26	6.92
		4.05	**7.53**
	4 Legal & Professional Charges	62.78	32.91
	5 Rent, Rates & Taxes	63.86	197.83
	6 Auditor's Remuneration		
	Statutory Audit Fees	0.70	0.70
	Tax Audit Fees	0.15	0.15
		0.85	**0.85**
	7 Insurance	5.00	3.11
	8 Selling & Distribution Expenses		
	Advertisement Expenses	0.38	0.44
	Commission on Sales	2.33	5.14
		2.71	**5.58**
	9 Loss On Foreign Exchange Fluctuations	140.31	-
	10 Security Expenses	-	3.36
	11 Other Expenses	12.36	5.71
	TOTAL	**360.79**	**356.57**

NOTE NO. 27 : CONTINGENET LIABILITIES **[Amount ₹ In Lakhs]**

SR.NO.	PARTICULARS	FOR THE YEAR ENDED 31-Mar-23	FOR THE YEAR ENDED 31-Mar-22
I.	Corporate Guarantee in Favour Standard Chartered Bank, Mumabi Branch and Oriental Bank of Commerce, Bhavanagar for Working Capital Loan Availed by M/s. Eternal Automobiles	-	350.00
II.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2014-15 Order U/s. 143(3) of Income Tax Act, 1961	8.28	8.28
III.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2015-16 Order U/s. 143(3) of Income Tax Act, 1961	14.24	14.24
IV.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2010-11 Order U/s. 271(1)(c) of Income Tax Act, 1961	2.47	2.47
V.	Commissioner of Income Tax, National Faceless Appeal Centre (NFAC), Income Tax Department for A.Y. 2011-12 Order U/s. 271(1)(c) of Income Tax Act, 1961	2.48	2.48
	TOTAL	**27.46**	**377.46**

NOTE NO. 29 : FINANCIAL INSTRUMENTS-FAIR VALUES AND RISK MANAGEMENT

LIQUIDITY RISK:

SR. NO.	PARTICULARS	AS AT 31/Mar/23				
		Contractual Cash Flows (Amount in INR)				
		Carrying Amount	Less Than One Year	One-Two Years	Two-Five Years	More Than Five Years
A.	**NON-CURRENT FINANCIAL LIABILITIES:**					
	I BORROWINGS					
	- Term Loans From Banks	310.75	-	155.50	155.25	-
	- Vehicle Loans From Banks	-	-	-	-	-
B.	**CURRENT FINANCIAL LIABILITIES:**					
	I Working Capital Loans From Banks	2,487.20	2,487.20	-	-	-
	II Intercorporate Loans	-	-	-	-	-
	III Current Maturities of Term Loans & Vehicle Loans	106.30	106.30	-	-	-
	IV Trade Payables-Raw Materials, Goods and Expenses	3.99	3.99	-	-	-
	V Trade Payables-Capital Goods	-	-	-	-	-
	VI Interest Payable on Working Capital Loans	-	-	-	-	-
	VII Advances from Customers/Sundry Credit Balances	4.04	4.04	-	-	-
	VIII Other Payables	2.67	2.67	-	-	-
	IX Statutory Liabilities	3.74	3.74	-	-	-
	TOTAL	**2,918.69**	**2,607.94**	**155.50**	**155.25**	**-**

SR. NO.	PARTICULARS	AS AT 31/Mar/22				
		Contractual Cash Flows (Amount in INR)				
		Carrying Amount	Less Than One Year	One-Two Years	Two-Five Years	More Than Five Years
A.	**NON-CURRENT FINANCIAL LIABILITIES:**					
	I BORROWINGS					
	- Term Loans From Banks	449.08	-	103.75	345.33	-
	- Vehicle Loans From Banks	2.47	-	2.47	-	-
B.	**CURRENT FINANCIAL LIABILITIES:**					
	I Working Capital Loans From Banks	2,505.15	2,505.15	-	-	-
	II Intercorporate Loans	36.00	36.00	-	-	-
	III Current Maturities of Term Loans & Vehicle Loans	172.18	172.18	-	-	-
	IV Trade Payables-Raw Materials, Goods and Expenses	4,608.47	4,608.47	-	-	-
	V Trade Payables-Capital Goods	-	-	-	-	-
	VI Interest Payable on Working Capital Loans	-	-	-	-	-
	VII Advances from Customers/Sundry Credit Balances	0.15	0.15	-	-	-
	VIII Other Payables	8.10	8.10	-	-	-
	IX Statutory Liabilities	12.15	12.15	-	-	-
	TOTAL	**7,793.76**	**7,342.20**	**106.22**	**345.33**	**-**

NOTE NO. 30 : FINANCIAL INSTRUMENTS-FAIR VALUES AND RISK MANAGEMENT

CURRENCY EXPOSURE RISK (FOREIGN CURRENCY)

SR. NO.	PARTICULARS	AS AT 31/Mar/23			
		Contractual Cash Flows (Amount in INR)			
		USD	GBP	JPY	TOTAL
A.	**CURRENT FINANCIAL ASSETS:**				
	I Trade Receivables	-	-	-	-
	II Cash & Cash Equivalents	-	-	-	-
	III Other Receivables	-	-	-	-
	TOTAL	**-**	**-**	**-**	**-**
B.	**CURRENT FINANCIAL ASSETS:**				
	I Trade Payables-Raw Materials and Expenses	-	-	-	-
	TOTAL	**-**	**-**	**-**	**-**

SR. NO.	PARTICULARS	AS AT 31/Mar/22			
		Contractual Cash Flows (Amount in INR)			
		USD	GBP	JPY	TOTAL
A.	**CURRENT FINANCIAL ASSETS:**				
	I Trade Receivables	-	-	-	-
	II Cash & Cash Equivalents	-	-	-	-
	III Other Receivables	-	-	-	-
	Trade Payables-Capital Goods	**-**	**-**	**-**	**-**
B.	**CURRENT FINANCIAL ASSETS:**				
	I Trade Payables-Raw Materials, Goods and Expenses	4,598.80	-	-	4,598.80
	TOTAL	**4,598.80**	**-**	**-**	**4,598.80**

NOTE NO. 31 : OTHER NOTES

a) Earnings Per Share (EPS):

The Basic and Diluted Earnings Per Share (EPS) has been computed on the basis of profit for the year attributable to equity holders divided by the weighted average number of shares outstanding during the year.

[Amount ₹ In Lakhs]

PARTICULARS	FOR THE YEAR ENDED 31st March, 2023		FOR THE YEAR ENDED 31st March, 2022	
Total Comprehensive Income After Tax for the period (A)		249.75		114.60
Weighted Average Number of Shares (B)				
Opening Balance of Share Outstanding	164.73		164.73	
No. of Days for which Shares Outstanding	365		365	
Total No. of Weighted Average Shares		164.73		164.73
Basic and Diluted Earnings per Share (C) (A/B)		**1.52**		**0.70**

b) Related Party Disclosures:

The Related Party Disclosures in compliance with Ind AS-24 "Related Party Disclosures"

A. List of Related Parties

Sr.	Name of the Related Party	Nature of Relationship	Transactions Entered During The Year (Yes/No)
i.	VMS TMT Private Limited	Entity in which Director Relatives are Interested	Yes
ii.	Etermal Automobiles	Partnership Firm in which the Company is Partner	Yes
iii.	Yohaan Enterprises	Partnership Firm in which the Company is Partner	No
iv.	Mr. Manoj Kumar Jain	Key Management Personnel- Managing Director	Yes
v.	Mrs. Sangeeta Jain	Whole Time Director	Yes
vi.	Mr. Amit Mandaliya	CFO	Yes
vii.	Mr. Hemal Pankajkumar Patel	Company Secretary	Yes
viii.	Mr. Varun Manoj Jain	Son of Managing Director	No
ix.	Mr. Vaibhav Manoj Jain	Son of Managing Director	No
x.	Aditya Ultra Steel Limited	Company in Which Relative of Directors is Director and have substantial shareholding	Yes

B. Transaction with Related Parties Rs. In Lakhs

Nature of Transaction	Name of the Party		2022-23	2021-22
Investment in Capital Account of Partnership Firm (Net)	Eternal Automobiles	Capital Introduced	NIL	161.00
		Lees: Capital Withdrawn	(233.52)	(60.00)
		Net Capital Introduced/ Withdrawn	(233.52)	101.00
	Yohaan Enterprises	Capital Introduced	NIL	1,260.99
		Less: Capital Withdrawn	NIL	(1,260.99)
		Net Capital Introduced/ Withdrawn	NIL	NIL
Advances Given	VMS TMT Private Limited		3,831.97	3,272.73
Advances Received Back (Including Against Opening Outstanding Balances)	VMS TMT Private Limited		2,507.32	4,271.00
Advances Given	Eternal Automobiles		226.10	NIL
Advances Received Back	Eternal Automobiles		226.10	NIL
Advances Given	Aditya Ultra Steel Limited		99.00	NIL
Advances Received Back	Aditya Ultra Steel Limited		99.00	NIL
Corporate Guarantee to Banks/ Financial Institutions (Position As At the Year End)	Eternal Automobiles		NIL	350.00
Rent Income	VMS TMT Private Limited		7.08	7.08
	Aditya Ultra Steel Limited		0.71	0.77

B. Transaction with Related Parties Rs. In Lakh(Contd.....)

Nature of Transaction	Name of the Party	2021-22	2020-21
Sales of Goods (Net)	Aditya Ultra Steel Limited	NIL	2,04,786
Share of Profit In Partnership Firm	Eternal Automobiles	NIL	NIL
	Yohaan Enterprises	NIL	0.58
Interest Received	VMS TMT Private Limited	92.29	232.83
	Eternal Automobiles	14.89	NIL
Salary Advances Given	Mr. Hemal Pankajkumar Patel	1.77	2.19
	Mr. Amit Mandaliya	NIL	0.30
Salary Advances Received Back	Mr. Hemal Pankajkumar Patel	0.24	NIL
	Mr. Amit Mandaliya	0.10	NIL
Sale of Investments Held (Shares)	Varun Jain	348.00	NIL
Director/Key Managerial Personnel /CFO/Company Secretary Remuneration	Mr. Manoj Kumar Jain	40.98	62.15
	Mrs. Sangeeta Jain	13.26	36.00
	Mr. Amit Mandaliya	3.69	3.24
	Mr. Hemal Pankajkumar Patel	5.89	5.04
Outstanding Balances as at the year end- Investment in Partnership Firm	Eternal Automobiles	NIL	233.52
			(Dr.)
Outstanding Balances as at the year-end- Loans & Advances Given	VMS TMT Private Limited	3,128.22 (Dr.)	1,711.28 (Dr.)
Outstanding Balances as at the year-end- Salary Advances Given	Mr. Amit Mandaliya	0.20 (Cr.)	0.30 (Cr.)
	Mr. Hemal Pankajkumar Patel	4.67 (Cr.)	3.15 (Cr.)

c) Segment Information:

The company has two operating reportable segments i.e. Manufacturing in respect of Ship-Breaking business activities and Trading In respect of trading in Ferrous and Non-Ferrous metals. The Operating Segment Reporting as per Ind-AS 108 for the year ended March 31, 2023 is as under:

[Amount ₹ In Lakhs]

Sr. No.	Segment Particulars	2022-23			2021-22		
		Manu-facturing	Trading	Total	Manu-facturing	Trading	Total
I	Segment Value of Revenue from Operations	5,009.59	9,029.28	14,038.87	8,505.76	7,258.28	15,764.04
II	Segment Results Before Tax	209.83	144.51	354.34	(134.43)	283.21	148.78
	Less: Unallocable Corporate Expenses			(55.99)			(0.85)
	Less: Provision for Current Tax			(46.15)			(38.58)
	Add/(Less): Provision for Deferred Tax			(2.44)			(1.64)
III	Profit After Tax			249.75			107.71
IV	Segment Assets	1,916.36	6,778.78	8,695.14	7,549.87	5,786.34	13,336.21
	Add: Unallocable Corporate Assets			60.76			46.98
V	Total Assets			8,755.90			13,383.19
VI	Segment Liabilities	70.66	2,906.15	2,976.81	5,335.73	2,514.62	7,850.35
	Add: Unallocable Corporate Liabilities			10.32			0. 85
VII	Total Liabilities			2,987.13			7,851.20
IX	Equity Share Capital			1,647.34			1,647.34
X	Other Equity			4,121.43			3,884.65
XI	Capital Expenditure during the year	1.69	4.45	6.14	19.03	NIL	19.03
XII	Depreciation on PPE	38.15	0.21	38.36	38.19	NIL	38.19

d) Financial Instruments and Related Disclosures:

Financial Risk Management:

The company activities are exposed various financial risks: credit risk, liquidity risk and foreign exchange fluctuation risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

I. Credit Risk:

Trade Receivables:

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss to the Company. The maximum exposure to the credit risk as at the reporting date is primarily from trade receivables. Trade receivables are unsecured and are derived from revenue earned from customers from sale of goods. Trade receivables generally are impaired after three years when recoverability is considered doubtful based on general trend. The Company considers that trade receivables stated in the financial statements are not impaired and past due for each reporting dates under review are of good credit quality subject to outcome of the litigations where the company has initiated legal proceedings for recovery.

Other Financial Assets:

Credit risk relating to cash and cash equivalents is considered negligible since the counterparties are banks which are majorly owned by Government of India and are have oversight of Reserve Bank of India. The Company considers the credit quality of term deposits with banks to be good and the company reviews these banking relationships on an ongoing basis.

The Company considers all other financial assets as at the balance sheet dates to be of good credit quality.

II. Liquidity Risk:

The company's principal sources of liquidity are from Short Term Bank Borrowings, Cash and Cash Equivalents and Cash generated from operations.

The Short-term liquidity requirements consist mainly of Trade Payables, Expense Payables, Employee Dues, Servicing of Interest on Short Term and Long-Term Borrowings and payment of instalments of vehicle loans and other payments arising during the normal course of business.

III. Foreign Exchange Rate Risk:

The Company undertakes transactions denominated in foreign currency mainly for purchase of Ships which are subject to the risk of exchange rate fluctuations. Financial assets and liabilities denominated in foreign currency are also subject to reinstatement risks. Hedging is regularly carried out to mitigate the risks of exchange rate fluctuations.

e) In the opinion of the Board of Directors, Current Assets & Loans and Advances have a value on realisation in the ordinary course of business equal to the amount at which they are stated in the balance sheet. In the opinion of the Board of Directors, claims receivable against property/goods are realizable as per the terms of the agreement and/or other applicable relevant factors and have been stated in the financial statements at the value which is most probably expected to be realized.

f) The company has obtained balance confirmation from some of the parties for Sundry Creditors, Sundry Debtors and parties to whom loans/advance have been granted. All other balances of debtors and creditors and loans and advances are subject to confirmation and subsequent reconciliation, if any.

g) The Financial Statements were authorised for issue by the Board of Directors on 28th May, 2022.

h) Disclosure of Financial Ratios:

Sr. No.	Particulars	Numerator	Denominator	As At/For The Year Ended		% Change Compared to Last Year
				31/03/2023	31/03/2022	
i.	Current Ratio (times)	Current Assets	Current Liabilities	3.16	1.70	85.66%
ii.	Debt-Equity Ratio (times) @	Total Debt	Total Equity	0.50	1.39	63.98%
iii.	Debt Service Coverage Ratio (times) #	Earnings available for debt Service	Debt Service	0.16	0.10	49.46%
iv.	Return on Equity Ratio (%)	Profit for the year	Average Total Equity	4.42%	1.97%	124.31%
v.	Inventory Turnover Ratio (times) $	Cost of Materials Consumed+Purchase of Stock in Trade + Employee Benefit Expenses+ Other Direct Expenses	Average Inventory	5.46	4.97	9.82%

h) Disclosure of Financial Ratios: (Contd.....)

Sr. No.	Particulars	Numerator	Denominator	As At/For The Year Ended		% Change Compared to Last Year
				31/03/2023	31/03/2022	
vi.	Trade Receivables Turnover Ratio (times) ^	Revenue from Operations	Average Trade Receivable	5.46	7.05	(22.49%)
vii.	Trade Payables Turnover Ratio (times)	Purchases during the year	Average Trade Payables	3.90	5.33	(26.81%)
viii.	Net Capital Turnover Ratio (times) &	Revenue from Operations	Average Working Capital	2.60	3.05	(14.73%)
ix.	Net Profit Ratio (%)	Net Profit After Tax	Revenue from Operations	1.78%	0.68%	160.37%
x.	Return on Capital Employed (%) *	EBIT	Capital Employed	5.29%	2.55%	107.22%
xi.	Return on Investments (%)	Net Profit After Tax	Average Total Equity	4.42%	1.97%	124.31%

@ On Account of decrease in Current Liabilities due to payment against outstanding balance of trade payables for raw materials.

Increase in earnings during the year on sale of shares resulted into increase in equity and payment of instalment of term loans and trade payable of raw materials resulted into reduction in liabilities which in turn resulted into improvement in debt-equity ratio.

$ Increase in earnings, reduction in interest cost on account of repayment of term loan instalments and reduction in long term borrowings on account of repayment of term loan resulted into improvement in debt-service coverage ratio.

^ On Account of Increase in Earnings during the current year compared to previous year.

& Decrease in Purchase of Goods and payment of trade payables from working capital.

* Increase net profits during the year resulting from profits on sale of shares.

i) Relationship with Struck off Companies:

he company does not have any transaction with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956, during the current year and in the previous year.

j) Expenses in foreign currency:

CIF Value of Imports:

Raw Materials (Previous Year Rs. 9,428.11/-) Rs. NIL/-

Foreign Travelling: (Previous Year Rs. NIL/-) Rs. NIL/-

Income in Foreign Currency:

FOB Value of Exports: (Previous Year Rs. NIL/-) Rs. NIL/-

k) The previous year's figures have been reworked, regrouped and reclassified wherever necessary so as to make them comparable with those of the current year.

The Financial Statements have been presented in Indian Rupee (₹) in Lakhs rounded off to two decimal points as per amendment to Schedule III to the Companies Act, 2013.

The figures wherever shown in bracket represent deductions/negative amount.

SIGNATURES TO NOTES '1' TO '31'

AS PER OUR REPORT OF EVEN DATE ATTACHED
FOR, S.N. SHAH& ASSOCIATES,
CHARTERED ACCOUNTANTS,
FRN: 109782W

FIROJ G. BODLA
M. NO. : 126770

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

FOR AND ON BEHALF OF THE BOARD

MR. MANOJ KUMAR JAIN
MANAGING DIRECTOR
DIN: 02190018

MRS. SANGEETA JAIN
DIRECTOR
DIN: 00125273

MR. AMIT MANDALIYA
CHIEF FINANCIAL OFFICER

MR. HEMAL PATEL
COMPANY SECRETARY

PLACE : AHMEDABAD
DATE : 29TH MAY, 2023

ACCOUNTING RATIOS

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Financial Statements and Unaudited Interim Condensed Financial Statements and included in the section "Financial Statements" on page 93:

(₹ in Lakhs)

Particulars	As at and for the Six months ended		As at and for the Fiscal ended	
	September 30, 2023	**September 30, 2022**	**March 31, 2023**	**March 31, 2022**
Basic EPS (₹)/Diluted EPS (₹)	1.25	0.43	1.52	0.70
Return on Net Worth (%)	3.55%	1.25%	4.42%	2.10%
Net Asset Value per Equity Share (₹)	36.21	34.01	35.02	33.58
EBITDA	299.42	24.41	-35.75	-169.68

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit after tax after exceptional items/ Weighted average number of Equity Shares as outstanding at the end of the year
Diluted EPS	Profit after tax after exceptional items/ Weighted average number of Equity Shares as outstanding at the end of the year
Return on Net Worth (%)	Total comprehensive income for the year/ Average Net Worth. Average Net Worth is average of opening and closing Net Worth. Net Worth here refers to the aggregate of equity and other equity as shown on the face of the Audited Financial Statements.
Net Asset Value per Equity Share	Net Worth/ Number of Equity Shares outstanding as at the year end
EBITDA	EBITDA is profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense

MATERIAL DEVELOPMENTS

Except as disclosed in this Letter of Offer, there have not arisen, since the date of the last financial information disclosed in this Letter of Offer i.e., December 31, 2023, any circumstances 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.

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

You should read the following discussion of our financial condition and results of operations together with our unaudited Limited reviewed financial information for period ended on December 31, 2023, September 30, 2023 and September 30, 2022 and Audited Financial Statement for Fiscal 2023 and Fiscal 2022 included in this Letter of Offer. Our financial statements are prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from unaudited Limited reviewed financial information for period ended on December 31, 2023, September 30, 2023, September 30, 2022 and Audited Financial Statement for Fiscal 2023 and Fiscal 2022.

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 24 and 20, respectively.

Our financial year ends on March 31 of each year, so all references to a particular "financial year" and "Fiscal" are to the twelve (12) month period ended March 31 of that year. References to the "Company", "we", "us" and "our" in this chapter refer to Shree Ram Proteins Limited on a consolidated basis, as applicable in the relevant fiscal period, unless otherwise stated.

OVERVIEW OF OUR BUSINESS

Our Company was incorporated on December 2, 1991 with the object of carrying on the business of providing different kinds of consulting and information technology services. During 1992- 1994, our Company was engaged in computerization of land revenue records of Bhavnagar Municipal Corporation. Thereafter, in the year 1995-96 our Company undertook the assignment of computerization of Ration Cards and Ration Shops of Bhavnagar Municipal Corporation.

During the year 1994, our Company acquired a running Oxygen Plant operating in the name of "Varun Gases" in Sihor GIDC, Bhavnagar having an installed capacity of 65 cubic meters per hour. Our Company was operating at full capacity and was supplying the gas produced at this unit to the various customers in and around Bhavnagar. The said plant was closed by the Company in the year 1997 as it became unviable on account of slow down in the Ship Recycling Industry and advancement of technology in this area. Our company sold oxygen plant in the year 2018.

The Ship Breaking Industry was revived in the year 2003-04 and therefore we decided to diversify our activities. During the year 2004, Gujarat Maritime Board auctioned vacant plots and under open bid we have been allotted vacant Plot No. 160 at Alang-Sosiya Ship Breaking Yard admeasuring 1350 sq. meter. However, our Company could not start ship breaking activities due to change in policy for ship recycling plant, requiring higher size (2700 sq mtrs) of plot and therefore we could not get permission for utilization of plot from GMB. Meanwhile, in the year 2007, the plot size was enlarged to 2700 sq. meter as per the instructions given by the Inter-Ministerial Committee constituted by Hon. Supreme Court, by merging the adjoining Plot No. 159 and our Company was permitted to use the merged Plot No. 160M for a period of 5 years with effect from 19.01.2016 to 18.01.2021 vide agreement dated August 20, 2018. Subsequently, the Company has applied for the renewal permission and had also paid requisite fees to the GMB. Moreover, in the year 2022 size of the plot was increased from 2700 Sq. Mtr to 5400 Sq. Mtr. The ship-breaking facility received certifications from NK Class (Japan), and ISO certifications (9001, 14001 & 45001) from Bureau veritas.

The Company is a Public Limited Company and its equity shares are listed on BSE Limited ('BSE') w.e.f. June 14, 2011. The Company has adopted a corporate governance policy and believes in ensuring transparency in all its operations and complies with various laws and regulations.

SIGNIFICANT FACTORS AFFECTING OUR 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 24. The following is a discussion of certain factors that

have had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations of our ship recycling plot;
- Any qualifications or other observations made by our statutory auditors which may affect our results of operations;
- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Changes in technology and our ability to manage any disruption or failure of our technology systems;
- Our ability to attract and retain qualified personnel;
- Our ability to maintain and enhance our brand image;
- Our ability to successfully execute our expansion strategy in a timely manner.
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- Our reliance on third party suppliers for our products;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Occurrences of natural disasters or calamities affecting the areas in which we have operations;
- Market fluctuations and industry dynamics beyond our control;
- Loss of one or more of our key customers and/or suppliers;
- An increase in the productivity and overall efficiency of our competitors;
- Any adverse development that may affect the operations of our manufacturing units; The performance of the financial markets in India and globally;
- Our ability to compete effectively, particularly in new markets and businesses;
- Changes in foreign exchange rates or other rates or prices;
- Inability to collect our dues and receivables from, or invoice our unbilled services to, our customers, our results of operations;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of interest with Individual Promoter and other related parties;
- Changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry;
- Termination of customer contracts without cause and with little or no notice or penalty; and
- 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 operations and prospects.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Audited Financial Statements. For details see "Financial Statements" on page 93.

Results of our Operations

The following table sets forth, for the periods indicated, certain items from our audited financial statements, in each case also stated as a percentage of our total income:

(₹ in Lakhs)

Particulars	**For the perioded ended on**			**For the year ended on**	
	December 31, 2023	**September 30, 2023**	**September 30, 2022**	**31.03.2023**	**31.03.2022**
Revenue from operations	17473.36	10,094.75	7529.61	14038.87	15764.05
Other Income	263.48	151.53	176.97	537.42	549.61
Total income	**17,736.84**	**10,246.28**	**7,706.58**	**14,576.29**	**16,313.66**
Expenses					
Cost of Material consumed	8,554.01	4074.72	4111.29	4,639.65	8,136.07
Purchase of Stock in Trade	7,555.98	5324.4	3071.74	8,973.48	7,226.65

Particulars	For the perioded ended on			For the year ended on	
	December 31, 2023	**September 30, 2023**	**September 30, 2022**	**31.03.2023**	**31.03.2022**
Changes in Inventories of work-in-progress	0.00	0.00	0.00	0.00	0.00
Employee benefits expense	187.74	71.78	81.21	100.71	214.44
Finance Costs	222.09	152.12	84.23	164.96	193.81
Depreciation and amortisation expenses	29.65	19.77	19.42	38.36	38.19
Other expenses	522.27	324.43	240.96	360.79	356.57
Total Expenses	**17,071.74**	**9967.22**	**7608.85**	**14277.95**	**16165.73**
Profit/(Loss) Before Extra-Ordinary Items and Tax	**665.10**	**279.06**	**97.73**	**298.34**	**147.93**
Exceptional Items	0	0	0	0.00	0.00
Profit before Tax	**665.10**	**279.06**	**97.73**	**298.34**	**147.93**
Total tax expense	171.70	-73.76	-26.99	(48.59)	(40.22)
Profit and Loss after tax for the Year/Period	493.40	205.30	70.74	249.75	107.71
Other Comprehensive Income	0.00	0.00	0.00	0.00	0.00
Total Comprehensive Income	**493.40**	**205.30**	**70.74**	**249.75**	**107.71**

Discussion of Financial Result for the Period ended on December 31, 2023

Income

Revenue from Operations
During the Nine-month period ended December 31, 2023 our revenue from operations were ₹ 17473.36 and our total income was ₹ 17,736.84 lakhs. Revenue from operations mainly includes revenue from Ship Breaking activities and Trading. Revenue bifurcation is as follows;

₹ in Lakhs

Particulars	December 31, 2023
Ship Breaking Activities	9798.08
Trading	7675.28
Total	**17473.36**

Other Income
During the Nine-month period ended December 31, 2023, our other income was ₹ 263.48 lakhs.

Expenses

Cost of Materials Consumed
During the Nine-month period ended December 31, 2023, our cost of materials consumed was ₹ 8,554.01 lakhs.

Purchase of Stock in Trade

During the Nine-month period ended December 31, 2023, our Purchase of Stock in Trade was ₹ 7,555.98 lakhs.

Employee Benefit Expenses

During the Nine-month period ended December 31, 2023, our employee benefit expense was ₹ 187.74 lakhs.

Finance Costs

During the Nine-month period ended December 31, 2023, our finance cost was ₹ 222.09.

Depreciation and Amortization Expense
During the Nine-month period ended December 31, 2023, our depreciation and amortisation expense was ₹ 29.65 lakhs.

Other Expenses
During the Nine-month period ended December 31, 2023, our other expense were ₹ 522.27 lakhs.

Profit for the Period /Total Comprehensive Income

For the Nine-month period ended December 31, 2023, our profit was ₹ 493.40 lakhs.

Comparison of Historical Results of Operations

September 2023 compared to September 2022

Income

Revenue from Operations
During the Six-month period ended September 30, 2023 our revenue from operations were ₹ 10,094.75 lakhs and during the Six Month period ended September 30, 2022 our total income was ₹ 7529.61 lakhs. Revenue from operations mainly includes revenue from Ship Breaking activities and Trading. Revenue bifurcation is as follows;

₹ in Lakhs

Particulars	September 30, 2023	September 30, 2022
Ship Breaking Activities	4674.31	4419.15
Trading	5420.44	3110.46
Total	**10094.75**	**7529.61**

Other Income
During the Six-Month period ended September 30, 2023, our other income was ₹ 151.53 lakhs and during the Six Month period ended September 30, 2022 our other income was ₹ 176.97 lakhs.

Expenses

Cost of Materials Consumed
During the Six-Month period ended September 30, 2023, our cost of materials consumed was ₹ 4074.72 lakhs and during the Six-Month period ended September 30, 2022 it was ₹ 4111.29 Lakhs.

Purchase of Stock in Trade

During the Six-Month period ended September 30, 2023, our Purchase of Stock in Trade was ₹ 5324.4 lakhs and during the Six-Month period ended September 30, 2022 it was ₹ 3071.74 Lakhs.

Employee Benefit Expenses
During the Six Month period ended September 30, 2023, our employee benefit expense was ₹ 71.78 lakhs and during the Six Month period ended September 30, 2022 our employee benefit expense was ₹ 81.21 lakhs.

Finance Costs
During the Six Month period ended September 30, 2023, our finance cost was ₹ 152.12 lakhs and during the Six Month period ended September 30, 2022 our finance cost was ₹ 84.23 lakhs.

Depreciation and Amortization Expense

During the Six Month period ended September 30, 2023, our depreciation and amortisation expense was ₹ 19.77 lakhs and during the Six Month period ended September 30, 2022 our depreciation and amortisation expense was ₹ 19.42 lakhs.

Other Expenses
During the Six-Month period ended September 30, 2023, our other expense were ₹ 324.43 lakhs and during the Six-Month period ended September 30, 2022 our other expense were ₹ 240.96 lakhs.

Profit for the Period /Total Comprehensive Income
For the Six-Month period ended September 30, 2023, our profit was ₹ 205.30 lakhs and for the Six-Month period ended September 30, 2022 our profit was ₹ 70.74 lakhs.

FY 2022-23 compared to FY 2021-22

Total Income

Our total revenue for the Fiscal 2023 was ₹ 14,576.29 lakhs as compared to ₹ 16,313.66 lakhs for the Fiscal 2022, representing decrease of 10.65%. Total revenue is bifurcated into revenue from operations and other income.

Revenue from operations

During the Fiscal 2023, the revenue from operations of our company decreased to ₹ 14038.87 lakhs as against ₹ 15764.05 lakhs for the Fiscal 2022, a decrease of 10.94%.

Revenue from operations mainly includes revenue from Ship Breaking activities and Trading. Revenue bifurcation is as follows;

₹ in Lakhs

Particulars	FY 2022-23	FY 2021-22
Ship Breaking Activities	5,009.59	8,505.77
Trading	9,029.28	7,258.28
Total	**14,038.87**	**15,764.05**

Other income

Other income for Fiscal 2023 was ₹ 537.42 lakhs as compared to ₹ 549.61 lakhs for the Fiscal 2022, representing a marginal decrease of 2.22%.

Expenses

Cost of materials consumed

Cost of materials consumed for the Fiscal 2023 was ₹ 4,639.65 lakhs as compared to ₹ 8,136.07 lakhs for the Fiscal 2022 representing a decrease of 42.97%%. Reduction in cost of material consumed is due to reduction in revenue from operations of the company.

Purchase of Stock-in-trade

The purchase of stock-in-trade for the Fiscal 2023 was ₹ 8,973.48 lakhs as compared to ₹ 7,226.65 lakhs for the Fiscal 2022, representing a increase of 24.17%. due to increase in revenue from trading activity purchase of stock in trade was increased.

Employee benefit expenses

Our Company has incurred ₹ 100.71 lakhs employee benefit expense for the Fiscal 2023 as compared to ₹ 214.44 lakhs for the Fiscal 2022, representing an decrease of 53.04%. reduction in employee benefit expenses is due to decrease in salary and wages and director remuneration.

Finance Cost

Finance cost for the Fiscal 2023 was ₹ 164.96 lakhs as compared to ₹ 193.81 lakhs for the Fiscal 2022, representing a decrease of 14.89%. Decrease in financial cost is due to decrease in term liabilities and decrease in utilization of working capital during F.Y. 2022-23 as compare with F.Y. 2021-22.

Depreciation and Amortization Expense

Depreciation and amortization expense for the Fiscal 2023 was ₹ 38.36 lakhs as compared to ₹ 38.19 lakhs for the Fiscal 2022, representing an increase of 10.40%.

Other expenses

Other expenses for the Fiscal 2023 was ₹ 360.79 lakhs as compared to ₹ 356.57 lakhs for the Fiscal 2022, representing a marginal increase of 1.18%.

Profit/Loss before Tax

The profit/(loss) before tax for the Fiscal 2023 of ₹ 298.34 lakhs as compared to ₹ 147.93 lakhs showing a increase of 101.68%.

Profit/Loss after Tax

Our Company's profit after tax for the Fiscal 2023 of ₹ 249.75 lakhs a Increase of 131.87 % over the profit after tax for the Fiscal 2022 of ₹ 107.71 lakhs.

CASH FLOWS

The table below summaries our cash flows from our Audited Financial Information for the financial year ended March 31, 2023 and 2022

(₹ in lakhs)

Particulars	**For the year ended March 31**	
	2022-23	**2021 – 22**
Net cash generated from / (used in) Operating activities	(554.19)	(1,147.60)
Net cash generated from / (used in) Investing activities	889.66	313.27
Net cash generated from / (used in) from Financing activities	(425.61)	735.07
Net Increase / (decrease) in Cash & Cash Equivalents	**(90.14)**	**(99.26)**
Cash and cash equivalents at the beginning of the year	1,953.61	2,052.87
Cash and cash equivalents at the end of the year	**1,863.47**	**1,953.61**

Related Party Transactions

Related party transactions with our promoters, directors and their entities and relatives primarily relate to purchase and sale of products, remuneration, sitting fees, borrowings, deposits, rent, interest, reimbursements, disinvestments, employee benefit expenses, corporate social responsibility, contribution to gratuity fund, etc. For further details of such related parties under Ind AS-24, refer chapter titled *"Financial Statements"* beginning on page 93.

Contingent Liabilities

The following table sets forth our contingent liabilities as on September 30, 2023, March 31, 2023 and March 31, 2022:

(₹ in Lakhs)

Particulars	**September 30, 2023**	**As on March 31, 2023**	**As on March 31, 2022**
Contingent Liabilities:			
Corporate Guarantee	1000.00	-	350.00
Direct Tax Related Matters	39.72	27.46	27.46
Total	**1039.72**	**27.46**	**377.46**

Qualitative Disclosure about Market Risk

The Company's financial liabilities comprise mainly of borrowings, trade, other payables and financial assets comprise mainly of security deposits, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk - Foreign Currency, Credit risk and Liquidity risk. The Board of the Company monitors the risk as per risk management policy. Further, the Audit Committee has additional oversight in the area of financial risks and controls. For further details of such risk, refer chapter titled *"Financial Statements"* beginning on page 93

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Letter of Offer, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Significant economic/regulatory changes

Government policies governing the sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income except as mentioned in the section titled *"Risk Factors"* on page 24.

Except as disclosed in this Letter of Offer, to our knowledge, there are no significant regulatory changes that materially affected or are likely to affect our income from continuing operations.

Expected future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known;

Other than as described in the section titled *"Risk Factors"* and chapter titled *"Management's Discussion and Analysis of Financial Conditions and Results of Operations*" beginning on pages 24 and 96, respectively, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company's future costs and revenues will be determined by demand/supply situation and government policies.

The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Increases in revenues are by and large linked to number of projects completed by our company in timely manner.

Competitive Conditions

We have competition with Indian and international Ship Breaking players and our results of operations could be affected by competition in the Ship Breaking Industry in India and international market in the future. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations. This we believe may impact our financial condition and operations. For details, please refer to the chapter titled "*Risk Factors*" beginning on page 24

Total Turnover of Each Major industry Business Segment
We fall under a single segment Ship Breaking Industry therefore relevant clause is not applicable.

New Product or Business Segment
Except as disclosed in "*Our Business*" on page 72, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business
Business of our company is not seasonal.

Significant Developments since last balance sheet date
Except as disclosed above and in this Letter of Offer, including under "*Our Business*", "*Risk Factors*" and *"Material Developments"* on pages 72, 24 and 95, respectively, to our knowledge no circumstances have arisen since March 31, 2023, the date of the last financial information disclosed in this Letter of Offer which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Any significant dependence on a single or few suppliers or customers.

The percentage of contribution of our Company's customer vis-à-vis the total revenue from operations respectively for the period ended on December 31, 2023, September 30, 2023 and for the year ended on March

31, 2023 & March 31, 2022 are as follows:

Particulars	Top Customers as a percentage (%) of revenue from operations			
	December 31, 2023	September 30, 2023	FY 2022-23	FY 2021-22
Top 1	36.50%	36.56%	51.09%	36.33%
Top 3	47.15%	47.43%	57.89%	43.12%
Top 5	51.86%	51.07%	61.30%	48.04%
Top 10	59.31%	58.14%	65.47%	53.60%

The percentage of contribution of our Company's supplier vis-à-vis the material purchased respectively for the period ended on December 31, 2023, September 30, 2023 and for the year ended on March 31, 2023 & March 31, 2022 are as follows:

Particulars	Top Suppliers as a percentage (%) of revenue from operations			
	December 31, 2023	September 30, 2023	FY 2022-23	FY 2021-22
Top 1	57.77%	36.05%	42.15%	33.13%
Top 3	80.93%	64.13%	61.41%	62.09%
Top 5	90.48%	73.85%	72.35%	71.17%
Top 10	96.25%	82.65%	81.69%	82.44%

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) issues of moral turpitude or criminal liability on the part of our Company, Directors, or Promoters; (ii) actions by any statutory or regulatory authorities involving our Company, Directors or Promoters; (iii) economic offences where proceedings have been initiated against our Company; or (iv) claim involving our Company, Directors or Promoters for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved), (v) proceeding involving our Company, Directors or Promoters (other than proceedings covered under (i) to (iv) above) which has been determined to be "material" pursuant to our Company's 'Policy on determination of materiality of events' framed in accordance with Regulation 30 of the SEBI LODR Regulations ("**Materiality Policy**").*

In terms of the Materiality Policy, other than outstanding criminal proceedings, actions taken by any statutory or regulatory authority and claims for any direct or indirect tax liabilities mentioned in point (i) to (iii) above, all other pending litigation:

A. *involving our Company and Promoters ("**Relevant Parties**"):*

   (i) *where the aggregate monetary claim made by or against the Relevant Parties, in any pending civil litigation proceeding is lower of (a) two percent of turnover, as per the last Financial Year included in the Audited Financial Statements; or (b) two percent of net worth, except in case of the arithmetic value of the net worth is negative, as per the last Financial Year included in the Audited Financial Statements; or (c) five percent of the average of absolute value of profit or loss after tax, as per the last three Audited Financial Statements shall be considered material and will be disclosed in the Offer Documents. Five percent of the average of absolute value of profit or loss after tax, as per the last three Audited Financial Statements accounts for the lowest of the above mentioned criteria. 5% of the average of absolute value of profit or loss after tax as per the Audited Financial Statements amounts to ₹ 7.75 lakhs. Accordingly, all outstanding civil litigation proceedings where the aggregate monetary claim made by or against the Relevant Parties, in any such pending litigation proceeding is in excess of ₹ 7.75 lakhs shall be considered material; and*

   (ii) *where the monetary liability is not quantifiable, or which does not fulfil the threshold specified in (i) above, but the outcome of which could, nonetheless may have a material adverse effect on the position, business, operations, prospects or reputation of our Company will be considered "material" and will be disclosed in the Offer Documents.*

B. *involving our Directors and our Promoters (individually or in aggregate), the outcome of which would materially and adversely affect the business, operations, prospects, financial position or reputation of our Company, irrespective of the amount involved, has been considered as material.*

Further, except as disclosed in this section, there are no (i) disciplinary action taken against any of our Company and Promoters by SEBI or the Stock Exchange in the five Fiscals preceding the date of this Letter of Offer which may have a material impact on our Company.

Further, in accordance with the Materiality Policy, a creditor of our Company, shall be considered to be material creditor (except banks and financial institutions from whom our Company has availed financing facilities) for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceeds 10 percent of the total trade payables of our Company as per the most recently completed period included in the Letter of Offer.

*Accordingly, we have disclosed information of outstanding dues owed to any creditors of our Company, separately giving details of number of cases and amount for all dues where each of the dues exceed ₹ 200 lakhs (being approximately 10% of total trade payables of our Company as at September 30, 2023 as per the Limited Reviewed Financial Information) ("**Material Dues**"). Further, in accordance with the Materiality Policy for the disclosure of the outstanding dues to any party which is a micro, small or a medium enterprise ("**MSME**") will be based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

Unless stated to the contrary, the information provided in this section is as of the date of this Letter of Offer. All terms defined in a summary pertaining to a particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

I. LITIGATION INVOLVING OUR COMPANY

A. Litigations against our Company

1. Criminal Proceedings

Nil

2. Material Civil Proceedings

Nil

3. Actions taken by Statutory/Regulatory Authorities

Nil

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

Nil

5. Other Material Litigations

Nil

6. Tax Proceedings

Direct Tax

S. No.	Number of cases	Approximate involved (in ₹ lakhs)
1.	3	123.63
Total	3	123.63

Indirect Tax

S. No.	Particulars	Number of Cases	Amount involved (₹ in lakhs)
1.	GST	Nil	Nil
2.	Central Excise	Nil	Nil
3.	Customs	Nil	Nil
4.	Service Tax	Nil	Nil
	Total	**Nil**	**Nil**

A. Litigations by our Company

1. Criminal Proceedings

Nil

2. *Material Civil Proceedings*

Our Company has filed a Company Appeal (AT)(INS) No. 186 of 2023 ("**Appeal**") before the Hon'ble National Company Law Appellate Tribunal at Chennai ("**NCLAT**") against the order of the Hon'ble National Company Law Tribunal, Chennai ("**Adjudicating Authority**") dated May 12, 2023 ("**Impugned Order**") in I.A. No. 1108 of 2022 in C.P.(IB) 514 of 2017 ("**Interlocutory Application**"). The Adjudicating Authority passed an order initiating Corporate Insolvency Resolution Process of M/s. Servalakshmi Paper Ltd. ("**Corporate Debtor**"). Thereafter, the Adjudicating Authority appointed Mr. S. Dhanpal as the Official Liquidator ("**Liquidator**") of the Corporate Debtor to liquidate the assets of the Corporate Debtor. The Adjudicating Authority subsequently directed the Liquidator to act in terms of Section 230 of Companies Act, 2013, failing which it ordered to Liquidator to sell the business of Corporate Debtor company as going concern. Eventually, advertisement of E-auction ("**Auction**") was published for sale of assets of Corporate Debtor. Our Company submitted its application for participation in the Auction along with Rs. 1,00,000 (Rupees One Lakh) as refundable earnest money deposit and all the requisite documents. However, the Liquidator did not allow our Company to participate in the aforementioned Auction on the grounds that our Company had failed to furnish sufficient documents to satisfy eligibility criteria of Rs. 50,00,00,000 (Rupees Fifty Crore) net worth and conducted the Auction without our Company's participation. Our Company filed an Interlocutory Application before the Adjudicating Authority in CP/514/IB/CB/2017 seeking for restraining the Liquidator from proceeding with the sale process of Corporate Debtor, declaring the Auction as nullity, and to conduct a fresh and fair Auction. The Adjudicating Authority failed to recognise the submissions made by our Company and passed the Impugned Order dismissing the Interlocutory Application of our Company among many other aggrieved bidders who/which were all affected by the arbitrary, unfair and unjust act of the Liquidator. Hence, the present Appeal was filed before the Hon'ble NCLAT. The successful purchaser in the Auction in pursuance of the Appeal has filed an interlocutory application for impleadment as a necessary party to the Appeal. The matter is presently pending.

3. *Tax Proceedings*

Direct Tax

S. No.	Number of cases	Approximate involved (in ₹ lakhs)
NIL		

Indirect Tax

Particulars	Number of Cases	Amount involved (₹ in lakhs)
GST	Nil	Nil
Central Excise	Nil	Nil
Customs	Nil	Nil
Service Tax	Nil	Nil
Total	Nil	Nil

II. LITIGATION INVOLVING OUR DIRECTORS AND PROMOTERS

1. *Criminal Proceedings*

Nil

2. *Material Civil Proceedings*

Nil

3. *Actions by Statutory/Regulatory Authorities*

Nil

4. *Notices from Statutory Authorities*

A show cause notice ("**SCN**") bearing reference no. SEBI/HO/EAD/EAD-3/BM/DS/OW/37374/2022 dated August 08, 2022 was issued by SEBI against our Promoter, Sangeeta Jain ("**Noticee**") under Rule 4(1) of the SEBI (Procedure for Holding Inquiry and Imposing Penalties) Rules, 1995 alleging violation of regulations 3(a), (b), (c), (d) and 4(1), 4(2)(a) of SEBI (Prohibition of Fraudulent and Unfair Trading Practices relating to Securities Markets) Regulations, 2003 with respect to trading in illiquid stock options at BSE. In the SCN, while SEBI had mentioned in the event the alleged violations, if established, will make the Noticee liable for monetary penalty under section 15HA of the SEBI Act, however, SEBI had also mentioned the Noticee may avail the benefit of the SEBI Settlement Scheme, 2022 framed by SEBI ("**Scheme**") pursuant to the order dated May 13, 2022 passed by the Hon'ble Securities Appellate Tribunal. Thereafter, SEBI issued a letter bearing no. SEBI/HO/EAD/EAD-3/BM/DS/OW/2023/8216/1 dated February 24, 2023 to the Noticee providing an opportunity of hearing on March 14, 2023 on the grounds of natural justice. Post the hearing, the Noticee submitted her reply to the SCN on April 14, 2023 praying for discharge from SCN proceedings and to apply for consent regulations with the same terms as per the Scheme. The matter is presently pending for issuance of the new settlement scheme by SEBI.

5. *Tax Proceedings*

Direct Tax

S. No.	Number of cases	Approximate involved (in ₹ lakhs)
1.	2	22.50
Total	**2**	**22.50**

Indirect Tax

Particulars	Number of Cases	Amount involved (₹ in lakhs)
	Nil	

III. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

In terms of the Materiality Policy, our Company has Nil material creditors, as on September 30, 2023.

As on September 30, 2023, the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

(Amount in ₹ Lakhs)

Particulars	No. of Creditors	Amount
Outstanding dues to small scale undertakings	Nil	Nil
Outstanding dues to other creditors	5	2,000.43
Total outstanding dues	**5**	**2,000.43**

For further details, refer to the section titled "*Financial Statements*" on page 93.

IV. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS OR A FRAUDULENT BORROWER

Neither our Company, nor our Promoters or Directors have been categorized or identified as wilful defaulters or fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

V. DETAILS OF MATERIAL DEVELOPMENTS SINCE DECEMBER 31, 2023

There have not arisen, since the date of the last financial statements disclosed in this Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled *"Management's Discussion and Analysis of Financial Position and Results of Operations"* on page 96.

GOVERNMENT AND OTHER APPROVALS

We are not required to obtain any licenses or approvals from any governmental and regulatory authorities in relation to the objects of this Issue. For further details, see "***Objects of the Issue***" on page 52.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The issue has been authorised by a resolution of our Board of Directors passed at their meeting held on February 13, 2024, pursuant to Section 62(1)(a) of the Companies Act.

The Board of Directors, at its meeting held on April 12, 2024, determined the Issue Price as ₹ 35 per Rights Equity Share and the Rights Entitlement as 16 (sixteen) Rights Equity Share(s) for every 33 (thirty three) Equity Share(s) held on the Record Date, i.e., April 18, 2024.

This Letter of Offer has been approved by our Board of Directors, at its meeting held on April 20, 2024.

Our Company has received 'in-principle' approval for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI LODR Regulations, vide letter bearing reference number LOD/RIGHT/TT/FIP/44/2023-24 dated April 8, 2024 issued by BSE Limited. Our Company will also make applications to BSE to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN INE932K20015 for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, see "*Terms of the Issue*" on page 116.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, members of our Promoter Group, our directors have not been prohibited or debarred from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority as on the date of this Letter of Offer.

Further, our Promoter and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Association of our Directors with the securities markets

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

Except as disclosed in this Letter of Offer, there are no outstanding action(s) initiated by SEBI against the Directors of our Company in the five (5) years preceding the date of this Letter of Offer.

Prohibition by RBI

Neither our Company, nor our Promoter, and Directors have been categorized or identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoter and the members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018.

Eligibility of the Issue

1. Our Company is a listed company incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE Limited. Our Company is eligible to offer and issue Right Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations;

2. Our Company is undertaking this Right Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations. Our Company undertakes to make an application to BSE Limited for listing of the Right Shares to

be issued pursuant to this Issue.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

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

Compliance with Clause (1) of 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 LODR Regulations, as applicable for the last one year immediately preceding the date of filing of the Letter of Offer with the Designated Stock Exchange;

2. The reports, statements and information referred to above in clause (1) are available on the website of BSE Limited;

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 our directors 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

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is less than ₹ 5,000 lakhs. 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.

Disclaimer Clause of BSE

"BSE Limited ("the **Exchange**") has given vide its letter dated April 8, 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"

Disclaimer clauses from our Company and our Directors

Our Company and our Directors accepts no responsibility for the statements made otherwise than in this Letter of Offer or in any advertisement or other materials issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his/ her own risk.

Investors who invest in this Issue will be deemed to have represented by our Company and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Cautions

Our Company shall make all relevant information available to the Eligible Equity Shareholders in accordance with 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 of 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 Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Gujarat, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of this Issue will be BSE Limited.

Listing

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Selling Restrictions

This Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter **("Issue Materials")** and the issue of Rights Entitlements and Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come are required to inform them about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Issue Materials only to Eligible Equity Shareholders who have provided an Indian address to our Company/Registrar.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Issue Material 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, except that this Letter of Offer has been filed with the Stock Exchange.

Accordingly, the Rights Entitlement or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any offering materials or advertisements in connection with the Issue or Rights Entitlement may not be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity

Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER /LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY 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 SECURITIES. ACCORDINGLY, LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

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, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares and/ or the Rights Entitlements 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 not in the United States and eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws, and 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 and/ or Rights Entitlements in respect of any such Application Form.

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, and such person is complying with laws of the jurisdictions applicable to such person in connection with the Issue, among others; (iii) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; or (iv) where a registered Indian address is not provided, and our Company shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such Application Form.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission (the "Securities Act"), any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights 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.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. 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 EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICIATION

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 ANY OTHER JURISDICTION AT ANY TIME.

Consents

Consents in writing of our Directors, Legal Advisor, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

Our Company has received written consent dated April 18, 2024 from our Statutory Auditor, namely, M/s. S. N. Shah & Associates, Chartered Accountants for inclusion of (i) Audited Financial for the Financial Year ended March 31, 2023 and March 31, 2022 and Un-audited Financial Statements for the period ended December 31, 2023 as per limited review report dated February 13, 2024, September 30, 2023 as per limited review report dated November 11, 2023 and September 30, 2022 as per limited review report dated November 10, 2022 in this Letter of Offer, and (ii) their name in this Letter of Offer and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in relation to their report on the Statement of Possible Special Tax Benefits dated April 18, 2024 in the form and context in which it appears in this Letter of Offer. Such consent has not been withdrawn up to the date of this Letter of Offer.

Expert Opinion

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

Our Company has received written consent dated April 18, 2024 from our Statutory Auditor to include their name as required in this Letter of Offer and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 on the Audited Financial for the Financial Year ended March 31, 2023 and March 31, 2022 and Un-audited Financial Statements for the period ended December 31, 2023 as per limited review report dated February 13, 2024, September 30, 2023 as per limited review report dated November 11, 2023 September 30, 2022 as per limited review report dated November 10, 2022 and the Statement of Tax Benefits dated April 18, 2024 and such consent has not been withdrawn as of the date of this Letter of Offer. The term 'expert' and consent thereof, does not represent an expert or consent within the meaning under the U.S. Securities Act.

Performance vis-à-vis objects – Public/Rights Issue of our Company

Our Company has not made any public /rights issues during the five (5) years immediately preceding the date of this Letter of Offer. Further, there have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Stock Market Data of Equity Shares Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer was filed with the Stock Exchange and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination.

Mechanism for Redressal of Investor Grievances

Our Company has made 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. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular bearing reference number 'CIR/OIAE/2/2011 dated June 3, 2011'. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Our Company Secretary and Compliance Officer is responsible for the handling of investor grievances. As on the date of this Letter of Offer we have not received any investor grievances.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue at:

REGISTRAR TO THE ISSUE

Cameo Corporate Services Limited
"Subramaniam Building",
No. 1, Club House Road,
Chennai- 600002, India
Tel No.: 044-4002 0700/ 2846 0390
Email: rights@cameoindia.com
Website: https://rights.cameoindia.com/vms /www.cameoindia.com
Investor Grievance Email: investor@cameoindia.com
Contact Person: K. Sreepriya – Vice President & Company Secretary
SEBI Registration No.: INR000003753
Validity of Registration: Permanent

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre-Issue/post- Issue related matter such as non-receipt of letter of Allotment, credit of Rights Equity Shares, refund and such other matters. The contact details of the Compliance Officer are as follows:

Hemal Panakajkumar Patel is the Company Secretary and Compliance Officer of our Company. His contact details are set forth hereunder.

808/C Pinnacle Business Park Corporate Road,
Prahladnagar, Ahmedabad, Gujarat,
India, 380015.
Telephone No.: +91- 99789 41676
Email: cs@vmsil.in
Website: www.vmsil.in

SECTION IX – ISSUE RELATED 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 Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, and the Application Form, before submitting the Application Form. Our Company is not liable for any amendments or modifications 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 investigation and ensure that the Application Form is correctly filled up in accordance with the instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA.

Investors are requested to note that application in this Issue can only be made through ASBA.

*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 renounces) shall make an application for a rights issue only through ASBA facility. However, in view of the COVID-19 pandemic and the lockdown measures undertaken by Central and State Governments, relaxation from the strict enforcement of the SEBI – Rights Issue Circular has been provided by SEBI, vide its Circular SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, Circular SEBI/HO/CFD/DIL1/CIR/P/2021/13 dated January 19, 2021 and Circular SEBI/HO/CFD/DIL2/CIR/P/2021/552 dated April 22, 2021.*

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 this 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 LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the BSE Limited 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 and ASBA Circular, our Company will send/dispatch at least 3 (Three) days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material **("Issue Materials")** only to the Eligible Equity Shareholders who have provided an India address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Right Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the India addresses provided by them.

Further, the Letter of Offer will be sent/dispatched, by the Registrar to the Issue on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses and have made a request in this regard.

Investors can also 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 Right Equity Shares under applicable securities laws) on the websites of:

a. Our Company's website at www.vmsil.in
b. Registrar to the Issue's website at https://rights.cameoindia.com/vms
c. BSE Limited's website at www.bseindia.com
d. Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue's website at https://rights.cameoindia.com/vms 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 at www.vmsil.in

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.

Please note that, our Company, and the Registrar to the Issue will not be liable 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 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 Rights Entitlement Letters are delayed or misplaced in transit. Resident Eligible Equity Shareholders, who are holding Equity Shares in physical form as on the Record Date, can obtain details of their respective Rights Entitlements from the website of the Registrar by entering their Folio Number.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of 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 the Stock Exchange. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and this 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 and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this 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 redistributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company its respective 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 Forms 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 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 its respective affiliates to make any filing or registration (other than in India).

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer, Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided a valid e-mail address and an Indian address to our Company.

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company and who make a request in this regard.

2. PROCESS OF MAKING AN APPLICATION IN THIS ISSUE

In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circulars 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.

a. ASBA facility

Investors can submit either the Application Form in physical mode to the Designated Branches 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.

Investors 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 paragraph titled *'Procedure for Application through the ASBA Process'* on page 127.

Please note that subject to SCSBs complying with the requirements of SEBI circular bearing reference number 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 bearing reference number CIR/CFD/DIL/1/2013 dated January 02, 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, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in 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 130.

b. **Credit of Rights Entitlements in demat accounts of Eligible Shareholders**

In accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Right Equity Shares shall be made in dematerialized form only.

Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to:

a. The demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form;
b. A demat suspense escrow account (namely, 'VMS INDUSTRIES RIGHT ISSUE SUSPENSE ESCROW ACCOUNT') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to:
    i. Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI (LODR) Regulations; or

    ii. Equity Shares held in the account of IEPF authority; or

    iii. 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

    iv. Credit of the Rights Entitlements returned/ reversed/ failed; or

    v. The ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable.

    vi. Eligible Equity Shareholders who have not provided their Indian addresses.

    vii. 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.

    Eligible Equity Shareholders as on Record Date 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 to the Issue not later than 2 (Two) Working Days prior to the Issue Closing Date, i.e., by Monday May 13, 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 1 (One) day before the Issue Closing Date ,i.e. Wednesday May 15,2024

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 is active, details of which have been provided to the Company or the Registrar to the Issue, to facilitate the aforementioned transfer.

Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar i.e. https://rights.cameoindia.com/vms 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 www.vmsil.in.

OTHER IMPORTANT LINKS AND HELPLINE

The Investors can visit following links for the below-mentioned purposes:

1. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://rights.cameoindia.com/vms

2. Updating of Indian address/ e-mail address/ mobile number in the records maintained by the Registrar to the Issue or our Company: https://rights.cameoindia.com/vms

3. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form; https://rights.cameoindia.com/vms

4. Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Shareholders: https://rights.cameoindia.com/vms

RENOUNCEES

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

AUTHORITY FOR THE ISSUE

The Board of Directors in its meeting dated February 13, 2024 has authorised this Issue under Section 62(1) (a) of the Companies Act, 2013.

The Board of Directors in their meeting held on April 12, 2024 have determined the Issue Price at ₹ 35 per Equity Share and the Rights Entitlement as 16 Rights Equity Share(s) for every 33 fully paid-up Equity Share(s) held on the Record Date.

The Company has been allotted ISIN - INE932K20015 for the Rights Entitlement to be credited to the respective demat account of Equity Shareholders of the Company.

Our Company has received in-principal approval from BSE in accordance with Regulation 28 of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in the Issue pursuant to letter dated April 8, 2024.

BASIS FOR THIS ISSUE

The Right 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 dematerialised form and on the register of members at the close of business hours on the Record Date i.e. Thursday, April 18, 2024.

RIGHTS ENTITLEMENTS

Eligible Equity Shareholders whose names appear as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form may be entitled to subscribe to the number of Right 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 Registrar to the Issue's website at https://rights.cameoindia.com/vms 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 our Company's website at www.vmsil.in.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised 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 2 (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/vms). 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/ dispatch the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form only to 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 Equity Shares is permitted under laws of such jurisdictions. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them. For further details, see "*Notice to Investors*" on page 15.

PRINCIPAL TERMS OF THIS ISSUE

1. Face Value

Each Right Equity Shares will be having face value of ₹10.00 (Rupees Ten Only).

2. Issue Price

Each Rights Equity Share is being offered at a price of ₹ 35 (Rupees Thirty-Five only) per Rights Equity Share (including a premium of ₹ 25 (Rupees Twenty-Five only) per Rights Equity Share) in this Issue.

3. Rights Entitlements Ratio

The Right Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 16 Rights Equity Share(s) for every 33 fully paid-up Equity Share(s) held by the Eligible Equity Shareholders as on the Record Date, i.e. April 18, 2024.

4. Renunciation of Rights Entitlements

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance, GoI 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 125.

In accordance with SEBI Rights Issue Circulars, 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 2 (Two) Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

5. Terms of Payment

The entire amount of the Issue Price of ₹ 35 (Rupees Thirty-Five only) per Rights Equity Share shall be payable at the

time of Application.

6. Process of Credit of Rights Entitlements in dematerialized account

In accordance with Regulation 77A of the SEBI (ICDR) Regulations read with the SEBI Issue Circulars, the credit of Rights Entitlements and Allotment of Right Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to:

a. The demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialized form; and

b. A demat suspense escrow account (namely, 'VMS INDUSTRIES RIGHT ISSUE SUSPENSE ESCROW ACCOUNT') opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to:

i. Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI (LODR) Regulations; or

ii. Equity Shares held in the account of IEPF authority; or

iii. 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

iv. Credit of the Rights Entitlements returned/ reversed/ failed; or

v. The ownership of the Equity Shares currently under dispute, including any court proceedings, as applicable

vi. 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.

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 INE932K20015. The said ISIN shall remain frozen (for debit) till the Issue Opening Date and shall become active on the Issue Opening Date and remain active for renunciation or transfer during the Renunciation Period. It is clarified that the Rights Entitlements shall not be available for transfer or trading post the Renunciation Period. 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 2 (Two) Working Days prior to the Issue Closing Date, i.e., by May 13, 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 1 (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 keying in their respective details along with other security control measures implemented thereat.

PLEASE NOTE THAT CREDIT OF THE RIGHTS ENTITLEMENTS IN THE DEMAT ACCOUNT DOES NOT, PER SE, ENTITLE THE INVESTORS TO THE RIGHTS EQUITY SHARES AND THE INVESTORS HAVE TO SUBMIT APPLICATION FOR THE RIGHTS EQUITY SHARES ON OR BEFORE THE ISSUE CLOSING DATE I.E., MAY 16, 2024 AND MAKE PAYMENT OF THE APPLICATION MONEY. FOR DETAILS, SEE "PROCEDURE FOR APPLICATION" ON PAGE 125.

7. Fractional Entitlements

The Right Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 16 Right Equity Shares for every 33 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 33 Equity Shares or is not in the multiple of 33 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 Right Equity Shares over and above their Rights Entitlements, if any, subject to availability of Right Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 3 Equity Shares, such Equity Shareholder will be entitled to 1 Rights Equity Share(s) 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 Right Equity Shares, over and above his/ her Rights Entitlements, subject to availability of Right Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 3 Equity Shares shall have 'zero' entitlement for the Right Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Right Equity Shares and will be given preference in the Allotment of one Right Equity Shares, if such Eligible Equity Shareholders apply for additional Right Equity Shares, subject to availability of Right Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

8. Credit Rating

As this Issue is a rights issue of Rights Equity Shares, there is no requirement of credit rating for this Issue.

9. Ranking of Equity Shares

The Right 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 LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice.

The Right Equity Shares being issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association. The Right Equity Shares shall rank pari-passu, in all respects including dividend, with our existing Equity Shares.

The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance, if any.

10. Trading of the Rights Entitlements

In accordance with the ASBA Circulars and SEBI Rights Issue Circulars, the Rights Entitlements credited shall be admitted for trading on the BSE Limited under ISIN INE932K20015. Prior to the Issue Opening Date, our Company will obtain approval from BSE Limited 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 one Rights Entitlement.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation,

i.e., from May 02, 2024 to May 10, 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 Renouncees 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 128.

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.

11. Listing and trading of the Right Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Right 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 Right Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary procedures for listing and commencement of trading in the Right Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principal approval from the BSE through letter bearing reference number LOD/RIGHT/TT/FIP/44/2023-24 dated April 8, 2024. Our Company will apply to BSE Limited for final approvals for the listing and trading of the Right Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Right Equity Shares or the price at which the Right Equity Shares offered under this Issue will trade after the listing thereof.

The Right Equity Shares shall be listed and admitted for trading on the BSE Limited under separate ISINs for Right Equity Shares. The procedures for listing and trading of Right Equity Shares shall be completed within 7 (Seven) Working Days from the date of finalization of the Basis of Allotment.

The existing Equity Shares are listed and traded on BSE Limited bearing Scrip Code **'533427'** under ISIN '**INE932K01015**'. The Rights Equity shall be credited to temporary ISINs which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Right Equity Shares shall be debited from such temporary ISINs and credited to the existing ISIN as fully paid-up Equity share of our company.

The listing and trading of the Right 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 BSE Limited, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within 4 (Four) days of receipt of intimation from the BSE Limited, rejecting the application for listing of the Right Equity Shares, and if any such money is not refunded/ unblocked within 4 (Four) days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

12. 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 the paragraph titled "***Intention and extent of participation in the Issue by the Promoter and Promoter Group***" under the section titled ***'Capital Structure'*** on page 49.

13. Rights of holders of Right Equity Shares of our Company

Subject to applicable laws, holders of the Right Equity Shares shall have the following rights:

a. The Right Equity Shares shall rank *pari-passu* with the existing Equity Shares in all respects;

b. The right to received dividend if declared;

c. The right to vote in person, or by proxy, except in case of Right Equity Shares credited to the demat suspense account for resident Eligible Shareholders;

d. The right to receive surplus on liquidation;

e. The right to free transferability of Right Equity Shares;

f. The right to attend general meetings of our Company and exercise voting powers in accordance with law; and

g. 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 Right Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Right Equity Shares in this Issue.

GENERAL TERMS OF THE ISSUE

1. Market Lot

The Right Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for the Right Equity Shares in dematerialized mode is one Equity Share.

2. 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 Right Equity Shares offered in this Issue.

3. Nomination

Nomination facility is available in respect of the Right 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 Right Equity Shares to be allotted in this Issue. Nominations registered with the respective Depository Participants 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.

4. Arrangements for Disposal of Odd Lots

The Right Equity Shares are traded in dematerialized form only and therefore the marketable lot is One Equity Share and hence no arrangements for disposal of odd lots are required.

5. Restrictions on transfer and transmission of shares and on their consolidation/splitting

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to this Issue. However, the Investors should note that pursuant to provisions of the SEBI LODR Regulations, with effect from April 1, 2019 except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

6. Notices

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circulars and MCA General Circular No. 21/2020, our Company will send the Issue Materials only to the Eligible Equity Shareholders who have provided an Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Right Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

The Letter of Offer will be provided by the Registrar to the Issue 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. In case the 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 the Eligible Equity Shareholders have not provided their email 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 and one Gujarati language daily newspaper with wide circulation (Gujarati being the regional language of Gujarat where our Registered Office is situated).

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 website.

OFFER TO NON-RESIDENT ELIGIBLE 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 4, 2018 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 favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by 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 by email on priya@cameoindia.com physically/postal means at the address of the Registrar mentioned on the cover page of the Letter of Offer. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and our Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent/dispatched to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company and are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions. 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 Exchange. 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 their partition 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.

PROCEDURE FOR APPLICATION

How to Apply

In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars 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, i.e. April 18, 2024 see "*Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*" on page 132.

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 Right Equity Shares offered as part of this Issue would be sent to the Eligible Equity Shareholders only to

i. E-mail addresses of resident Eligible Equity Shareholders who have provided their e-mail addresses;

ii. Indian addresses of the resident Eligible Shareholders, on a reasonable effort basis, whose e-mail addresses are not available with our Company or the Eligible Equity Shareholders have not provided the valid email address to our Company;

iii. Indian addresses of the non-resident Eligible Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company; and

iv. E-mail addresses of foreign corporate or institutional shareholders.

The Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent/ dispatched at least 3 (Three) days before the Issue Opening Date. The Renouncees and Eligible Equity Shareholders who have not received the Application Form can download the same from the website of the Registrar, our Company or Stock Exchange. 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 email-to-email address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions.

In case of non-resident Eligible Shareholders, the Application Form along with the Abridged Letter of Offer and the Rights Entitlement Letter shall be sent through e-mail address if they have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Right Equity Shares is permitted under laws of such jurisdictions.

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 e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit or there is a delay in physical delivery (where applicable).

To update the respective e-mail addresses/ mobile numbers in the records maintained by the Registrar or our Company, Eligible Equity Shareholders should visit https://rights.cameoindia.com/vms 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 Right Equity Shares under applicable securities laws) from the websites of:

a. Our Company at www.vmsil.in

b. The Registrar at https://rights.cameoindia.com/vms

c. The Stock Exchange at www.bseindia.com

The Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar at https://rights.cameoindia.com/vms 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.vmsil.in

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue on the basis of 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 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 Right 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 Right Equity Shares by:

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 the irrespective ASBA Accounts

ii. **Please note that Applications made with payment using third party bank accounts are liable to be rejected.**

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

a) 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;

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 135. 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 130.

OPTIONS AVAILABLE TO THE ELIGIBLE SHAREHOLDERS

The Rights Entitlement Letter will clearly indicate the number of Right Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

1. Apply for its Right Equity Shares to the full extent of its Rights Entitlements; or
2. Apply for its Right Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
3. Apply for Right Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
4. Apply for its Right Equity Shares to the full extent of its Rights Entitlements and apply for additional Right Equity Shares; or
5. Renounce its Rights Entitlements in full.

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 bearing reference number *'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 Right 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.

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 BSE Limited.

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 processes*** on page 130.

ADDITIONAL RIGHT EQUITY SHARES

Investors are eligible to apply for additional Right Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Right Equity Shares under applicable law and they have applied for all the Right Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Right 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 Right 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 .

Eligible Equity Shareholders who renounce their Rights Entitlements in full or part cannot apply for additional Right Equity Shares.

Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

INVESTORS TO KINDLY NOTE THAT AFTER PURCHASING THE RIGHTS ENTITLEMENTS THROUGH ON MARKET RENUNCIATION / OFF MARKET RENUNCIATION, AN APPLICATION HAS TO BE MADE FOR SUBSCRIBING TO THE RIGHTS EQUITY SHARES. IF NO SUCH APPLICATION IS MADE BY THE RENOUNCEE ON OR BEFORE ISSUE CLOSING DATE, THEN SUCH RIGHTS ENTITLEMENTS WILL GET LAPSED AND SHALL BE EXTINGUISHED AFTER THE ISSUE CLOSING DATE AND NO RIGHTS EQUITY SHARES FOR SUCH LAPSED RIGHTS ENTITLEMENTS WILL BE CREDITED. FOR PROCEDURE OF APPLICATION BY SHAREHOLDERS WHO HAVE PURCHASED THE RIGHT ENTITLEMENT THROUGH ON MARKET RENUNCIATION / OFF MARKET RENUNCIATION, PLEASE REFER TO THE HEADING TITLED "PROCESS OF MAKING AN APPLICATION" ON PAGE 125 OF THIS LETTER OF OFFER.

Resident Eligible Equity Shareholders whose dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Right 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 Right 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.

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.

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.

1. 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 Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under the ISIN that shall be allotted for the Rights Entitlement 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 one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from May 02, 2024 to May 10, 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 INE932K20015 (for Rights Entitlement) that shall be allotted for the Rights Entitlement 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+1 rolling settlement bases, 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.

2. 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 (for Rights Entitlement) that shall be allotted for the Rights Entitlement, 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. 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:

a) Name of our Company, being ***'VMS Industries Limited'***;

b) 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);

c) Registered Folio No./DP and Client ID No.;

d) Number of Equity Shares held as on Record Date;

e) Allotment option – only dematerialized form;

f) Number of Right Equity Shares entitled to;

g) Total number of Right Equity Shares applied for;

h) Number of additional Right Equity Shares applied for, if any;

i) Total number of Right Equity Shares applied for;

j) Total amount paid at the rate of ₹ 35/- for Right Equity Shares issued in one Rights Entitlement;

k) Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;

l) In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO Account such as the account number, name, address, branch of the SCSB with which the account is maintained and a copy of the RBI approval obtained pursuant to Rule 7 of the FEMA Rules.

m) 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 Right Equity Shares applied for pursuant to this Issue;

n) Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

o) Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and

p) In addition, all such Eligible Equity Shareholders are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlement nor the 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 in a transaction exempt from, or not subject to, the registration*

requirements of the US Securities Act. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand that this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that none of the Company, 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 we, the Registrar or any other person acting on behalf of the Company has reason to believe is in the United States, or if such person is outside India and the United States, such person is not a corporate shareholder, or is ineligible to participate in the Issue under the securities laws of their jurisdiction. I/ We will not offer, sell or otherwise transfer any of the 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 except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

*I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S under the US Securities Act (hereinafter referred to as **'Regulation S'**), or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.*

I/ We acknowledge that we, the Company its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

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/vms.

I/ We acknowledge that 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 ASBA facility;

The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application through ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this 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, 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 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 finalization 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.

The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. After the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

APPLICATION BY ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES IN PHYSICAL FORM

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least 2 (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 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. In the event, the relevant details of the demat accounts of such Eligible Equity Shareholders are not received during the Issue Period, then their Rights Entitlements kept in the suspense escrow demat account shall lapse.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar of our Company, Eligible Equity Shareholders should visit https://rights.cameoindia.com/vms.

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, i.e. April 18, 2024 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 2 (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:

   - Our Company (www.vmsil.in)
   - Registrar to the Issue (https://rights.cameoindia.com/vms)
   - 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/vms 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 (www.vmsil.in)

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 authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

PLEASE NOTE THAT NON-RESIDENT ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE, i.e. APRIL 18, 2024 AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR

OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTSENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

ALLOTMENT OF THE RIGHT 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 THESAME DEPOSITORY ACCOUNTIN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE.

GENERAL INSTRUCTIONS FOR INVESTORS

I. Please read this Letter of Offer carefully to understand the Application process and applicable settlement process;
II. Please read the instructions on the Application Form sent to you;
III. The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees;
IV. Application should be made only through the ASBA facility;
V. 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;
VI. 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 processes*** on page 130;
VII. In accordance with Regulation 76 of the SEBI (ICDR) Regulations, SEBI Rights Issue Circulars 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
VIII. 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.
IX. Applications should be (i) 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 the 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,
X. 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;
XI. 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 equal to the Application Money in the ASBA Account mentioned in the Application Form;
XII. 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 Right Equity Shares pursuant to this Issue shall be made into the accounts of such Investors;
XIII. 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;
XIV. 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;
XV. 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;

XVI. All communication in connection with Application for the Right 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 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;

XVII. Please note that subject to SCSBs complying with the requirements of SEBI Circular bearing reference number '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;

XVIII. 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;

XIX. Investors are required to ensure that the number of Right Equity Shares applied for by them do not exceed the prescribed limits under the applicable law;

XX. 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. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number;
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.

Dos 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 Right 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 Right Equity Shares (including additional Right Equity Shares) applied for} X {Application Money of Right 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 on a 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 apply if you are not eligible to participate in this Issue under the securities laws applicable to your jurisdiction;
2. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa;
3. Do not send your physical Application to the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only;
4. 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 Registrar to the Issue and 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 Forms 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 this 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, and money

order, postal order or outstation demand drafts;

14. 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;

15. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs) or other jurisdictions where the offer and sale of the Right 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) outside India and the United States and is a foreign corporate or institutional shareholder eligible to subscribe for the Rights Equity Share under the applicable securities laws or (b) a U.S. QIB 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 Right Equity Shares in respect of any such Application Form;

16. Applications which have evidence of being executed or made in contravention of applicable securities laws;

17. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar;

18. Applications by a non-resident without the approval from RBI with respect to Rule 7 of the FEMA Rules;

19. Application forms supported by the amount blocked from a third party bank account.

DEPOSITORY ACCOUNT AND BANK DETAILS FOR INVESTORS HOLDING 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 RIGHT EQUITY SHARES DEMATERIALISED 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 Right Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, or the Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay.

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. **In case of Application through ASBA facility, the Investor agrees to block the amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account.**

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 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.

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.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the Application Form.

The SCSB may reject the application at the time of acceptance of Application Formic the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth hereinafter.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility.

Mode of payment for non-resident Investors

As regards the Application by non-resident Investors, payment must be made only through the ASBA facility and using permissible accounts in accordance with the FEMA, FEMA Rules and requirements prescribed by the RBI and subject to the following conditions:

i. 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, and our Company.

   Note: In case of non-resident Eligible Equity Shareholders, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form shall be sent to their email addresses if they have provided their Indian address to our Company or if they are located in certain jurisdictions (other than the United States and India) where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering such jurisdiction. 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 or who are located

in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and does not result in and may not be construed as, a public offering in such jurisdictions and in each case who make a request in this regard.

ii. 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.

iii. 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:

(i) In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Right Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act;

(ii) In case Right Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Right Equity Shares cannot be remitted outside India;

(iii) 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;

(iv) Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Right 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;

(v) 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;

(vi) Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Right Equity Shares.

MULTIPLE APPLICATIONS

In case where multiple Applications are made in respect the Rights Entitlements using same demat account, such Applications shall be liable to be rejected. However supplementary applications in relation to further Right Equity Shares with/without using additional Rights Entitlements will 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. For details, see ***'Procedure for Applications by Mutual Funds'*** below. Cases where Investor submits Application Forms along with plain paper or multiple plain paper Applications for same Rights Entitlements shall be treated as multiple applications.

In cases where multiple Application Forms are submitted, such Applications shall be treated as multiple applications and are liable to be rejected.

LAST DATE FOR APPLICATION

The last date for submission of the duly filled in the Application Form or a plain paper Application is 16 day of May, 2024, i.e., Issue Closing Date. The Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 (Thirty) 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 on or before the Issue Closing Date or such date as may be extended by the Board of Directors, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and the Board of Directors shall be at liberty to dispose of the Right Equity Shares hereby offered, as provided under the section, ***'Basis of Allotment'*** on page 139.

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 BSE Limited.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

WITHDRAWAL OF APPLICATION

An Investor who has applied in this Issue may withdraw their application at any time during Issue Period by approaching the SCSB where application is submitted facility. However, no Investor, whether applying through ASBA facility may withdraw their application post the Issue Closing Date.

ISSUE SCHEDULE

Last date for Credit of Rights Entitlements	on or Before Wednesday, May 01, 2024
Issue Opening Date	Thursday, May 02, 2024
Last Date for On Market Renunciation*	Friday, May 10, 2024
Issue Closing Date	Thursday, May 16, 2024
Finalisation of Basis of Allotment (on or about)	On or before Thursday, May 23, 2024
Date of Allotment (on or about)	On or before Thursday, May 23, 2024
Date of Credit (on or about)	On or before Tuesday, May 28, 2024
Date of Listing (on or about)	On or before Thursday, May 30, 2024

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

Our Board of Directors may however decide to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date).

BASIS OF ALLOTMENT

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to allot the Right Equity Shares in the following order of priority:

1. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Right Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Right Equity Shares renounced in their favour, in full or in part.

2. 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 Right Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Right Equity Shares after allotment under (a) above. If number of Right Equity Shares required for Allotment under this head are more than the number of Right 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.

3. Allotment to the Eligible Equity Shareholders who having applied for all the Right Equity Shares offered to them as part of this Issue, have also applied for additional Right Equity Shares. The Allotment of such additional Right 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 Right Equity Shares after making full Allotment in (1) and (2) above. The Allotment of such Right 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.

4. Allotment to Renounces who having applied for all the Right Equity Shares renounced in their favour, have applied for additional Right Equity Shares provided there is surplus available after making full Allotment under (1), (2) and (3) above. The Allotment of such Right 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.

5. Allotment to any other person, that our Board may deem fit, provided there is surplus available after making Allotment under (1), (2), (3) and (4) above, and the decision of our Board in this regard shall be final and binding. After taking into account Allotment to be made under (1) to (4) 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 Right Equity Shares in this Issue, along with:

a) 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;

b) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

c) 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 (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 on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at 15% p.a. or such other rate as specified under applicable law from the expiry of such 15 (Fifteen) 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.

Where an Applicant has applied for additional Equity Shares in the Issue and is allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

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

1. Unblocking amounts blocked using ASBA facility.

2. National Automated Clearing House (hereinafter referred to as **'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.

3. National Electronic Fund Transfer (hereinafter referred to as **'NEFT'**) – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (hereinafter referred to as '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.

4. 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.

5. 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.

6. For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

7. 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 SHARES

The demat credit of Shares 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 (Fifteen) days from the Issue Closing Date or such other timeline in accordance with applicable laws.

RECEIPT OF THE RIGHT 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 DEPOSITORYACCOUNT/ 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 WHERE THE CREDIT OF THE RIGHTS EQUITY SHARES RETURNED/REVERSED/FAILED.

Investors shall be allotted the Right Equity Shares in dematerialized (electronic) form.

INVESTORS MAY PLEASE NOTE THAT THE RIGHT EQUITY SHARES CAN BE TRADED ON THE BSE LIMITED ONLY IN DEMATERIALIZED FORM

The procedure for availing the facility for Allotment of Right 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 Right Equity Shares and the Application Form will be rejected.

5. The Right 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 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 Right 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 Right Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

PROCEDURE FOR APPLICATION BY CERTAIN CATEGORIES OF INVESTORS

1. Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post -Offer Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions 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. Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which our Company operates.

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 Shares 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 (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions: (a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and (b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

2. 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.

3. 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% of the total paid - up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian Company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issuance of the Right Equity Shares to Restricted Investors will also require a 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 of the Government of India is required and such approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

4. 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.

5. 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 Shares; 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 Shares; or otherwise induces directly or indirectly a Company to allot, or register any transfer of, Shares 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 ₹ 10 lakhs or 1% 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 ₹10 lakhs or 1% 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 ₹50 lakhs or with both.

PAYMENT BY STOCK INVEST

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 Rights 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.

Our Board of Directors of the Company 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. Wherever an application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 (Four) days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

UTILISATION 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) shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies had 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.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of the issue shall be attended to by our Company expeditiously and satisfactorily;

2. All steps for completion of the necessary formalities for listing and commencement of trading at BSE Limited,

where the Right Equity Shares are to be listed are taken within the time limit specified by the SEBI;

3. The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company;

4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 (Fifteen) days of closure of the issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5. Where release of block on the application amount for unsuccessful bidders or part of the application amount in case of proportionate allotment, a suitable communication shall be sent to the applicants;

6. Adequate arrangements shall be made to collect all ASBA applications.

Minimum Subscription

The Issue is subject to being in receipt of minimum subscription of 90% of the Issue in accordance with the provisions of Regulation 86 of SEBI ICDR Regulations.

Filing of Draft Letter of Offer/Letter of Offer

The Draft Letter of Offer had not filed with SEBI, as the size of issue is less than ₹ 50 Crores. The Draft Letter of Offer has been filed with BSE (the Designated Stock Exchange having nationwide terminal) for obtaining in-principal approval.

However, a copy of this Letter of Offer has been submitted with SEBI for the purpose of their information and dissemination and shall be filed with the Stock Exchange.

Withdrawal of the Issue

Subject to provisions of the SEBI ICDR Regulations, the Companies Act and other applicable laws, Our Company reserves the right not to proceed with the Issue at any time before the Issue Opening Date without assigning any reason thereof.

If our Company withdraws the Issue any time after the Issue Opening Date, a public notice within 2 (Two) Working Days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue shall be issued by our Company. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisement has appeared and the Stock Exchange will also be informed promptly.

The Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction. Our Company shall also inform the same to the Stock Exchange.

If our Company withdraws the Issue at any stage including after the Issue Closing Date and subsequently decides to proceed with an Issue of the Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed.

IMPORTANT

1. Please read this 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 this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

2. All enquiries in connection with this 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 *[VMS 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
   "Subramaniam Building",

No. 1, Club House Road,
Chennai- 600002, India
Tel No.: 044-4002 0700/ 2846 0390
Email: rights@cameoindia.com
Website: https://rights.cameoindia.com/vms / www.cameoindia.com
Investor Grievance Email: investor@cameoindia.com
Contact Person: K. Sreepriya – Vice President & Company Secretary
SEBI Registration No.: INR000003753
Validity of Registration: Permanent

In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (https://rights.cameoindia.com/vms). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are -044-4002 0700/ 2846 0390.

3. This Issue will remain open for a minimum 7 (Seven) days. However, the Board of Directors will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (Thirty) 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 Foreign Investment Promotion Board (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 through the FDI Policy (defined below).

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 Policy"), 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 Policy will be valid until the DPIIT issues an updated circular.

The Government 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 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 SEBI Takeover Regulations; (ii) the non- resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country ("Restricted Investors"), will require prior approval of the Government, as prescribed in the FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Pursuant to the Foreign Exchange Management (Non -debt Instruments) (Fourth Amendment) Rules, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

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 the issue as an incorporated non-resident must do so in accordance with the FDI Policy 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 Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the contracts and documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. and on the website of the Company from the date of the Letter of Offer until Issue Closing Date.

Material Contracts

1. Registrar Agreement dated January 25, 2024 between our Company and the Registrar to the Issue;
2. Bankers to the Issue Agreement dated April 15, 2024 among our Company, the Registrar to the Issue and the Bankers to the Issue;
3. Tripartite Agreement between our Company, Central Depository Services (India) Limited (CDSL) and Registrar to the Issue dated April 19, 2010.
4. Tripartite Agreement between our Company, National Securities Depository Limited (NDSL) and Registrar to the Issue dated March 18, 2010.

Material Documents

1. Certified copies of the updated Memorandum and Articles of Association of our Company, as amended from time to time.

2. Copy of Certificate of Incorporation dated December 2, 1991 issued by Registrar of Companies, Gujarat, Dadra & Nagar Haveli for the incorporation of the Company under the name of *"Varun Management Services Private Limited".*

3. Fresh certificate of incorporation dated May 22, 2007 issued by the RoC pursuant to the change in name of the Company from "*Varun Management Services Private Limited"* to *"VMS Industries Private Limited".*

4. Fresh certificate of incorporation dated January 29, 2010 issued by the RoC pursuant to the conversion of our Company into public limited company.

5. Resolution of our Board of Directors dated February 13, 2024 authorizing the Issue and adopting the Draft Letter of Offer.

6. Resolution of our Board of Directors dated April 12, 2024, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.

7. Resolution of our Board of Directors dated April 20, 2024 adopting this Letter of Offer.

8. Consents of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Legal Counsel to the Issue, Bankers to the Issue, and the Registrar to the Issue for inclusion of their names in the Letter of Offer to act in their respective capacities.

9. Consent letter dated April 18, 2024 from our Statutory Auditor, namely, M/s. S. N. Shah & Associates, Chartered Accountants for inclusion of (i) Audited Financial for the Financial Year ended March 31, 2023 and March 31, 2022, Un-audited Financial Information for the period ended December 31, 2023 as per limited review report dated February 13, 2024, September 30, 2023 and September 30, 2022 as per limited review report dated November 11, 2023 and November 10, 2022 respectively in this Letter of Offer, and (ii) their name in this Letter of Offer and as an 'expert' as defined under Section 2(38) of the Companies Act, 2013 in relation to their report on the Statement of Possible Special Tax Benefits dated April 18, 2024 in the form and context in which it appears in this Letter of Offer.

10. Copies of Audited Financial Statements of our Company for Fiscals 2023 and 2022 and the limited reviewed financial results for the period ended on December 31, 2023, September 30, 2023 and September 30, 2022.

11. Copies of Annual Reports of our Company for the past five years.

12. Statement of Possible Special Tax Benefits dated April 18, 2024 for our Company from the Statutory Auditors of our Company.

13. In-principle approval issued by BSE Limited bearing LOD/RIGHT/TT/FIP/44/2023-24 dated April 8, 2024.

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 notice to the Eligible Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Letter of Offer are true and correct.

Name	**Signature**
Manojkumar Jain Designation: Chairman and Managing Director DIN: 02190018	Sd/-
Sangeeta Jain Designation: Whole-time Director DIN: 00125273	Sd/-
Bakul Kishanlal Mehta Designation: Non-Executive - Independent Director DIN: 02902485	Sd/-
Pranavkumar Vinaykant Parikh Designation: Non-Executive - Independent Director DIN: 02906210	Sd/-
Murari Agarwal Designation: Non-Executive - Independent Director DIN: 10433524	Sd/-

Place: Ahmedabad
Date: April 20, 2024