

DILIGENT INDUSTRIES LIMITED

Our Company was originally incorporated in the name and style of “Yatish Securities Limited” as a Limited Company under the Companies Act, 1956 pursuant to a Certificate of Incorporation granted by the Registrar of Companies, Karnataka (RoC) at Bengaluru on January 13, 1995. The name of our Company was subsequently changed to “Diligent Industries Limited” (“Our Company”) pursuant to shareholders resolution on March 08, 2012, and a fresh Certificate of Incorporation was issued by the RoC. The Registered Office was shifted from the State of Karnataka to Andhra Pradesh on December 20, 2012, vide the Order of the Regional Director dated December 20, 2012. For details of changes in Name of our Company and our Registered Office of our Company, please see “General Information” on page 37 of this Draft Letter of Offer.


Registered Office: Dwarka Thirumala Road, Dendurulu Village and Mandal, West Godavari – 534 432, Andhra Pradesh, India

Tel: 91 8829-256077 / 08829-256099 **Fax:** 91 8829 256 088

Contact Person: Mr. Ankit Singhal Company Secretary & Compliance Officer

Email: diligentinvestors@gmail.com **Website:** www.diligentindustries.com

Corporate Identity Number: L15490AP1995PLC088116

OUR PROMOTERS: RATNA KUMARI VANKINENI, PHANI ANUPAMA VANKINENI, VANKINENI BHANU PRAKASH, VANKINENI KIRAN KUMAR, VANKINENI VIJAYA LAKSHMI, VANKINENI PADMA KUMARI AND KALAGARA SAVITHRI			
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR “COMPANY” ONLY			
Issue of up to [●] fully paid-up equity shares of face value of ₹1/- each of our company (the “rights equity shares”) for cash at a price of ₹[●] per rights equity share (including a premium of ₹[●] per rights equity share) aggregating up to ₹ [●] lakhs* on a rights basis to the eligible equity shareholders of our company in the ratio of [●] rights equity shares for every [●] fully paid-up equity shares held by the eligible equity shareholders on the record date, that is on [●], 2024 (the “issue”). For further details, see “Terms Of The Issue” on page 139 of this draft letter of offer.			
*Assuming full subscription			
PAYMENT SCHEDULE FOR THE RIGHTS EQUITY SHARES			
AMOUNT PAYABLE PER RIGHTS EQUITY SHARE*			
	Face Value (₹)	Premium (₹)	Total (₹)
On Application	[●]	[●]	[●]
Total (₹)	1.00	[●]	[●]
* For further details on Payment Schedule, see “Terms of the Issue” on page 139 of this Draft Letter of Offer.			
WILFUL DEFAULTERS OR FRAUDULENT BORROWERS			
Neither our Company nor our Promoters or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.			
GENERAL RISKS			
Investment 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 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 securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (the “SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of investors is invited to the statement of “Risk Factors” on page 20 of this Draft Letter of Offer.			
OUR COMPANY’S ABSOLUTE RESPONSIBILITY			
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.			
LISTING			
The existing Equity Shares are listed on BSE Limited (“BSE”) (the “Stock Exchange”). Our Company has received the “in-principle” approvals from BSE for listing the Rights Equity Shares to be allotted pursuant to the Issue through its letter dated [●], 2024. Our Company will also make applications to the Stock Exchange to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of this Issue, the Designated Stock Exchange is BSE.			
REGISTRAR TO THE ISSUE			
	Venture Capital and Corporate Investments Private Limited		
	“AURUM”, 4th & 5th Floors, Plot No.57, Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500032 Tel No: +91 40 23818475 / 23818476 Email: rightsissue@vccipl.com Website: www.vccipl.com Contact Person: Mr. ESK Prasad SEBI Registration Number: INR000001203		
ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*		ISSUE CLOSES ON**
[●], 2024	[●], 2024		[●], 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 accounts of the Renounees on or prior to the Issue Closing Date.**Our Board or the Securities Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rule, guideline, policy, circular, notification or clarification will be deemed to include all amendments, supplements, re-enactments and modifications thereto from time to time, and any reference to a statutory provision shall include any subordinate legislation made from time to time thereunder. The words and expressions used but not defined in this Draft Letter of Offer will have the same meaning as assigned to such terms under the Companies Act, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder, as applicable.

The following list of capitalised terms used in this Draft Letter of Offer is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Terms used in “Summary of Letter of Offer”, “Financial Statements”, “Statement of Special Tax Benefits”, “Outstanding Litigations and Defaults” and “Terms of the Issue” on pages 18, 80, 54, 132 and 139, respectively of this Draft Letter of Offer, shall, unless indicated otherwise, have the meanings ascribed to such terms in the respective sections.

General Terms

Term	Description
“Company”, “Our Company”, “the Company”, or “Diligent”	Diligent Industries Limited incorporated under the Companies Act, 1956 and having its registered office at Dwarka Thirumala Road, Dendurulu Village and Mandal, West Godavari – 534 432, Andhra Pradesh, India
“We”, “Our”, “Us”, or “our Group”	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company as at and during the relevant Fiscal

Company Related Terms

Term	Description
“Articles of Association” or “Articles”	Articles of Association of our Company, as amended from time to time
Audit Committee	The Audit Committee of our Board
Audited Financial Statements	The audited financial statements as at and for the financial year ended March 31, 2023 of our Company prepared in accordance with Ind AS and the Companies Act and which comprises the balance sheet as at March 31, 2023, 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 year then ended, along with notes to the standalone financial statements, a summary of significant accounting policies and other explanatory information
“Auditors” or “Statutory Auditors”	The Statutory Auditors of our Company, namely NSVR & Associates., Chartered Accountants
“Board of Directors”, or “Board” or “our Board”	The Board of Directors of our Company or any duly constituted committee thereof.
Chief Financial Officer	The Chief Financial Officer of our Company Kiran Kumar Vankineni
Director(s)	The Director(s) on our Board, as disclosed in “Our Management” on page 71 of this Draft Letter of Offer.
Executive Director(s)	Executive Director(s) of our Company being Kiran Kumar Vankineni
Equity Shares	Equity shares of face value of ₹1 each of our Company
Group Companies	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations
Independent Directors	An independent Director appointed as per the Companies Act, 2013 and the SEBI Listing Regulations. For details of the Independent Directors, see “Our Management” on page 71 of this Draft Letter of Offer.

Term	Description
“Key Managerial Personnel” or “KMP”	Key managerial personnel of our Company in terms of Regulation 2(1)(bb) of the SEBI ICDR Regulations, as disclosed in “Our Management” on page 71 of this Draft Letter of Offer
Managing Director	Managing Director of our Company, being Mr Bhanu Prakash Vankineni
Memorandum of Association	Memorandum of Association of our Company, as amended from time to time
Non-Executive Director(s)	A Director, not being an Executive Director of our Company.
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations. For further details, see “Capital Structure” on page 42 of this Draft Letter of Offer.
Promoters	The Promoters of our Company, being Ratna Kumari Vanikineni, Phani Anupama Vanikineni, Vanikineni Bhanu Prakash, Vanikineni Kiran Kumar, Vanikineni Vijaya Lakshmi, Vanikineni Padma Kumari and Kalagara Savithri
Registered Office	Registered office of our Company situated at Dwarka Thirumala Road, Dendurulu Village and Mandal, West Godavari – 534 432, Andhra Pradesh, India. For details of changes in registered office of our Company, see “General Information” on page 37 of this Draft Letter of Offer.
“Shareholders” or “Equity Shareholders”	The holders of the Equity Shares from time to time
Subsidiaries	We do not have any subsidiary

Issue Related Terms

Term	Description
“Abridged Letter of Offer” or “ALOF”	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act
Additional Rights Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement
“Allotment” or “Allot” or “Allotted”	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Banker(s) to the Issue, into which the Application Money lying credit to the escrow account and amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act
Allotment Account Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being, [●]
Allotment Advice	The note or advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue
“Applicant(s)” or “Investor(s)”	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to make an application for the Rights Equity Shares pursuant to the Issue in terms of the Letter of Offer
Application	Application made through submission of the Application Form or plain paper Application to the Designated Branch(es) 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 used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue
Application Money	Aggregate amount payable at the time of Application, <i>i.e.</i> , ₹[●] per Rights Equity Share in respect of the Rights Equity Shares applied for in this Issue

Term	Description
“Application Supported by Blocked Amount” or “ASBA”	Application (whether physical or electronic) used by Applicant(s) to make an application authorising the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
Banker(s) to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, being [●]
Banker(s) to the Issue Agreement	Agreement dated [●], 2024 entered into by and among our Company, the Registrar to the Issue and the Banker(s) 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 consultation with the Designated Stock Exchange in this Issue, as described in “ <i>Terms of the Issue</i> ” on page 139 of this Draft Letter of Offer.
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Registrar to the Issue and the Stock Exchange, a list of which is available on SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
Designated Branch(es)	Such branches of the SCSBs which shall collect the Applications, as the case may be, used by the ASBA Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Stock Exchange	BSE Limited
Eligible Equity Shareholder(s)	Existing Equity Shareholders as at the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, please see “ <i>Notice to Investors</i> ” on page 13 of this Draft Letter of Offer
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom the escrow account will be opened, in this case being [●]
FPIs	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower(s) as defined under Regulations 2(1)(III) of the SEBI ICDR Regulations
“Issue” or “Rights Issue”	<p>This issue of up to [●] fully paid-up Equity Shares of face value of ₹1/- each of our Company for cash at a price of ₹[●] (including a premium of ₹[●] per Rights Equity Share) aggregating up to ₹[●] Lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date.</p> <p>On Application, Investors will have to pay ₹[●] per Rights Equity Share which constitutes 100% of the Issue.</p> <p><i>*Assuming full subscription with respect to Rights Equity Shares</i></p>
Issue Closing Date	[●], 2024
Issue Materials	Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue
Issue Opening Date	[●], 2024

Term	Description
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 application, in accordance with the SEBI ICDR Regulations.
Issue Price	₹[●] per Equity Share On Application, investors will have to pay ₹[●] per Rights Equity Share which constitutes 100% of the Issue Price
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	The issue of up to [●] Rights Equity Shares aggregating to ₹ 49.50 Lakhs* <i>*Assuming full subscription with respect to Rights Equity Shares</i>
Letter of Offer	The Letter of Offer dated [●] to be filed with the Stock Exchange and SEBI
Listing Agreement	The uniform listing agreements entered into between our Company and the Stock Exchange in terms of the SEBI Listing Regulations
Multiple Application Forms	Multiple application forms submitted by an Eligible Equity Shareholder/Renouncee in respect of the Rights Entitlement available in their demat account. However supplementary applications in relation to further Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For further details, please see “ <i>Objects of the Issue</i> ” on page 48 of this Draft Letter of Offer
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations
Payment Schedule	Payment schedule under which 100% of the Issue Price is payable on Application, i.e. ₹[●] per Rights Equity Share
Qualified Institutional Buyers or QIBs	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 in the Issue, being [●], 2024
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar Agreement	Agreement dated [●] between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue
Registrar to the Company	Venture Capital and Corporate Investments Private Limited
Registrar to the Issue / Registrar	Venture Capital and Corporate Investments Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation
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 [●], 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
Rights Entitlement(s)	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, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder
Rights Equity Shares	Equity Shares to be Allotted pursuant to this Issue
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at

Term	Description
	https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
Stock Exchange	Stock Exchange where the Equity Shares are presently listed, being, BSE Limited
Transfer Date	The date on which the Application Money held in the escrow account and the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalisation of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter	Company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI
Working Days	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchange, working day means all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI

Industry Related Terms

Term/Abbreviation	Description/ Full Form
B2B	Business to Business
B2C	Business to Consumer
DOC	De-Oiled Cake
DORB	De-Oiled Rice Bran
ISO	International Organisation for Standardization
MT	Metric Tonnes
ROCP	Refined Oil in Consumer Packs
TPD	Tonnes Per Day

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
AIF(s)	Alternative Investment Funds, as defined and registered with SEBI under the SEBI AIF Regulations
AS or Accounting Standards	Accounting standards issued by the ICAI
BSE	BSE Limited
CAGR	Compounded annual growth rate
Category I AIF	AIFs who are registered as “Category I Alternative Investment Funds” under the SEBI AIF Regulations
Category I FPIs	FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations
Category II AIF	AIFs who are registered as “Category II Alternative Investment Funds” under the SEBI AIF Regulations
Category II FPIs	FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations
Category III AIF	AIFs who are registered as “Category III Alternative Investment Funds” under the SEBI AIF Regulations
CBDT	Central Board of Direct Taxes, Government of India
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CGU	Cash Generating Unit
CIN	Corporate Identity Number

Term/Abbreviation	Description/ Full Form
Civil Code	Code of Civil Procedure, 1908
Client ID	The client identification number maintained with one of the Depositories in relation to the demat account
Companies Act 1956	The Companies Act, 1956, read with the rules, regulations, clarifications and modifications notified thereunder
Companies Act or Companies Act, 2013	The Companies Act, 2013, read with the rules, regulations, clarifications and modifications notified thereunder
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DP ID	Depository Participant Identity
“DP” or “Depository Participant”	Depository participant as defined under the Depositories Act
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
ECB	External Commercial Borrowings
ECB Guidelines	The FEMA Borrowing and Lending Regulations, the ECB Master Directions and the FEMA Reporting Master Directions, taken together
ECB Master Directions	Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated March 26, 2019 issued by the RBI, as amended from time to time.
EGM	Extraordinary General Meeting
EPS	Earnings Per Share
EUR	Euro
FCCB Scheme	The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended and the clarifications issued thereunder by the Government of India from time to time, including a notification dated November 27, 2008 issued by the Government of India.
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FDI Circular 2020	Consolidated FDI Policy Circular of 2020
FDI Policy	Consolidated Foreign Direct Investment Policy notified by DPIIT through notification dated October 28, 2020 issued by DPIIT, effective from October 15, 2020
FEMA	The Foreign Exchange Management Act, 1999
FEMA Borrowing and Lending Regulations	The Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended from time to time
FEMA Reporting Master Directions	The Master Direction on Reporting under the FEMA dated January 1, 2016, as amended from time to time
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended from time to time
“Financial Year” or “Fiscal Year” or “Fiscal” or “FY	Period of 12 months ending March 31 of that particular year
FIR	First Information Report
FPI	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors registered under the SEBI FVCI Regulations
GAAP	Generally Accepted Accounting Principles in India
Gazette	Official Gazette of India
GDP	Gross Domestic Product
GIR	General Index Register

Term/Abbreviation	Description/ Full Form
GOI	Government of India
Government	Central Government and/ or the State Government, as applicable
GST	Goods and Service Tax
IBC	The Insolvency and Bankruptcy Code, 2016
ICAI	Institute of Chartered Accountants of India
IEPF	Investor Education and Protection Fund
IFRS	International Financial Reporting Standards
Income-tax Act	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as specified under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
Ind AS 34	Indian Accounting Standard 34 “Interim Financial Reporting” prescribed under section 133 of the Companies Act 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International Securities Identification Number
IST	Indian Standard Time
IT	Information Technology
KYC	Know Your Customer
LOC	Letter of Comfort
MCA	Ministry of Corporate Affairs, Government of India
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NACH	National Automated Clearing House
NAV	Net Asset Value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
NEFT	National Electronic Fund Transfer
Net Retail NPA	Represents closing balance of the Net NPA of our Retail AUM as at the last day of the relevant year or period.
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NOF	Net Owned Funds
NPCI	National Payments Corporation of India
NR	Non-Resident or person(s) resident outside India, as defined under the FEMA
NRE	Non- Residential External
NRE Account	Non-Resident External account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NRO	Non- Resident Ordinary
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
OCI	Overseas Citizen of India

Term/Abbreviation	Description/ Full Form
ODI	Off-shore Derivate Instruments
p.a.	Per annum
P/E Ratio	Price to Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	Prevention of Money Laundering Act, 2002
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
RBI Stressed Asset Resolution Circular	The Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019 issued by the RBI through its circular dated June 7, 2019 which sets out a framework for early recognition, reporting, and time bound resolution of stressed assets
Regulations	Regulations under the Securities Act
RoC	Registrar of Companies, Gujarat at Ahmedabad
RoCE	Return on Capital Employed
ROE	Return on Equity
RoNW	Return on Net Worth
RoW	Rest of the World
“Rs.” “₹” or “Rupees” or “INR”	Indian Rupee
RTGS	Real Time Gross Settlement
SBI	State Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 as amended
SEBI BTI Regulations	Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 as amended
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
Securities Act	U.S. Securities Act of 1933
SRE 2410	Standard on Review Engagements (SRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by ICAI
State Government	Government of a State of India
STT	Securities Transaction Tax
TAN	Tax deduction Account Number
TDS	Tax Deductible at Source
Trademarks Act	Trade Marks Act, 1999

Term/Abbreviation	Description/ Full Form
“US” or “U.S.” or “USA” or “United States”	The United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
“USD” or “U.S.\$” or “US\$” or “\$”	United States Dollar, the official currency of the United States
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations
WDV	Written Down Value method of valuation

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement 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 the Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. For details, see “*Restrictions on Purchases and Resales*” on page 166 of this Draft Letter of Offer.

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 us, 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 authorised 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 this 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 Exchange.

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 on the registered e-mail addresses of such Eligible Equity Shareholders or if there are electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in transit.

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

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

Neither the delivery of the Issue Material nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company’s affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of the Issue Material or the date of such information.

THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, OUR COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof (“**United States**”), except in a transaction not subject to, or exempt from, the registration

requirements of the Securities Act and applicable state securities laws. The offering to which this Draft Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, the Issue Material should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

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

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

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

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

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

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

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

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

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

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

Financial Data

Unless stated otherwise or the context otherwise requires, the financial information and financial ratios in this Draft Letter of Offer have been derived from our Audited Financial Statements. For details, please see “*Financial Information*” on page 80 of this Draft Letter of Offer. Our Company’s financial year commences on April 1 and ends on March 31 of the following calendar year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the twelve (12) month period ending on March 31 of the following calendar year.

The GoI has adopted the Ind AS, which are converged with the IFRS and notified under Section 133 of the Companies Act, 2013 read with the Ind AS Rules. The Financial Statements of our Company for the Financial Years ended March 2023 and March 2022 have been prepared in accordance with Ind AS read with the Ind AS Rules and other the relevant provisions of the Companies Act, 2013. Our Company publishes its financial statements in Indian Rupees.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off and unless otherwise specified all financial numbers in parenthesis represent negative figures. Our Company has presented all numerical information in the Financial Statements in whole numbers and in this Draft Letter of Offer in “Lakh” units or in whole numbers where the numbers have been too small to represent in Lakh. One Lakh represents 1,00,000 and one million represents 10,00,000.

There are significant differences between Ind AS, US GAAP and IFRS. We have not provided a reconciliation of the financial information to IFRS or US GAAP. Our Company has not attempted to also explain those differences or quantify their impact on the financial data included in this Draft Letter of Offer, and you are urged to consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with these accounting principles and regulations on our financial disclosures presented in this Draft Letter of Offer should accordingly be limited. For further information, see “*Financial Information*” on page 80 of this Draft Letter of Offer.

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

Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Draft Letter of Offer in “lakh” or “Lac” units or in whole numbers. One Lakh represents 1,00,000 and one million represents 10,00,000. All the numbers in the document have been presented in Lakh or in whole numbers where the numbers have been too small to present in Lakh. Any percentage amounts, as set forth in “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Conditions and Results of Operation*” and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Audited Financial Information for the year ended March 31, 2023.

Exchange Rates

This Draft Letter of Offer contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all. The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

Currency	March 28, 2024*	March 31, 2023	March 31, 2022	March 21, 2022
1 USD	83.37	82.22	75.81	73.50
1 Euro	90.21	89.61	84.66	86.10

(Source: www.rbi.org.in and www.fbil.org.in)

* March 29, 2024, was a bank holiday on account of Good Friday celebration. Further, March 30, 2024, and March 31, 2024, being Saturday and Sunday respectively and exchange rate was not available.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources.

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 Draft 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 20 of this Draft 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 Draft Letter of Offer is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft 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 Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. 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 our Company’s expectations include, among others:

- Adverse effect of competition on our market share and profits;
- Volatility in the price of raw materials;
- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations of our manufacturing units;
- 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:
 - manage our growth effectively;
 - manage our credit risk;
 - manage our quality of services;
 - hire and retain senior management personnel and other skilled manpower;
 - manage cost of compliance with labour laws or other regulatory developments;
 - successfully implement our business strategies and expansion plans;
 - maintain effective internal controls;

For further discussion of factors that could cause the actual results to differ from our estimates and expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on pages 20, 64 and 124 respectively of this Draft Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

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

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

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures and terms of the Issue included in this Draft Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Letter of Offer, including “*Risk Factors*”, “*Objects of the Issue*”, “*Our Business*” and “*Outstanding Litigation and Defaults*” on pages 20, 48, 64 and 132, respectively of this Draft Letter of Offer.

SUMMARY OF INDUSTRY IN WHICH WE OPERATE

We operate in the edible oils industry and are involved in the solvent extraction of edible oils and produce rice bran oil, palm carnal oil and cotton oil for human consumption. India is a vast country and inhabitants of several of its regions have developed specific preference for certain oils largely depending upon the oils available in the region. Oilseeds and edible oils are two of the most sensitive essential commodities. India is one of the largest producers of oilseeds in the world and this sector occupies an important position in the agricultural economy.

For further details, please refer to the chapter titled “*Industry Overview*” at page 56 of this Draft Letter of Offer.

PRIMARY BUSINESS OF OUR COMPANY

Our Company is engaged in the business of extraction, refining and oil filtration of various types of oils like rice bran, cotton and palm carnal oil. Currently, our Company is running an oil extraction unit and has also set up a refinery for the purpose of refining the oil. We are also in the business of trading in edible oil, cattle feed and agricultural commodities like rice, maize and corn. As a part of oil solvent extraction, Palm DOC, DORB and De-Oiled Cotton Seed Cake are produced which are used as cattle feed, aqua feed, poultry feed and in the manufacture of speciality bakery items.

For further details, please refer to the chapter titled “*Our Business*” at page 64 of this Draft Letter of Offer.

OBJECTS OF THE ISSUE

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

iculars	Estimated amount (up to) <i>(₹ Lakhs)</i>
stment of Unsecured Loans against the Rights Entitlement of the Promoters	2475.00
ugment our working capital requirements	1500.00
eral corporate purposes*	[●]
l Net Proceeds**	[●]

* *Subject to the finalisation of the Basis of Allotment and the Allotment, the amount utilised for general corporate purpose shall not exceed 25% of the gross Proceeds*

** *Assuming full subscription with respect to the Rights Equity Shares and subject to finalisation of the Basis of Allotment.*

For further details, please see “*Objects of the Issue*” on page 48 of this Draft Letter of Offer.

INTENTION AND EXTENT OF PARTICIPATION BY OUR PROMOTER

Pursuant to letter dated May 31, 2024 our Promoters have confirmed that they intend to (i) subscribe, to the full extent of their Rights Entitlement and have also confirmed that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our other Promoters); (ii) subscribe to the Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other Promoters, each as may be applicable; and (iii) their intention to apply for and subscribe to additional Rights Equity Shares and to any unsubscribed portion in this Issue, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations, at the time of Allotment.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10 (4) (b) of the SEBI Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

SUMMARY OF OUTSTANDING LITIGATIONS

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

Litigations involving our Company.

Cases filed against our Company: 1 case

Cases filed by our Company: 1 case

For further details, please see “*Outstanding Litigation and Defaults*” on page 132 of this Draft Letter of Offer.

RISK FACTORS

For details, please see “*Risk Factors*” on page 20 of this Draft Letter of Offer. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

CONTINGENT LIABILITIES

For details regarding our contingent liabilities as per Ind AS 37 for the Fiscal 2023, please see “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Contingent Liabilities*” on pages 80 and 124 respectively of this Draft Letter of Offer.

RELATED PARTY TRANSACTIONS

For details regarding our related party transactions as per Ind AS 24 entered into by our Company in Fiscal 2023, please see “*Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations—Related party transactions*” on pages 80 and 124 respectively of this Draft Letter of Offer.

ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR

Our Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Draft Letter of Offer.

SECTION II – RISK FACTORS

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

To obtain a complete understanding, you should read this section in conjunction with the sections “Industry Overview”, “Our Business” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on pages 56, 64 and 124 respectively of this Draft Letter of Offer. The industry-related information disclosed in this section has been derived from publicly available documents from various sources believed to be reliable, but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Neither our Company, nor any other person connected with the Issue have independently verified the information in the industry report or other publicly available information cited in this section.

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

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

Materiality:

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

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

The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence, the same has not been disclosed in such risk factors. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk over another. In this Draft Letter of Offer, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

INTERNAL RISK FACTORS

- 1. *Our revenue significantly depends on the sale of our edible oil products and any decline in the sale of our edible oil products, specifically rice bran oil, cotton oil and palm carnal oil in the market. Our major demand of the edible is concentrated in regions like Andhra Pradesh and our inability to grow further in these regions would have a material adverse effect on our business, financial condition and results of operation.***

In Fiscal 2022, Fiscal 2023 and Fiscal 2024, our revenue consists from sale of rice bran oil , De oiled Rice Bran (DORB) and palm carnal oil in Andhra Pradesh was ₹ 804.12 lakhs, ₹ 2160.97 lakhs and ₹ 628.80 lakhs respectively. We will depend on the sale of our oil products for a majority of our income in the near future. Therefore, factors such as change in consumer preference for these oils in Andhra Pradesh may have an adverse impact on our total income. For us to grow in this region and other parts of country, we will have to put efforts in marketing our product in such a manner that consumers are attracted and we are able to build more consumers. We cannot assure that we will be able to maintain the sale of our oil products in the future which will have a positive impact on our total income. If the consumer preference for our edible oil products declines in the future, we may experience significant loss including costs involved for maintaining these manufacturing facilities which in turn will lead to lower revenues and gross and operating margins resulting into material adverse effect on our business, financial condition and results of operation.

- 2. A slowdown or shutdown in our manufacturing/ processing operations, or under-utilization at our existing manufacturing facility for our products could have an adverse effect on our business, results of operations and financial condition.***

We manufacture/ process our oil products in our manufacturing facility situated at Godavari District, Andhra Pradesh. This facility is spread over 20 acres of land. Our oil products are dependent upon our ability to manage the manufacturing and processing facilities, which are subject to various operating risks, including those beyond our control, such as the breakdown and failure of equipment or industrial accidents, severe weather conditions and natural disasters. Any significant malfunction or breakdown of our machinery may entail repair and maintenance costs and cause delays in our operations. If we are unable to repair malfunctioning machinery in a timely manner or at all, our operations may need to be suspended until we procure machinery to replace the same. Inability to effectively respond to such events and rectify any disruption, in a timely manner and at an acceptable cost, could lead to slowdown or shut-down of our operations or the under-utilization of our facility, which in turn may have an adverse effect on our business, results of operations and financial condition.

- 3. We depend significantly on domestic supplies, and various factors may result in an inadequate supply of raw materials/finished goods or result in an increase in our cost in order to secure sufficient raw materials/finished goods to meet our operational requirements.***

Much of our raw materials/finished goods is sourced from domestic suppliers which are typically reliable suppliers, it is nevertheless possible for an inadequate supply of raw materials/finished goods of sufficient quality to be caused by the default of the supplier, restrictions imposed by the Indian authorities or for any other reason, which could hamper our operations. Additionally, we have to estimate the transportation time for receipt of raw materials/finished goods (especially raw materials/finished goods from distant states) several months in advance of the actual time that they are required by us, and any error in our estimate or any change in market conditions by the time the raw materials/finished goods arrive may lead to a shortfall in raw materials/finished goods. In such situations, it may not be possible to meet the raw material/finished goods requirements for our edible oil production operations due to the low domestic production of edible oil raw materials/finished goods in India. Even in situations where it is possible to meet our raw material/finished goods requirements through non-regular suppliers, this may result in an increase in our cost. Although we may seek to pass on some or all of the additional costs of raw materials/finished goods to customers, we cannot assure you that we will be successful in doing so. This may adversely affect our results of operations, and consequently our sales and profitability.

- 4. We rely on third parties to transport raw oil for our products to our facilities and our depots and customers, and any disruption in our transportation arrangements or increases in transportation costs may adversely affect our business, results of operations and financial condition.***

We rely on third parties, for transport of raw materials to our manufacturing facilities and our final products to our depots and customers. A delay in the delivery of our raw materials to our manufacturing facilities may result in the slowdown or shutdown of our operations. For supply of raw materials to our facility and our products to our institutional customers, we rely on our transporters with whom we have built long term relations. In addition, raw materials and products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. Also, if the terms offered to such logistic providers by our competitors are more favourable than those offered by us, they may decline to provide their services to us. A failure to maintain a continuous supply of raw materials or to deliver the products to our clients in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations. Although we have insurance or transit of goods, for damages, since the cost of our goods carried by third party transporters is typically much higher than the consideration paid for transportation. Any disruption or inefficiencies in the operations of these third parties may adversely affect our business and results of operations.

5. *The improper handling, storage or processing of raw oil or oils products, or any spoilage thereof, or any real or perceived contamination in our oils products, could adversely affect our business, results of operations and financial condition.*

The products that we manufacture or process are subject to risks such as contamination during their manufacturing or processing, adulteration and product tampering during their transport or storage. We face inherent business risks of exposure to product liability or recall claims in the event that our products fail to meet the required quality standards.

Also, apart from raw oil, our products are required to be stored, handled and transported under certain safety conditions. Such risks may be controlled, but not eliminated, by adherence to good manufacturing practices and finished product testing. Though our raw oil has vigorous checks before it is accepted for filtration and final packaging. Any product recall, product liability claim or adverse regulatory action may adversely affect our reputation and brand image, business, results of operations and financial condition.

6. *Our inability to manage our inventory and foresee accurate demand for our products for a future period may adversely affect our reputation, business, results of operation and our financial performance.*

The estimations on demands of our products are typically based on our projections, inventory levels at our distribution networks, our understanding of the anticipation of consumption and spending by our consumers. If we overestimate demand for our products, we may face difficulty on storage of such products due to lower shelf life and complications with respect to storage of perishable products. Further, if we are unable to provide our products to our consumers due to any disruptions of our manufacturing facilities or shortage of raw materials, we may incur the risk of customers choosing other products over our products. While we closely monitor our inventory requirements for our product, we may be exposed to various risks including the aforementioned risks.

7. *The availability of spurious, look-alikes, counterfeit products primarily in our domestic market, could lead to losses in revenues and harm the reputation of our products.*

We are exposed to the risk that entities in India and elsewhere could pass off their products as ours, including spurious or pirated products. For example, certain entities could imitate our brand name, packaging material or attempt to create look-alike products or brands. This would not only reduce our market share due to customers confusing spurious products for our products whereby we may not be able to recover our initial development costs or experience loss in revenues but could also harm the reputation of our brands. The proliferation of unauthorised copies of our products, and the time lost in defending claims and complaints about spurious products could have a material adverse effect on our reputation, business prospects and results of operations.

8. *We face significant competitive pressures in our business. Our inability to compete effectively would be detrimental to our business and prospects for future growth.*

We face significant competition in our business from other manufacturers and suppliers of edible oils. For details, see “Our Business - Competition” on page 69 of this Draft Letter of Offer. The industry and markets for our products are characterized by factors such as the shift towards branded play and new premium products. The edible oil industry is highly competitive with the presence of many national and regional players (manufacturers, traders, suppliers and importers etc.), competing on the basis of factors such as products, price, and quality. Due to the fragmented nature of the industry and price advantage that the unbranded players generally enjoy, there can be no assurance that we will maintain our competitiveness with respect to any of our products. While we work consistently to offset pricing pressures, produce new products, advance our technological capability, improve our services or enhance our production efficiency to reduce costs, such efforts may not be successful. Also, as we plan to expand our offerings to launch new products, we may face strong competition from other players in the same markets. Many of our existing and potential competitors may seek to equal or exceed us in terms of their financial, production, sales, marketing and other resources. If we fail to compete effectively in the future, our business and prospects could be materially and adversely affected.

9. *Our inability to maintain a distribution network can adversely affect our revenues.*

Our products are sold by our sales team and the distributors who further take help of retailers/wholesalers to sell our products to final consumers. Therefore, it's a long chain to maintain and keep a check on our sales team along with the distributors. Our inability to maintain our existing distribution network or to expand it further as per the requirement of our proposed increased capacities, can adversely affect our revenues. In case, if we are not able to market our manufactured and /or traded products, it may affect our operations and profitability adversely. Additionally, if we are

not able to maintain the chain or simplify the process of distribution, our business and profitability will be adversely affected.

10. *Unfavorable local and global weather patterns may have an adverse effect on our business, results of operations and financial condition.*

Our businesses are sensitive to weather conditions, including extremes such as drought and natural disasters. There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns and the frequency and severity of extreme weather and natural disasters. The availability of raw materials that we require for our operations and the demand for our products may be adversely affected by longer than usual periods of heavy rainfall in certain regions or a drought in India caused by weather patterns such as the El Nino. For example, natural disasters, excessive rainfall or extended periods of dry weather will lead to a decrease in the overall germination and growth of paddy or cotton to which we have access. Excessive rainfall may lead to poor pollination, decrease the effectiveness of fertilizers and affect harvesting, while drought results in decreased production. Adverse weather conditions may also cause volatility in the prices of commodities, which may affect growers' decisions about the types and quantum of crops to plant and may consequently affect the sales of our crop protection products. Consequently, the occurrence of any such unfavourable weather patterns may adversely affect our business, results of operations and financial condition.

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

Our products, including the process of manufacture, storage and distribution of such products, are subject to numerous laws and regulations in relation to quality, safety and health. We are required to obtain and maintain various regulatory approvals and registrations for our operations, including consents from the local pollution control board in India to establish and operate manufacturing facilities. There can be no assurance that these relevant authorities will issue such permits or approvals, or renewals thereof, in the time frame anticipated by us. While we believe we currently have all the permits and approvals required for operating our manufacturing facility, certain of these approvals require to be renewed periodically, and we cannot assure you that we would be successful in renewing them in a timely manner or at all. These laws, rules and regulations also prescribe for penalties in case of any violations, and such permits or approvals may impose certain additional conditions on our Company.

We are also subject to the laws and regulations governing employees, including in relation to minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. These laws and regulations have, however, become increasingly stringent and it is possible that they will become significantly more stringent in the future. We cannot assure you that we will not be found to be in non-compliance with, or remain in compliance with all applicable environmental, health and safety and labour laws and regulations or the terms and conditions of any consents or permits in the future or that such compliance will not result in a curtailment of production or a material increase in the costs of production.

12. *Our products are edible items and any dispute with consumers, regarding the quality of our products, may adversely affect the image and reputation of our Company.*

Our operations involve the crushing of the raw material, extracting the oil, checking the quality as per the prescribed standards, storing, filtration of oil, storage of filtered oil and final packing. Any occurrence of any accident and/ or negligence and/ or oversight in the process may lead to non-compliance of quality standards as applicable to our products. For example, a small hair in our product may spoil the brand image of our Company. Although we have had no such incidents till the date of this Draft Letter of Offer, occurrence of any such event may expose our Company to liabilities and claims which could adversely affect the brand image and reputation of our Company and our future growth, operations and profitability may be adversely affected.

13. *We are subject to government regulation and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business and results of operations may be adversely affected.*

Our operations are subject to government regulation and we are required to obtain and maintain a number of statutory and regulatory permits, certificates and approvals under central, state and local government rules in India, including approvals under the Food Safety and Standards Act, 2006 (the "FSSAI"), environmental related approvals, Legal Metrology Act, 2006, factory licenses, petroleum, tax related approvals etc., generally for carrying out our business and for our manufacturing units. For instance, the provisions of the FSSAI along with relevant rules and regulations are applicable to us and our products, which sets forth requirements relating to the license and registration of food businesses

and general principles for food safety standards, and manufacture, storage and distribution of food products. Contravention of the requirement to obtain a license or carrying a business without obtaining a license under the FSSAI is punishable with imprisonment for a period of up to six months and fines. Subsequent contraventions are punishable with twice the punishment during the first conviction and higher monetary and other penalties including cancellation of license.

As we require several statutory and regulatory permits, licenses and approvals in the ordinary course of our business, some of which our Company has either received, applied for or is in the process of application. Many of these approvals are granted for fixed periods of time and need renewal from time to time. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the timeframe anticipated by us or at all. Any failure by us to apply in time, to renew, maintain or obtain the required permits, licenses or approvals, or the cancellation, suspension, delay in issuance or revocation of any of the permits, licenses or approvals may result in the interruption of our operations and may have a material adverse effect on the business.

14. *Fluctuations of oil prices in the international market which directly affect Indian market may affect our sales, business and results of operation.*

The current fluctuation in the oil market internationally due to war between Ukraine and Russia has impacted the Indian economy. If the war continues the impact would be deeper. Recent spikes in edible oil prices are unlikely to sustain for a prolonged period as demand for edible oils will deteriorate at higher price levels. Even before the war, global vegetable oil supplies had tightened due to a drought in South America which resulted in the reduction of soybean yield. Malaysia's palm production, too, declined due to the impacts of Typhoon Rai in December 2021. Drought-impacted Canadian rapeseed production for 2021-22 declined 35 per cent from the previous year

Due to these reasons to maintain the current profits, we will require to increase the cost of our products. This increased cost may hit our current customers and they may switch to another cheaper options available in the market. We cannot assure, if we can maintain our profit margins and our sales turnover. Thus, the effect of increase in oil prices will affect our sales, business and its operation.

15. *Our business is working capital intensive involving relatively long implementation periods. We require substantial financing for our business operations. Our indebtedness and the conditions and restrictions imposed on by our financing arrangements could adversely affect our ability to conduct our business.*

Our operations are typically working capital intensive in nature and involve long implementation periods. This requires us to obtain financing through various means. As on March 31, 2024, our total short-term borrowings stood at ₹ 1,701.17 lacs and the total borrowings of the company stood at ₹ 5,706 lacs. We may incur additional indebtedness in the future. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in the Company and could adversely impact our Equity Share price.

Our working capital requirements may be affected due to factors beyond our control including force majeure conditions, delay or default of payment by our clients, non-availability of funding from banks or financial institutions. Accordingly, such working capital requirements may not be indicative of the actual requirements of our Company in the future and investors are advised to not place undue reliance on such estimates of future working capital requirements.

In the last three (3) financial years our Company has been able to raise additional working capital funding from bank as and when the need has arisen and has never delayed and defaulted its financial commitments. However, any failure to service our indebtedness, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of one or more of our credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of our other financing agreements, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations. We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner could adversely impact our planned capital expenditure, our business, results of operations and financial condition.

16. *In case we do not receive the minimum subscription, we will have to refund the entire subscription.*

Except Phani Anupama Vankineni and Vankineni Bhanu Prakash, other members of promoter group have not given their confirmation regarding their intention to subscribe jointly and / or severally.

Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue shall be applicable. Pursuant to regulation 86(2) of the SEBI ICDR Regulations in case of non-receipt of minimum subscription, all application monies received shall be refunded to the applicants forthwith, but not later than four days from the closure of the Rights Issue.

17. We have entered into, and will continue to enter into, related party transactions.

We have in the course of our business entered into transactions with related parties. While we believe that all such transactions have been conducted on an arms-length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we may enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have adversely affect our business, prospects, financial condition, and results of operations.

For details regarding our related party transactions as per Ind AS 24 entered by our Company in Fiscal 2023, please see “Financial Statements”—Related party transactions” on page 110 of this Draft Letter of Offer

18. Our Company has experienced negative cash flow in the past and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Our Company has experienced negative net cash flow in operating, investing and financing activities in the past, the details of which are provided below:

Particulars	(₹ in lakhs)		
	March 31, 2024	March 31, 2023	March 31, 2022
	Audited		
Net Cash Flow from/ (used in) Operating Activities	(509.18)	(982.45)	(172.37)
Net Cash Flow used in Investing Activities	(123.89)	(113.64)	(230.99)
Net Cash Flow used in Financing Activities	656.63	1036.92	464.30

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

19. We have not been paying dividends in the past and our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations. We have not paid dividends in the past and there can be no assurance that our Company will declare dividends in the future also.

20. Our promoter will continue to retain significant shareholding in our Company after the issue, which will enable them to exercise significant control over us.

After the completion of the Issue, our Promoter, will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and affect the outcome of shareholder voting. As a result, our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders.

21. There have been certain observations in the secretarial audit report issued by our secretarial auditor in the recent past.

During the financial years 2022-23 our secretarial auditor has made certain observations in the audit report by stating that there have been certain non-compliances of the LODR Regulations:


- a. The DEMAT accounts of Promoter and promoter group were continued to be frozen due to outstanding fines of INR 19,70,000/- and GST under certain LODR Regulations related to previous Financial Year(s).

- b. The Company filed the disclosure of related party transactions for the March 2023 quarter under Reg.23(9) of SEBI (LODR) Regulation, 2015 with 31 days delay and accordingly BSE levied fine of Rs. 1,55,000 and applicable GST pursuant to SEBI circular SEBI/HO/CFD/CMD/CIR/P/2020/12 dated January 22, 2020 (erstwhile SEBI circular SEBI/HO/CFD/CMD/CIR/P/2018/77 dated May 03, 2018). The Company paid the same to BSE.

While no show cause notices have been received for any regulatory action against the Company, the occurrence of such non-compliances or continued qualifications in the audit reports in future may result in fines / imposition of penalties and this in turn may impact our results of operations and financial position.

22. *We may not be able to adequately protect our intellectual property, which could harm the value of our brand and services.*

Our business is dependent upon successfully protecting our intellectual property, including but not limited to our trademarks and copyrights. As part of our efforts towards ensuring their protection, we have successfully applied for

and registered several trademarks including our logo  and variations and formatives. As on the date of this Draft Letter of Offer, we have applied for registration of trademark and word mark with the regulatory authorities and our application is pending with the authorities for disposal. We do not have any control over the registration of a trademark and a pending mark may not be granted registration for various reasons including being descriptive, non-distinctive, identical or similar to other mark. Furthermore, a trademark may also be opposed by third parties that claim to have prior or superior rights after receipt of certain objections from third parties. Such actions are not within our control and can severely impact business and may result in requirement to undertake rebranding exercises, all of which result in additional costs for us and could also impact our reputation. A party could also proceed against a registered trademark and request for its cancellation on various grounds which include bad faith use and non-use for a continuous period of five years and three months from the date of entry into the register of trademarks.

Generating and maintaining recognition for our brand is critical to our business. The success of our business depends on our ability to use our trademarks in order to compete effectively in existing markets and increase penetration and awareness for our brand and further promote our business in newer markets. If we are unable to maintain or enhance viewer and subscriber awareness of our brand and generate demand in a cost-effective manner, it would adversely affect our ability to compete in the industry and would have an adverse effect on our business and results of operations.

While we have endeavoured to register most of the trademarks that we use or have used in the past, even if these trademarks are not registered, those that have garnered a reputation over the years and are associated with us are protected under common law allowing us to prevent a third party from using a deceptively similar or identical mark and from any unauthorized use of the mark. This, however, is subject to us taking action against such a third-party trademark and proving that the rights in our mark are superior. The use of a deceptively similar or identical third-party mark may result in a loss/injury to us. Such an action may also become a lengthy and costly exercise for us and may not always be in our favour. While for registered trademarks, we have greater protection because of the statutory protection afforded against similar marks being used /registered for similar goods and services, we may not be able to adequately protect unregistered marks that are not as well recognized.

23. *We may infringe on the intellectual property rights of others.*

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we or our technology providers are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain additional licenses or significantly cease some portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of whether such claims that we or our technology providers are infringing patents or other intellectual property rights have any merit, those claims could adversely affect our relationships with current or future clients, result in costly litigation, divert management's attention and resources, subject us to significant liabilities, require us to enter into additional royalty or licensing agreements or require us to cease certain activities.

An adverse ruling arising out of any intellectual property dispute could subject us to significant liability for damages, prevent us from using technologies or developing products, or require us to negotiate licenses to disputed rights from third parties. Although patent and intellectual property disputes in the technology area are often settled through licensing or similar arrangements, costs associated with these arrangements may be substantial and could include license fees and ongoing royalties, which could be prohibitively expensive. Furthermore, necessary licenses may not be available to us

on satisfactory terms, if at all. Any of the foregoing could materially and adversely affect our business, results of operations and financial condition.

24. There are trade receivables which are pending for more than 6 months.

We have the following trade receivables which are pending for more than 6 months. Although we consider the amounts receivable as good, in the unforeseen event of not realising these amounts, our revenues and profitability could be adversely affected.

(Rs.in lakhs)

Particulars	March 31, 2024*		Mach 31, 2023*		March 31, 2022*	
	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months	Less than 6 months	More than 6 months
Undisputed Trade Receivables	4492.59	233.89	4053.22	426.90	960.65	411.71.71
Disputed Trade Receivables	Nil	Nil	Nil	Nil	Nil	Nil
Doubtful Trade Receivables	Nil	Nil	Nil	Nil	Nil	Nil

* Audited

25. The Statutory Audit Report for the financial year ended 2023-24 contains the following observations, reservations or adverse remarks:

- The company has not provided for gratuity in accordance with The Payment of Gratuity Act and this could have an impact on the financial statements, as the company may be liable to pay gratuity to its employees in the future. However, the impact on the financial statements could not be estimated as the Gratuity liability estimation was not obtained from Actuarial Valuation.
- Following are the undisputed statutory dues as on March 31, 2024, which are outstanding for a period of more than six months from the date they became payable.

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which amount relates	Forum where Undisputed Payment is pending
The Income Tax act,1961	Income Tax Liability u/s 154 of IT Act, 1961	28,21,740	Financial year 2019-20 (Assessment Year 2020-21)	Income Tax Department
The Income Tax act,1961	Income Tax Liability u/s 143(1) of IT Act, 1961	44,71,000	Financial year 2020-21 (Assessment Year 2021-22)	Income Tax Department
The Income Tax act,1961	Income Tax Liability u/s 154 of IT Act, 1961	1,99,870	Financial year 2017-18 (Assessment Year 2018-19)	Income Tax Department
The Income Tax act,1961	Income Tax Liability u/s 143(1) of IT Act, 1961	21,16,780	Financial year 2018-19 (Assessment Year 2019-20)	Income Tax Department
The Income Tax act,1961	Income Tax Liability u/s 143(1) of IT Act, 1961	11,23,06,410	Financial year 2022-23 (Assessment Year 2023-24)	Income Tax Department

26. The management of our Company is dependent upon our senior management, directors and key personnel.

We operate in an industry where the quality of our people is a critical asset. We benefit significantly from the vision, strategic guidance, experience and skills of several key members of our management team, which includes our Promoter, supported by the skills, efforts, expertise, continued performance and motivation of our Key Management Personnel, and other personnel. If any of our Promoter, Key Management Personnel cease to be associated with our Company and we fail to recruit suitable replacements in a timely manner, our ability to manage our growth and our business, results of operations and prospects may be adversely affected.

27. Insurance coverage has not taken by our company, as a result of which the loss or destruction of our assets could have a material adverse effect on our financial condition and results of operations.

While we believe that the insurance policies taken by us are adequate, they may not be sufficient to cover all the risk involved. Such insurance policies are taken on the basis of estimated period of completion of the project and estimated costs and other projections. However, we cannot assure you that our company recover all our losses in case of any

damage or adverse event. We may face uninsured risks to the extent of remaining assets of the company. Further, if we may suffer any losses, damages and liabilities in the course of our operations and in our project development. Any such uninsured losses or liabilities could result in a material adverse effect on our business operations, financial conditions and results of operations. Further, we may not carry insurance coverage for all our projects. We may have to bear the costs associated with any damage suffered by us in respect of these uninsured projects or uninsured events.

28. *Our Company has availed unsecured loans from related parties, which are recallable in nature.*

As on March 31, 2024, our Company has outstanding unsecured loans aggregating to ₹ 2649.29lakhs due, which have been extended by our Directors / promoter which are recallable in nature and can be recalled at any time by them. We cannot assure you that the lenders will not demand repayment of the unsecured loans extended to us. In the event, the lenders seek a repayment of any these unsecured loans, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. If we are unable to arrange for any such financing arrangements, we may not have adequate working capital to carry out the operations or complete our ongoing operations. Therefore, any such demand may adversely affect our business, financial condition and results of operations.

29. *We are a listed company and are required to comply with rules and regulations imposed by the Stock Exchanges and SEBI with respect to continuous listing and the Companies Act. Any failure to comply with such rules and regulations or any wrong disclosure made to the Stock Exchange, or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.*

As a listed company, we are required to comply with certain conditions for continuous listing under the SEBI Listing Regulations and other rules and regulations imposed by SEBI, which require us to make certain periodic disclosures, including disclosures about any material events or occurrences with respect to our Company, disclosure of our financial statements and disclosure of our updated shareholding pattern. Any failure to comply with these continuous disclosure requirements or any wrongful disclosure made by us to the Stock Exchange, or any other statutory authority may lead to penalties being imposed on us.

We believe, we are in compliance with rules and regulations imposed by the BSE and SEBI with respect to continuous listing, any failure to comply with such rules and regulations or any wrong disclosure/ Non filing to the BSE or any statutory authority could result in penalties being imposed on us, which may adversely affect our business and operations.

30. *Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds.*

Our Company proposes to utilize the Net Proceeds for repayment of unsecured loan and general corporate purposes. Our proposed deployment of Net Proceeds has not been appraised by a public financial institution or a scheduled commercial bank and is based on management estimates. Our management will have broad discretion to use the Net Proceeds. Various risks and uncertainties, including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We cannot assure you that use of the Net Proceeds to meet our future capital requirements, fund our growth and for other purposes identified by our management would result in actual growth of our business, increased profitability or an increase in the value of our business.

31. *The deployment of funds is entirely at our discretion and as per the details mentioned in the chapter titled “Objects of the Issue”.*

As the Issue size is not more than ₹10,000 lakhs, under Regulation 82 of the SEBI ICDR Regulations it is not required that a monitoring agency be appointed by our Company, for overseeing the deployment and utilization of funds raised through this Issue. Therefore, the deployment of the funds towards the Objects of this Issue is entirely at the discretion of our Board of Directors and is not subject to monitoring by external independent agency. Our Board of Directors along with the Audit Committee will monitor the utilization of Issue proceeds and shall have the flexibility in applying the proceeds of this Issue. However, the management of our Company shall not have the power to alter the objects of this Issue except with the approval of the Shareholders of the Company given by way of a special resolution in a general meeting, in the manner specified in Section 27 of the Companies Act, 2013. Additionally, the dissenting shareholders

being those shareholders who have not agreed to the proposal to vary the objects of this Issue, our Promoters shall provide them with an opportunity to exit at such price, and in such manner and conditions as may be specified by the SEBI, in respect to the same.

32. *We are subject to cyber security risks and security breaches and may incur increasing costs in an effort to minimize those risks and to respond to cyber incidents.*

A number of other companies have disclosed cyber-attacks and security breaches, some of which have involved intentional attacks. Attacks may be targeted at us, our customers, or both. Although we devote significant resources to maintain and regularly upgrade our systems and processes that are designed to protect the security of our computer systems, software, networks and other technology assets and the confidentiality, integrity and availability of information belonging to us and our customers, our security measures may not provide absolute security. Despite our efforts to ensure the integrity of our systems, it is possible that we may not be able to anticipate or to implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently or are not recognized until launched, and because cyber-attacks can originate from a wide variety of sources, including third parties outside the Company such as persons who are involved with organized crime or associated with external service providers or who may be linked to terrorist organizations or hostile foreign governments. A successful penetration or circumvention of the security of our systems could cause serious negative consequences, including significant disruption of our operations, misappropriation of our confidential information or that of our customers, or damage to our computers or systems or those of our customers and counterparties, and could result in violations of applicable privacy and other laws, financial loss to us or to our customers, loss of confidence in our security measures, customer dissatisfaction, significant litigation exposure, and affect to our reputation, all of which could have a material adverse effect on us.

Our servers are also vulnerable to computer viruses, physical or electronic break-ins, and similar disruptions. We may need to expend significant resources to protect against security breaches or to address problems caused by breaches. Security breaches, including any breach of our systems or by persons with whom we have commercial relationships that result in the unauthorized release of customers' or businesses' personal information, could damage our reputation and expose us to a risk of loss or litigation and possible liability.

33. *Failure to stay up to date with technological changes, as well as the uses and regulation of the internet, might be detrimental to our Company.*

The industry is very dynamic and fresh. We must keep up with changing technical breakthroughs, customer and small company usage habits, internet security threats, system failure or inadequacy hazards, and governmental regulation and taxation, all of which could have a negative influence on our entity.

If we are unable to adequately react to such developments, decreased demand for our products could result in a loss of revenues or a fall in profitability. The demand for our products could fall as a result of a variety of factors, including regulatory restrictions that limit customer access to specific products, the availability of competing or alternative products, or changes in customers' financial circumstances, such as increases in income or savings. Our revenues could be severely reduced if we fail to adjust to a significant change in our clients' desire for, or access to, our products. Customers may refuse or reject products whose changes make them less appealing or less available, even if we make adjustments or launch new products to meet customer demand.

34. *The COVID-19 pandemic has had, and may in the future continue to have, and any similar pandemic situations that may arise in the future, may have a material adverse impact on our business, results of operations, financial condition and cash flows.*

The global spread and unprecedented impact of the ongoing COVID-19 pandemic continues to create significant volatility, uncertainty and economic disruption. The pandemic has led governments and other authorities around the world to implement significant measures intended to control the spread of the virus, including lockdowns, shelter-in-place orders, social distancing measures, business closures or restrictions on operations, quarantines, travel bans and restrictions and multi-step policies with the goal of re-opening these markets. These responsive measures have severely disrupted economic and commercial activity tied to the production and sale of goods, which have impacted supply chains and routes, and, as a result, supply chain companies such as ours have experienced uncertainty and volatility.

The scope, duration, and frequency of the measures implemented, and the adverse effects of COVID-19 remain uncertain and could be severe. If COVID-19 infection rates resurge and the pandemic intensifies and expands geographically, its negative impacts on our business, operating expenses, gross profit and gross margin could be more prolonged and may become more severe.

35. ***We have not commissioned an industry report for the disclosures made in the chapter titled “Industry Overview” and made disclosures on the basis of the data available on the internet and such data has not been independently verified by us.***

We have neither commissioned an industry report, nor sought consent from the quoted website source for the disclosures which need to be made in the chapter titled “Industry Overview” of this Draft Letter of Offer. We have made disclosures in the said chapter on the basis of the relevant industry related data available online for which relevant consents have not been obtained. We have not independently verified such data. We cannot assure you that any assumptions made are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Letter of Offer. Further, the industry data mentioned in this Draft Letter of Offer or sources from which the data has been collected are not recommendations to invest in our Company. Accordingly, investors should read the industry related disclosure in this Draft Letter of Offer in this context.

EXTERNAL RISK FACTORS

36. ***Significant differences exist between Ind AS, Indian GAAP and other accounting principles, such as US GAAP and IFRS, which investors may be more familiar with and consider material to their assessment of our financial condition.***

Our audited summary statements of assets and liabilities as at March 31, 2024, and audited summary statements of profit and loss (including other comprehensive income), cash flows and changes in equity for the Financial Year 2024 have been prepared in accordance with the Ind AS, read with the Ind AS Rules and restated in accordance with the SEBI ICDR Regulations, the SEBI Circular and the Prospectus Guidance Note.

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

37. ***Political, economic or other factors that are beyond our control may have adversely affected 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, 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.

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

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

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

- any increase in Indian interest rates or inflation;
- any scarcity of credit or other financing in India;
- prevailing income conditions among Indian consumers and Indian corporations;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- prevailing regional or global economic conditions; and
- other significant regulatory or economic developments in or affecting India.

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

39. *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 which 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.

40. *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.

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

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

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

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

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

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

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions including wars amongst nations like the current Russia Ukraine conflict could adversely affect our results of operations, cash flows or financial condition. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business.

Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

ISSUE SPECIFIC RISKS

- 44. *Our Company will not distribute the Draft Letter of Offer and Application Form to certain overseas Shareholders who have not provided an address in India for service of documents.***

Our Company will dispatch the Letter of Offer, the Abridged Draft Letter of Offer, Rights Entitlement Letter and Application Form (the “**Offering Materials**”) to such Shareholders who have provided an address in India for the service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to the circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e- mail. Presently, there is a lack of clarity under the Companies Act and the rules thereunder, with respect to the distribution of Offering Materials to retail individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions.

- 45. *SEBI has by way of circulars dated January 22, 2020, May 6, 2020, January 19, 2021, and October 01, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Draft Letter of Offer.***

The concept of crediting Rights Entitlements into the demat accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, January 19, 2021, April 22, 2021, and October 01, 2021 and ensure completion of all necessary steps in relation to providing/updating their demat account details in a timely manner. For details, see “*Terms of the Issue*” on page 139 of this Draft Letter of Offer.

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

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

The Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncee(s) 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 Renouncee(s) 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.

- 47. *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 in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months was not subject to long term capital gains tax in India if STT was paid on the sale transaction and, additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F.No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on long-term capital gains arising from sale of equity shares. However, where specified conditions are met, such long-term capital gains are only taxed to the extent they exceed Rs. 100,000.00 and unrealized capital gains earned up to January 31, 2018, continue to be exempt. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the equity Shares.

- 48. *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 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.

- 49. *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, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchange 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.

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

Under the Companies Act, 2013, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless we make such a filing. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

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

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

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

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

53. *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.

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SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorised by way of resolution passed by our Board on May 29, 2024, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms of the Issue including the Record Date and Rights Entitlement Ratio have been approved by the Board of Directors at their meeting held on [●], 2024.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in “*Terms of the Issue*” on page 139 of this Draft Letter of Offer.

Rights Equity Shares being offered by our Company	[●] Rights Equity Shares
Rights Entitlement for the Rights Equity Shares	[●] Rights Equity Share for every [●] Equity Shares held on the Record Date
Record Date	[●]
Face Value per Equity Share	₹1/- each
Issue Price	₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share). On Application, Investors will have to pay ₹ [●] per Rights Equity Share, which constitutes 100% of the Issue price including premium.
Issue Size	[●] Equity Shares of face value of ₹ 1/- each for cash at a price of ₹ [●] per Rights Equity Share up to an amount of ₹ [●]*, Lakhs * <i>Assuming full subscription</i>
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank <i>pari-passu</i> in all respects with the Equity Shares of our Company.
Fractional Entitlement	For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] ([●]) Equity Shares or is not in multiples of [●] ([●]), the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Equity Share each, if such Eligible Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement, if any.
Equity Shares issued, subscribed and paid up and outstanding prior to the Issue	11,43,60,000 Equity Shares issued subscribed and paid-up. For details, please see “Capital Structure” on page 42 of this Draft Letter of Offer.
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Equity Shares)	[●] Equity Shares* * <i>assuming full subscription</i>
Security Codes for the Equity Shares	ISIN: INE650C01028 BSE Code: 531153
ISIN for Rights Entitlements	[●]
Terms of the Issue	For details, please see “ <i>Terms of the Issue</i> ” on page 139 of this Draft Letter of Offer.
Use of Issue Proceeds	For details, please see “ <i>Objects of the Issue</i> ” on page 48 of this Draft Letter of Offer

GENERAL INFORMATION

Our Company was originally incorporated in the name and style of “Yatish Securities Limited” as a public limited company under the Companies Act, 1956 pursuant to a Certificate of Incorporation granted by the Registrar of Companies, Karnataka (RoC) at Bengaluru on January 13, 1995. The name of our Company was changed to Diligent Industries Limited on March 08, 2012. The business of Adithya Agro Allied Oils Limited was amalgamated into our Company vide Order of the High Court of Andhra Pradesh dated September 26, 2013. The main objects of our Memorandum of Association was altered and our company has been in the business of manufacturing, trading and processing of edible oils since then. The registered office of our Company was shifted from the state of Karnataka to Andhra Pradesh in the year 2012 vide the Order of the Regional Director No: 24/RD/(SER)/SEC-17/KAR/C.P (15) 2012/2511 dated December 20, 2012. The Corporate Identity Number of our Company is L15490AP1995PLC088116.

Changes in the registered office of our Company

Except as disclosed below, there has been no change in the address of the registered office of our Company since the date of

Date of change	Details of change in the registered office
2011-2012	Change of the registered office address from 410 Prabhata Complex, 2 nd Floor, K G Road, Bengaluru – 560 009, Karnataka to No:26, 16 th Cross, 5 th Phase, J P Nagar, Bengaluru – 560 078
December 20, 2012	Change of the registered office address from No:26, 16 th Cross, 5 th Phase, J P Nagar, Bengaluru – 560 078, Karnataka to H No:6-3-348/10, Flat No: 106, Nirmal Towers, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 081, Andhra Pradesh
April 26, 2014	Change of the registered office address from H No:6-3-348/10, Flat No: 106, Nirmal Towers, Dwarakapuri Colony, Punjagutta, Hyderabad – 500 081, Andhra Pradesh to Dwarka Thirumala Road, Dendurulu Village and Mandal, West Godavari – 534 452, Andhra Pradesh

Registered Office of our Company

Diligent Industries Limited

Dwarka Thirumala Road, Dendurulu Village and Mandal,
West Godavari – 534 452, Andhra Pradesh

Tel: 91 8829-256077 / 08829-256099

Fax: 91 8829 256 088

Website: www.diligentindustries.com

CIN:. L15490AP1995PLC088116

Registrar of Companies

Our Company is registered with the Registrar of Companies, Vijayawada, Andhra Pradesh at the following address:

Registrar of Companies, Vijayawada

29-7-33, First Floor

Vishnuvaradhanarao Street, Suryaraopet

Vijayawada – 520 002

Andhra Pradesh, India.

Website: www.mca.gov.in

Board of Directors of our Company

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

Name	Age	Designation	Address	DIN
Bhanu Prakash Vankineni	58	Managing Director	H.No 7B-11-30, Vankineni Vari Line, Eastern Street, Eluru, Andhra Pradesh-534001	00919910
Kiran Kumar Vankineni	60	Executive Director	H.no 7B-11/1-4/2, Vankineni Vari Line, Eastern Street, Eluru, Andhra Pradesh-534001	02696680
Phani Anupama Vankineni	53	Non-Executive Non-Independent Director	H. No 7B-11-30, Vankineni Vari Line, Eastern Street, Eluru, Andhra Pradesh-534001	00935032
Srinivas Babu Edupuganti	56	Non-Executive Independent Director	26-9-4, Road No 2, NGO Colony, Ameenapeta, Eluru, Andhra Pradesh-534006	03637508
Lokeswararao Nelluri	36	Non-Executive Independent Director	H No 16-141A, Naredla Gudem, Bhimadole Mandal, West Godavari, Eluru, Andhra Pradesh-534425.	08679768
Mohammed Baba	28	Non-Executive Independent Director	11-10-4/A Shastrinagar Opp. MRO Office Addagutta, Tukarama gate, Secunderabad, Telangana-500026.	08422704

For detailed profile of our directors, please refer to the chapter titled “Our Management” on page 71 of this Draft Letter of Offer.

Chief Financial Officer

Mr Kiran Kumar Vankineni is the CFO of our Company. His contact details are:

Dwarka Thirumala Road, Dendurulu Village and Mandal,
West Godavari – 534 452, Andhra Pradesh

Tel: 91 8829-256077 / 08829-256099

Fax: 91 8829 256 088

Email: kiraneluru@yahoo.com

Company Secretary and Compliance Officer

Mr Ankit Singhal is the Company Secretary and Compliance Officer of our Company. His contact details are:

Dwarka Thirumala Road, Dendurulu Village and Mandal,
West Godavari – 534 452, Andhra Pradesh

Tel: 91 8829-256077 / 08829-256099

Email: diligentinvestors@gmail.com

Details of Key Intermediaries pertaining to this Issue:

Registrar to the Company / Issue

Venture Capital and Corporate Investments Private Limited

AURUM”, 4th & 5th Floors, Plot No.57,
Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500032 a.

Tel No: +91 40 23818475 / 23818476

Email: rightsissue@vccipl.com

Website: www.vccipl.com

Contact Person: Mr ESK Prasad

SEBI Registration Number: INR000001203

Statutory and Peer Review Auditor of our Company for the year ended March 31, 2024

NSVR & Associates LLP

Chartered Accountants
Flat No. 202, Plot No: 28,
Panchavathi Co-operative society,
Road No.10, Banjara Hills,
Hyderabad – 500 034.

Email: info@nsvr.in **Tel:** +91 40 040-23319833

Contact Person: Mr Rama Rao Talluri

Firm Registration Number: 008801S/S200060

Peer Review Certificate Number: 015480

Statutory and Peer Review Auditor of our Company with effect from April 01, 2024

P. Suryanaryana & Co., Chartered Accountants
Address: 6-3-1092/93, NIAR Campus, Beside Shanti Sikhara Apartments,
Rajbhavan Road, Somajiguda, Hyderabad-500082.

Email : psn_ca@yahoo.com

Phone: 040 23300659

Contact Person: Siva Priya Charan Susurla

Mob: +91 9676 333 819

Firm Registration Number: 009288S

Peer review Certificate Number: 014758

Bankers to the Issue/ Refund Bank

[•]

Designated Intermediaries

Self-Certified Syndicate Banks

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

Inter-se Allocation of Responsibilities

Since there are no lead managers, a statement of inter se allocation of responsibilities is not required.

Expert Opinion

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

Our Company has received written consent dated 03rd June, 2024, from our NSVR & Associates LLP Chartered Accountants, who were the Statutory Auditors for financial year ended March 31, 2024 for inclusion of their Audit Report dated May 29, 2024 on our Financial Information for the financial years ended March 31, 2024; and to include their name in this Draft Letter of Offer and as an 'Expert' as defined under Section 2(38) of the Companies Act, 2013. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

Our Company has received written consent dated 3rd June 2024 from our P. Suryanarayana & Co., Chartered Accountants, in relation to the Statement of Tax Benefits dated 3rd June 2024 in the form and context in which it appears in this Draft Letter of Offer and to include their name in this Draft Letter of Offer and as an 'Expert' as defined under Section 2(38) of the Companies Act, 2013. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

Investor grievances

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

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

Credit Rating

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

Debenture Trustees

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

Monitoring Agency

Since the size of the issue is less than Rs.10,000 lacs, under Regulation 82 of the SEBI ICDR Regulations, a monitoring agency is not required to be appointed by our Company.

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 Letter of Offer with SEBI for rights issues has been increased to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the Stock Exchange and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchange.

Changes in Auditors during the last three years

There has been no change in the Statutory Auditor of our Company in last three years immediately preceding the date of this Draft Letter of Offer except that the current statutory auditors who have tendered their resignation on March 06, 2024, due to pre-occupation. We have appointed M/s P. Suryanarayana & Co Chartered Accountants, Hyderabad as our Statutory Auditors in the Extra Ordinary General Meeting held on 27th day of May, 2024, to fill the casual vacancy caused by resignation of M/s. NSVR & Co LLP Chartered Accountants.

Underwriting Agreement

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

Issue Schedule

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

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

* The Board of Directors or the Rights Issue Committee 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.

The above schedule is indicative and does not constitute any obligation on our Company.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two (2) Working Days prior to the Issue Closing Date, i.e., [●] [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, being [●],[●] 2024.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Neither our Company nor the Registrar to the Issue will be liable for any loss on account of non-submission of Applications on or before the Issue Closing Date. For details on submitting Application Forms, see “Terms of the Issue” on page 139 of this Draft Letter of Offer.

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

Minimum Subscription

Except Phani Anupama Vankineni and Vankineni Bhanu Prakash, other members of promoter group have not given their confirmation regarding their intention to subscribe jointly and / or severally.

Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue shall be applicable. Pursuant to regulation 86(2) of the SEBI ICDR Regulations in case of nonreceipt of minimum subscription, all application monies received shall be refunded to the applicants forthwith, but not later than four days from the closure of the Rights Issue

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Draft Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid-up share capital after the Issue, are set forth below.

(₹ Lakhs except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	AUTHORISED SHARE CAPITAL*		
	12,00,00,000 Equity Shares of ₹1 each	1200.00	
B	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE		
	11,43,600 Equity Shares of ₹1 each	1143.60	
C	PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽¹⁾		
	Up to [●] Rights Equity Shares, at a premium of ₹[●] per Rights Equity Share, <i>i.e.</i> , at a price of ₹[●] per Rights Equity Share ⁽²⁾	[●]	[●]
D	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE ⁽³⁾⁽⁴⁾		
	Up to [●] Equity Shares	[●]	
E	SECURITIES PREMIUM ACCOUNT		
	Before the Issue		Nil
	After the Issue		[●] ⁽³⁾

(1) & (2) The present Issue has been authorised vide a resolution passed at the meeting of the Board of Directors dated 29th May 2024.

(2) On Application, Investors will have to pay [●] per Rights Equity Share which constitutes 100% of the Issue Price.

(3) Assuming full subscription for and Allotment of the Rights Equity Shares.

(4) Subject to finalisation of Basis of Allotment.

Notes to Capital Structure

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

Our Promoters have confirmed that they intend to: subscribe, to the full extent of their Rights Entitlement and have also confirmed that they shall not renounce the Rights Entitlements (except to the extent of Rights Entitlements renounced by any of them in favour of our other Promoters); (ii) subscribe to the Rights Equity Shares for the Rights Entitlements, if any, which are renounced in their favour by any other Promoters, each as may be applicable; and (iii) their intention to apply for and subscribe to additional Rights Equity Shares and to any unsubscribed portion in this Issue, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations, at the time of Allotment.

2. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the Takeover Regulations is ₹ [●]/- per equity share.
3. At any given time, there shall be only one denomination of the Equity Shares of our Company.
4. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. For details on the terms of this Issue, see “Terms of the Issue” on page 139 of this Draft Letter of Offer.
5. Shareholding Pattern of our Company as per the last filing with the Stock Exchange:

(C1)	Shares underly ing deposit ory receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employ ee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total		11,766	114360000	0	0	114360000	100.00	114360000	114360000	100.00	0	0	0	0	0	0	107851800

Category of Shareholder	No. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
A2) Foreign							
Sub-total of A2	0	0	0	0	0	0	0
A= A1+ A2	7	7,01,35,000	7,01,35,000	61.33	7,01,35,000	61.33	7,01,35,000

iii. Statement showing holding of securities of persons belonging to the "public" category as on March 31 2024:

Category of Shareholder	Nos. of Shareholders	No. of fully paid up Equity Shares held	Total no of Equity Shares held	Shareholding as a % of total no. of Equity Shares (Calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	Number of Equity Shares held in dematerialized form
B1) Institutions	-	-	-	-	-	-	-
Banks (Domestic)	-	-	-	-	-	-	-
Foreign Portfolio Investors	-	-	-	-	-	-	-
Sub Total B1	-	-	-	-	-	-	-
B2) Central Government/ State Government(s) / President of India	-	-	-	-	-	-	-
Sub Total B2	-	-	-	-	-	-	-
B3) Non-Institutions							
Individual share capital up to ₹ 2 Lakhs	11,684	1,90,61,079	1,90,61,079	16.67	1,90,61,079	16.6	1,26,54,879
Individual share capital in excess of ₹. 2 Lakhs	11	2,47,33,732	2,47,33,732	21.63	2,47,33,732	21.63	2,47,33,732
Any Other							
IEPF	-	-	-	-	-	-	-
Non-Resident Indian (NRI)	47	3,04,308	3,04,308	0.27	3,04,308	0.27	3,04,308
Clearing Members	-	-	-	-	-	-	-
Bodies Corporate	17	1,25,881	1,25,881	0.11	1,25,881	0.11	23,881
HUF	-	-	-	-	-	-	-
Trust	-	-	-	-	-	-	-
Sub-total B3	11,759	4,42,25,000	4,42,25,000	38.67	4,42,25,000	38.67	3,77,16,800

B= B1+B2+B3	11,759	4,42,25,000	4,42,25,000	38.67	4,42,25,000	38.67	3,77,16,800
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- iv. *Details of shareholders of our Company holding 1% or more of the paid-up capital of the issuer as last disclosed to the stock exchanges: i.e March 31, 2024*

S. No.	Name of the Shareholders	No. of Equity Shares	% of Pre-Issue Equity Share Capital
	Vankineni Bhanu Prakash	4,28,48,000	37.47
	Ratna Kumari Vankineni	1,26,10,000	11.03
	Srinivasa Rao Paturi	85,00,000	7.43
	Kalagara Savithri	42,25,000	3.69
	Vankineni Kiran Kumar	42,25,000	3.69
	Garapati G Ram Choudhary	42,25,000	3.69
	Phani Anupama Vankineni	36,92,000	3.23
	Mallikarjuna Rao Yerrapragada	28,28,175	2.47
	Vankineni Vijayalakshmi	21,45,000	1.88
	Durga Venkata Vara Prasad Rao Chadalawada	19,89,000	1.74
	Jaya Bharathi Raparla	16,75,070	1.46
	Aritakula Brahmaji	14,75,270	1.29
	Venkata Appa Rao Tondapu	13,47,530	1.14

- v. *Details of shares locked-in, pledged, encumbrance by the Promoters and the Promoter Group:*

As on date of this Draft Letter of Offer, none of the shares held by the promoters are locked-in, pledged or encumbered.

- vi. *Details of shares acquired by Promoters in the last one year immediately preceding the date of filing of this Draft Letter of Offer:*

S. No.	Name of the Promoter and Promoter Group	Number of shares acquired	Mode of Acquisition	Date
NIL				

6. Shareholding Pattern of our Company as per the last filing with the Stock Exchange:
7. There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of filing of this Draft Letter of Offer. The Company has taken necessary approvals from the shareholders for granting stock options to the employees. Although necessary in-principle approvals have been taken from the Stock Exchange, the scheme is yet to be implemented.

OBJECTS OF THE ISSUE

The Objects of the Issue are:

1. Adjustment of Unsecured Loans against the Rights Entitlement of the Promoters.
2. Towards meeting working capital requirements; and
3. General Corporate Purposes.

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

We intend to utilize the gross proceeds raised through the Issue (the “**Issue Proceeds**”) after deducting the Issue related expenses (“**Net Proceeds**”) for the abovementioned Objects.

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

The details of objects of the Issue

	(₹ in lakhs)
Particulars	Amount
Gross proceeds from the Issue*	4975.00
Less: Issue related expenses	75.00
Net Proceeds of the Issue	4900.00

Assuming full subscription in the Issue and subject to the finalisation of the basis of Allotment and the allotment of the Rights Equity Shares.

*The Issue size will not exceed ₹ 5,000.00 Lakhs. If there is any reduction in the amount on account of or at the time of finalisation of issue price and Rights Entitlements Ratio, the same will be adjusted against General Corporate Purpose.

Our Promoters & Directors have lent unsecured loans to our company aggregating to ₹ 2649.29 Lakhs as on 31.03.2024. The Promoters & Directors have requested our Company to adjust the outstanding unsecured loan aggregating to ₹ 2649.29 Lakhs against their rights entitlement vide letter dated May 31, 2024. The aforesaid loan has been used for funding the working capital requirements as certified by Independent Statutory Auditor vide certificate dated 12th June, 2024. The Allotment Committee of the Board of Directors in its meeting held on 12th June, 2024 has accepted their request for adjustment of unsecured loan aggregating to ₹ 2475.00 Lakhs towards their rights entitlement.

Name of the Lender	Tenure	Rate of Interest	Outstanding amount as on March 31, 2024 (₹ in Lakhs)	Purpose of Loan
V Bhanuprakash	On Demand	Interest free loans	2152.92	Funding the working capital requirements and capex of the Company
Phani Anupama	On Demand	Interest free loans	496.37	
Total			2649.29	

Requirement of Funds:

The intended use of the Net Proceeds of the Issue is as under: -

		(₹ in lakhs)
S. No.	Particulars	Total estimated amount to be utilized
	Adjustment of Unsecured Loans against the Rights Entitlement of Promoters	2475.00
	Towards working capital requirements	1500.00
	General Corporate Purpose	925.00
	Total Net Proceeds**	4900.00

We intend to spend the entire rights issue proceeds in FY 2024-25

***Assuming full subscription in the Issue and the allotment of the Rights Equity Shares. The amount utilized for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Schedule of Implementation and Deployment of Funds

Our Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2024-25. The funds deployment described herein is based on management estimates and current circumstances of our business and operations. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Details of the Objects of the Issue

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

1. Adjustment of Unsecured Loans against the Rights Entitlement of the Promoters

Our Promoters & Directors have lent unsecured loans to our company aggregating to ₹ 2649.29 Lakhs as on 31.03.2024. The Promoters & Directors have requested our Company to adjust the outstanding unsecured loan aggregating to ₹ 2475.00 Lakhs against their rights entitlement vide letter dated May 31, 2024. The aforesaid loan has been used for funding the working capital requirements as certified by Independent Statutory Auditor vide certificate dated 12th June, 2024. The Allotment Committee of the Board of Directors in its meeting held on 12th June, 2024 has accepted their request for adjustment of unsecured loan aggregating to ₹ 2475.00 Lakhs towards their rights entitlement.

The terms of the borrowings which have to be repaid by our Company is stated as below:

Particulars	Detailed Terms
Nature of Borrowing	Unsecured Loan
Maturity Date	NA
Prepayment/ penalty conditions	NA
Purpose of Loan	Funding the working capital requirements of the Company

The following table provides the details of borrowings availed by our Company and outstanding amounts from our Promoters / Directors, which have been identified to adjust the outstanding unsecured loan aggregating to ₹ 2640.29 Lakhs as on 31st March 2024, against their rights entitlement and have been certified by our Statutory Auditors pursuant to their certificate dated 12th June, 2024:

Name of the Lender	Tenure	Rate of Interest	Outstanding amount as on March 31, 2024 (₹ in Lakhs)	Purpose of Loan
V Bhanuprakash	On Demand	Interest free loans	2152.92	Funding the working capital requirements and capex of the Company
Phani Anupama	On Demand	Interest free loans	496.37	
Total			2649.29	

Further, as per their request letters dated May 31, 2024, they have requested our Company to adjust unsecured loan amounting to ₹ 2475.00 Lakhs against their application money to the extent of their subscription and allotment of the Rights Equity Shares

to them under the Issue, whether pursuant to their Rights Entitlements (including Rights Entitlements renounced in their favour, if any) or subscription to Additional Rights Equity Shares (as the case may be) instead of seeking a repayment of the same. Based on the business requirements of our Company, our Promoters and Directors may advance further interest free unsecured loans to our Company and the exact amount of such unsecured loans to be adjusted may vary at the time closure of the Rights Issue subscription period.

Our Promoter and our Promoter Group members have undertaken to: (a) subscribe, jointly and severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement renounced in their favour by any other Promoter or member of the Promoter Group; and (b) subscribe to, either individually or jointly, with the Promoter or member of the Promoter Group, for Additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue. Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of Additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempted in terms of Regulation 10(4)(b) of the SEBI Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations

2. To meet the Long Term Working Capital Requirements

Our business is predominantly working capital intensive. We fund the majority of our working capital requirements in the ordinary course of our business from our internal accruals, however this time to strengthen the margins and financial strength of the Company we propose to part fund the Working Capital Requirements from the net proceeds of proposed Right Issue as details herein below:

(₹ in lakhs)

S. No.	Particulars	Total estimated amount to be utilized
1	Meeting Long Term Working Capital Requirements	1500.00
	Total	1500.00

We operate in a highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances, business or strategy, foreseeable opportunity. Consequently, our fund requirements may also change.

The details of Company's working capital as at 31st March, 2023 and as at 31st March, 2024 and the source of funding, on the basis of financial statements, as certified by our Statutory and Peer Review Auditor, M/s. NSVR & Associates LLP, Chartered Accountants, vide their report dated September 12, 2023 are provided in the table below. Further, in light of the incremental business requirements, our Company requires additional working capital for funding its working capital requirements in the Financial Year ending 31st March 2025 and 31st March 2026. On the basis of our existing working capital requirements and the projected working capital requirements, our Board pursuant to its resolution dated 29th May 2024 has approved the business plan for the Financial Year ending 31st March 2025 and 31st March 2026 respectively and the proposed funding of such working capital requirements, The breakup of the working capital requirements year wise is given in the table below:

The details of Working Capital Requirement is as under:

(₹ in lakhs)

S. No.	Particulars	As at 31-03-2023	As at 31-03-2024	As at 31-03-2025	As at 31-03-2026
		Audited	Audited	Projected	Projected
A	<u>Current Assets</u>				
	a) Inventories	1,848.91	2,280.79	3,168.62	4,168.92
	b) Trade receivables	4,480.11	4,726.48	2,769.37	2,523.57
	c) Cash & cash equivalents	18.95	42.51	80.16	31.88
	d) Other Assets	1027.99	2844.92	1256.40	1,298.24
	Sub-total	7,375.96	9,894.71	7,274.55	8,022.60
B	<u>Current Liabilities</u>				
	a) Borrowings	1,718.47	1,701.17	1,750.00	1,750.00
	b) Trade Payables	2,378.22	127.22	526.65	551.05

	c) Other current Liabilities	224.09	3,928.66	217.89	363.97
	Sub-total	4,320.77	5,757.05	2,494.54	2,665.03
D	Net Working Capital	3,055.19	4,137.66	4,780.01	5,357.58
	Working Capital Gap				
	Funding Pattern				
	Funding through Internal Accruals/Other Borrowings	3,055.19	4,137.66	3,280.01	3,857.58
	Working Capital funding through Rights Issue proceeds to be utilized	-	-	1,500.00	1,500.00

Assumption for future working capital requirements

Number of Days (Holding Levels)						
Particulars	31-03-2021 (Audited)	31-03-2022 (Audited)	31-03-2023 (Audited)	31-03-2024 (Audited)	31-03-2025 (Estimated)	31-03-2026 (Estimated)
Current Assets						
Inventories	87.26	40.50	110.87	115.95	46.68	32.30
Trade Receivables	5.14	12.54	25.44	69.79	21.18	16.61
Other Current Assets						
Current Liabilities						
Trade Payables	4.89	4.55	5.55	96.38	3.67	4.66
Other Current Liabilities	28.60	64.40	45.75	55.95	53.41	53.35

* Working days assumed as 300 days in a year.

** Other Current Assets includes: Advance to Employees + other Loans and Advances + Prepaid Expenses + TDS & TCS Receivables

Justification for "Holding Period" levels

The justifications for the holding levels mentioned in the table above are provided below:

Assets – Current Assets	
Debtors	Debtors Holding period will reduce from 116 days in FY 2023-24 to 46.68 days in FY 2024-25 and to 32.30 days in FY 2025-26. This is mainly due to better realization in existing Solvent Extraction division and lower credit period in the proposed Refinery Division.
Creditors	Creditor days are anticipated to increase from the present 3.12 days in FY 2023-24 to 8.88 days in FY 2024-25 and 7.05 days in FY 2025-26. This is mainly due to marginal increase in credit days in Solvent Extraction Division.
Other Current Assets and Other Current liabilities	The Other Current assets will reduce from 71.51 days in FY 2023-24 to 21.18 days in FY 2024-25 and to 16.61 days in FY 2025-26. Similarly Other Current liabilities will reduce from 96.38 days in FY 2023-24 to 3.67 days in FY 2024-25 and to 4.66 days in FY 2025-26. This is mainly due to reduction in advance paid to suppliers and corresponding decrease in Advance received from Customers.

3. General Corporate Purpose

In terms of Regulation 62 (2) of the SEBI ICDR Regulations, the extent of the Issue Proceeds proposed to be used for general corporate purposes shall not exceed 25% of the Gross proceeds of the Issue. Our Board will have flexibility in applying the balance amount towards general corporate purposes, including meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, insurance related expenses, meeting of exigencies which our Company may face in course of business and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our management will have flexibility in utilizing any amounts for general corporate purposes under the overall guidance and policies of our Board. 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.

4. Expenses for the issue

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

Particulars	Amount	As a percentage of total expenses	(₹ in lakhs)
			As a percentage of Issue size*#
Fees of the Bankers to the Issue, Registrar to the Issue, Legal Advisor, Auditor's fees, including out of pocket expenses etc.	45.00	60	0.91
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	15.00	20	0.31
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	15.00	20	0.31
Total estimated Issue expenses*^	75.00	100	1.53

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

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

^Excluding taxes

#Assuming full subscription.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Issue Proceeds.

Monitoring of Utilization of Funds

Since the proceeds from the Issue are less than ₹10,000 lakhs, in terms of Regulation 41(1) of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for this Issue. However, as per SEBI Listing Regulations, the Rights Issue Committee appointed by the Board would be monitoring the utilization of the proceeds of the Issue. The Company will disclose the utilization of the Issue Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate investments, if any, of unutilized Issue Proceeds in the Balance Sheet of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchange.

As per the requirements of Regulations 18(3) read with Part C of Schedule II of the SEBI Listing Regulations, we will disclose to the Audit Committee the uses / application of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by our Statutory Auditor.

Further, pursuant to Regulation 32 of the SEBI Listing Regulations, the Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Issue Proceeds. In accordance with Regulation 32 of the SEBI Listing Regulations, the Company shall furnish to the Stock Exchange, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after placing the same before the Audit Committee.

Interim Use of Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company intends to deposit the Net Proceeds only with scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934 or make any such investment as may be allowed by SEBI from time to time.

Strategic or financial partners

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

Interest of Promoters and Directors in the objects of the Issue

Our promoters are interested in the objects of the Issue to the extent of repayment of unsecured loan from the proceeds of the issue to the members of the Promoter group. No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, Promoter Group, Directors and Key Managerial Personnel of our Company.

Appraisal

None of the Objects of the Issue have been appraised by any bank or financial institution.

Undertaking by our Promoter

Except Phani Anupama Vankineni and Vankineni Bhanu Prakash, none of the other members of the promoter and promoter group have given their confirmation regarding their intention to subscribe jointly and / or severally.

Accordingly, in terms of the SEBI ICDR Regulations, the requirement of minimum subscription in the Issue shall be applicable. Pursuant to regulation 86(2) of the SEBI ICDR Regulations in case of non-receipt of minimum subscription, all application monies received shall be refunded to the applicants forthwith, but not later than four days from the closure of the Rights Issue.

Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●]/-.

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS AS PER THE CERTIFICATE ISSUED BY STATUTORY AUDITORS OF THE COMPANY

The Board of Directors,

DILIGENT INDUSTRIES LIMITED

Dwarka Thirumala Road Denduluru Village and Mandal, West Godavari, Andhra Pradesh, India, 534432.

Dear Sirs,

Sub: Statement of possible special direct tax benefits available to “DILIGENT INDUSTRIES LIMITED” (“the Company”) and its shareholders (“the Statement”).

We hereby confirm that the enclosed statement states the possible special direct tax benefits available to the Company and the shareholders of the Company under the Income Tax Act, 1961 (“Act”) as amended from time to time, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfil.

This statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the rights issue of equity shares of the Company particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. Neither are we suggesting nor are we advising the investor to invest money based on this statement.

The contents of the enclosed statement are based on the information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company. We do not express any opinion or provide any assurance as to whether:

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

This statement is intended solely for information and for inclusion in the Letter of Offer in relation to the Issue of equity shares of the Company and is not to be used, circulated or referred to for any other purpose without our prior written consent. Our views are based on the existing provisions of law referred to earlier and its interpretation, which are subject to change from time to time.

We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

For M/s P. Suryanaryana & Co.,

Chartered Accountants

Firm Registration No: 009288S

Sd/-

Sivapriya Charan Susarla

Partner

M No.: 232879

Place: Hyderabad

Date: June 03, 2024

UDIN: 24232879BKCFUN8290

Statement of Special Tax Benefits available to the Company & its Shareholder under the Income Tax Act, 1961 and other Direct Tax Laws presently in force in India

Special Tax Benefits

I. Benefits available to the Company

There are no special tax benefits available to the Company.

II. Benefits available to the Shareholders

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

SECTION IV: ABOUT OUR COMPANY

INDUSRY OVERVIEW

Indian Economy

Introduction

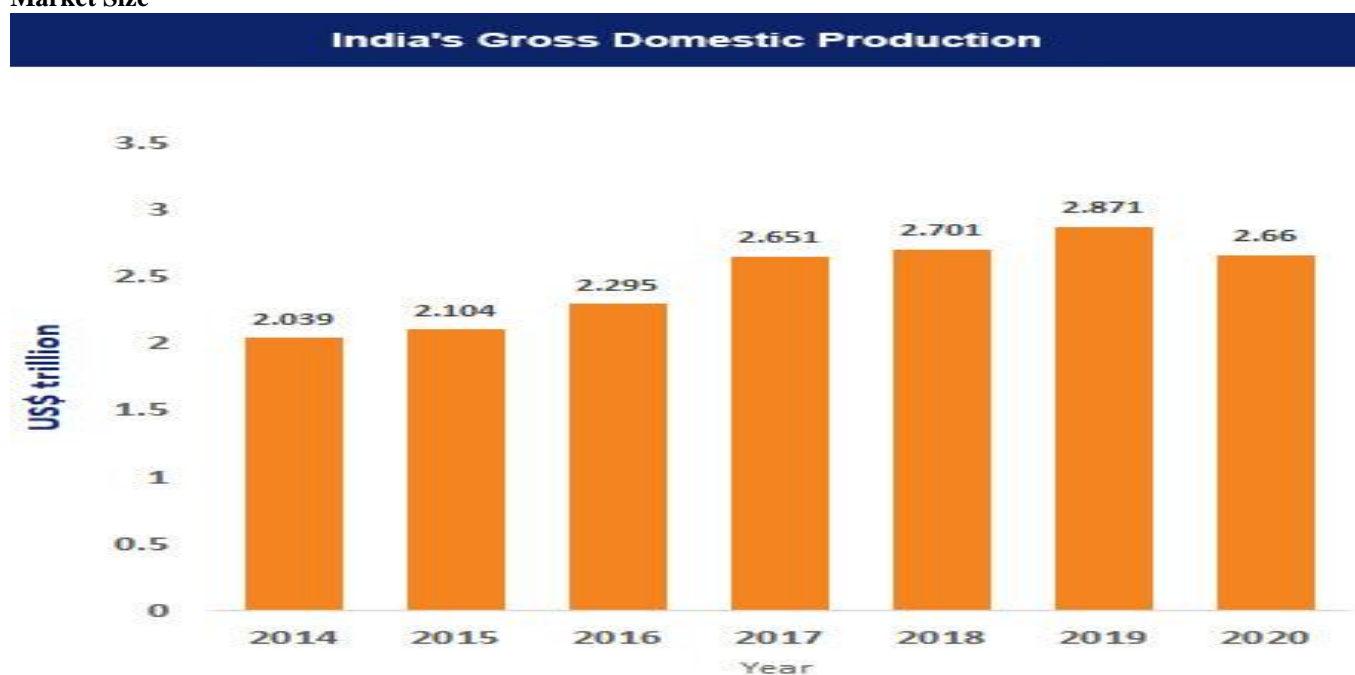
Strong economic growth in the first quarter of FY23 helped India overcome the UK to become the fifth-largest economy after it recovered from the COVID-19 pandemic shock. Real GDP at constant prices (2011-12) in the first quarter of 2023-24 is estimated at Rs. 40.37 trillion (US\$ 484.94 billion), showing a growth of 7.8% as compared to the first quarter of 2022-23 estimated at Rs. 37.44 trillion (US\$ 449.74 billion). Given the release of pent-up demand and the widespread vaccination coverage, the contact-intensive services sector will probably be the main driver of development in 2022-2023. In 2023-24 (April-September), India's service exports stood at US\$ 164.89 billion. Furthermore, India's overall exports (services and merchandise) in 2023-24 (April-September) were estimated at US\$ 376.29 billion. Rising employment and substantially increasing private consumption, supported by rising consumer sentiment, will support GDP growth in the coming months.

Future capital spending of the government in the economy is expected to be supported by factors such as tax buoyancy, the streamlined tax system with low rates, a thorough assessment and rationalisation of the tariff structure, and the digitization of tax filing. In the medium run, increased capital spending on infrastructure and asset-building projects is set to increase growth multipliers, and with the revival in monsoon and the Kharif sowing, agriculture is also picking up momentum. The contact-based services sector has largely demonstrated promise to boost growth by unleashing the pent-up demand over the period of April-December 2022. The sector's success is being captured by a number of HFIs (High-Frequency Indicators) that are performing well, indicating the beginnings of a comeback.

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

India's appeal as a destination for investments has grown stronger and more sustainable as a result of the current period of global unpredictability and volatility, and the record amounts of money raised by India-focused funds in 2022 are evidence of investor faith in the "Invest in India" narrative.

Market Size



India's nominal gross domestic product (GDP) at current prices is estimated to be at Rs. 301.75 trillion (US\$ 3.62 trillion) in 2023-24. Additionally, the Nominal GDP at current prices in Q1 of 2023-24 was Rs. 70.67 trillion (US\$ 848.92 billion), as

against Rs. 65.42 trillion (US\$ 785.85 billion) in 2022-23, estimating a growth of 8%. With 115 unicorns valued at more than US\$ 350 billion, as of February 2023, India presently has the third-largest unicorn base in the world. The government is also focusing on renewable sources by achieving 40% of its energy from non-fossil sources by 2030. India is committed to achieving the country's ambition of Net Zero Emissions by 2070 through a five-pronged strategy, 'Panchamrit'. Moreover, India ranked 3rd in the renewable energy country attractive index.

According to the McKinsey Global Institute, India needs to boost its rate of employment growth and create 90 million non-farm jobs between 2023 to 2030 in order to increase productivity and economic growth. The net employment rate needs to grow by 1.5% per annum from 2023 to 2030 to achieve 8-8.5% GDP growth between same time period. India's current account deficit (CAD) decreases to US\$ 9.2 billion in Q1 of 2023-24 from US\$ 17.9 billion in Q1 of 2022-2023.

Exports fared remarkably well during the pandemic and aided recovery when all other growth engines were losing steam in terms of their contribution to GDP. Going forward, the contribution of merchandise exports may waver as several of India's trade partners witness an economic slowdown. According to Mr. Piyush Goyal, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Indian exports are expected to reach US\$ 1 trillion by 2030.

The Road Ahead

In the second quarter of FY24, the growth momentum of the first quarter was sustained, and high-frequency indicators (HFIs) performed well in July and August of 2023. India's comparatively strong position in the external sector reflects the country's generally positive outlook for economic growth and rising employment rates. India ranked 5th in foreign direct investment inflows among the developed and developing nations listed for the first quarter of 2022.

India'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 2023-24, stood 37.4% higher than the same period last year. In the budget of 2023-24, capital expenditure took lead by steeply increasing the capital expenditure outlay by 37.4 % in BE 2023-24 to Rs.10 lakh crore (US\$ 120.12 billion) over Rs. 7.28 lakh crore (US\$ 87.45 billion) in RE 2022-23. The ratio of revenue expenditure to capital outlay increased by 1.2% in the current year, signalling a clear change in favour of higher-quality spending. Stronger revenue generation because of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels.

Since India's resilient growth despite the global pandemic, India's exports climbed at the second-highest rate with a year-over-year (YoY) growth of 8.39% in merchandise exports and a 29.82% growth in service exports till April 2023. With a reduction in port congestion, supply networks are being restored. The CPI-C inflation reduction from June 2022 already reflects the impact. In September 2023 (Provisional), CPI-C inflation was 5.02%, down from 7.01% in June 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.

(Source: <https://www.ibef.org/economy/indian-economy-overview> – updated as on November 2023)

Edible Oil Industry

Importance of Edible Oils in India's Economy

Oilseeds and edible oils are two of the most sensitive essential commodities. India is one of the largest producer of oilseeds in the world and this sector occupies an important position in the agricultural economy, accounting for the estimated production of 41.35 million tons of nine cultivated oilseeds during the year 2022-23 (November-October) as per 1st Advance Estimates released by the Ministry of Agriculture on 27.10.2023. India contributes about 5-6% of the world oilseeds production. Export of oil meals, oilseeds and minor oils was about 3.46 million tons in the financial year 2022-23 valued at Rs 14,609 crores.

Types of Oils commonly in use in India

India is fortunate in having a wide range of oilseeds crops grown in its different agro climatic zones. Groundnut, mustard/rapeseed, sesame, safflower, linseed, niger seed, castor are the major traditionally cultivated oilseeds. Soyabean and sunflower have also assumed importance in recent years. Coconut is most important amongst the plantation crops. Efforts are being made to grow oil palm in Andhra Pradesh, Karnataka, Tamil Nadu and North- Eastern parts of the country in addition to

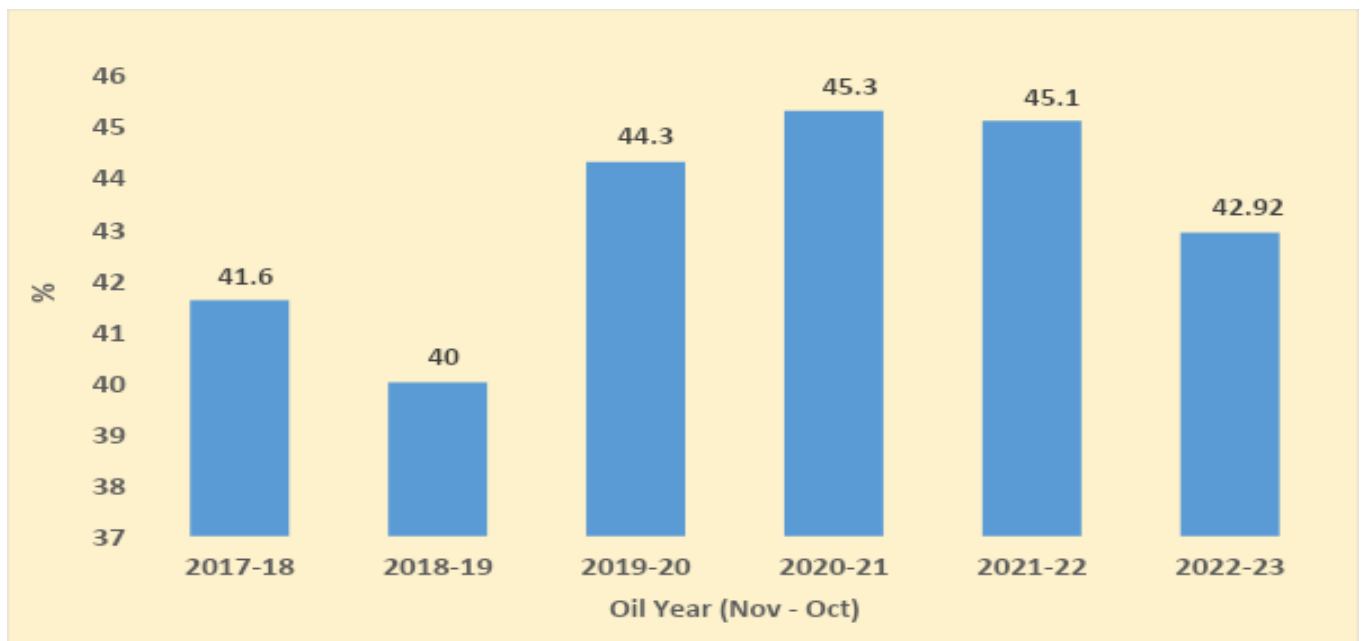
Kerala and Andaman & Nicobar Islands. Among the non-conventional oils, rice bran oil and cottonseed oil are the most important. In addition, oilseeds of tree and forest origin, which grow mostly in tribal inhabited areas, are also a significant source of oils. Figures pertaining to estimated production of major cultivated oilseeds, availability of edible oils from all domestic sources (from Domestic and Import Sources) during the last ten years are as under: -

Oil Year (Nov-Oct)	Area Under Cultivation of Oil Seeds (Lha)	Production of Oilseeds (LMT)	Domestic Availability of Edible Oils	Imports of Edible Oils** (LMT)	Total Availability/Consumption (LMT)	Self sufficiency	% Share of imports
2011-12	263.0	298	89.6	99.4	185.0	46.3	53.7
2012-13	264.8	309	92.2	106	198.2	46.5	53.5
2013-14	280.5	327	101.9	109.8	211.7	48.1	51.9
2014-15	255.9	275	92.0	138.5	230.5	40.0	60
2015-16	260.8	253	86.30	148.50	234.80	36.8	63.2
2016-17	261.7	313	100.99	153.17	254.16	39.7	60.3
2017-18	245.0	315	103.80	145.92	249.72	41.6	58.4
2018-19	247.9	315	103.52	155.70	259.22	40	60
2018-19	315	103.5	155.7	259.2	60		
2019-20	263.1	332	106.55	134.16	240.71	44.3	55.7
2020-21	288.2	359	111.51	134.52	246.03	45.3	54.7
2021-22	291.6	379.63	116.5	141.93	258.44	45.1	54.9
2022-23	301.0#	413.55#	124.1#	165.00	289.10	42.92	57.07

* Directorate General of Commercial Intelligence & Statistics (Ministry of Commerce)

Based on the 1st Advance Estimates declared by DACFW released on 27.10.2023

Self Sufficiency Percentage

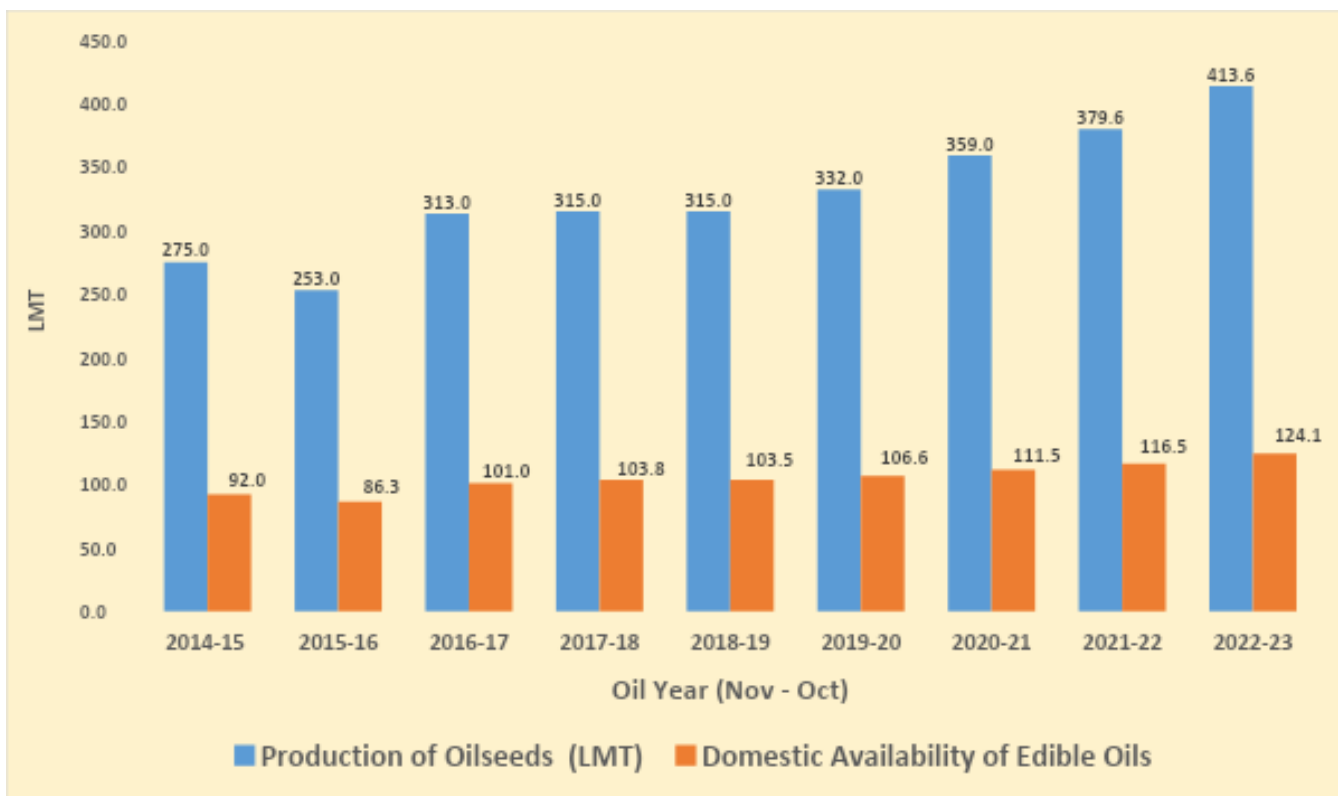


The self-sufficiency percentage in terms of edible oil for India varies from year to year. In last year, India's self-sufficiency in edible oil production is approximately 43%.

Consumption Pattern of Edible Oils in India

India is a vast country and inhabitants of several of its regions have developed specific preference for certain oils largely depending upon the oils available in the region. For example, people in the South and West prefer groundnut oil while those in the East and North use mustard / rapeseed oil. Likewise, several pockets in the South have a preference for coconut and sesame oil. Inhabitants of northern plain are basically consumers of fats and therefore prefer Vanaspati, a term used to denote a partially hydrogenated edible oil mixture of oils like Soyabean, Sunflower, Rice bran and Cottonseed oils. Many new oils from oilseeds of tree and forest origin have found their way to the edible pool largely through Vanaspati route. Of late, things have changed. Through modern technological means such as physical refining, bleaching and de-odorization, all oils have been rendered practically colorless, odorless and tasteless and therefore, have become easily interchangeable in the kitchen. Oils such as soyabean oil, cottonseed oil, sunflower oil, rice bran oil, palm oil and its liquid fraction- Palmolein which were earlier not known have now entered the kitchen. About 57% of domestic demand of edible oils is met through imports out of which Palm oil constitutes about 59%. The consumption of refined palmolein (RBD palmolein) as well as its blending with other oils has increased substantially over the years and is used extensively in hotels, restaurants and in preparation of wide varieties of food products.

Domestic Production of Oilseeds and Edible Oils



*Based on the 1st Advance Estimates declared by DACFW released on 27.10.2023

Major Developments in the Edible Oil Economy

There are two major developments, which have significantly contributed to this sector. One was the setting up of the Technology Mission on Oilseeds in 1986 which has been converted into a National Mission on Oilseeds and Oil Palm (NMOOP) in 2014. As per a decision regarding merger/ conversions or linkage of Schemes/ sub- Schemes/ programmes, etc. having similar components such as incentive for seed, demonstration, and farm implements including efficient water application tools covered under NFSM and Oil seeds was merged under revamped NFSM from the year 2018-19. This gave a thrust to Government's efforts for augmenting the production of oilseeds. This is evident by the very impressive increase in the production of oilseeds

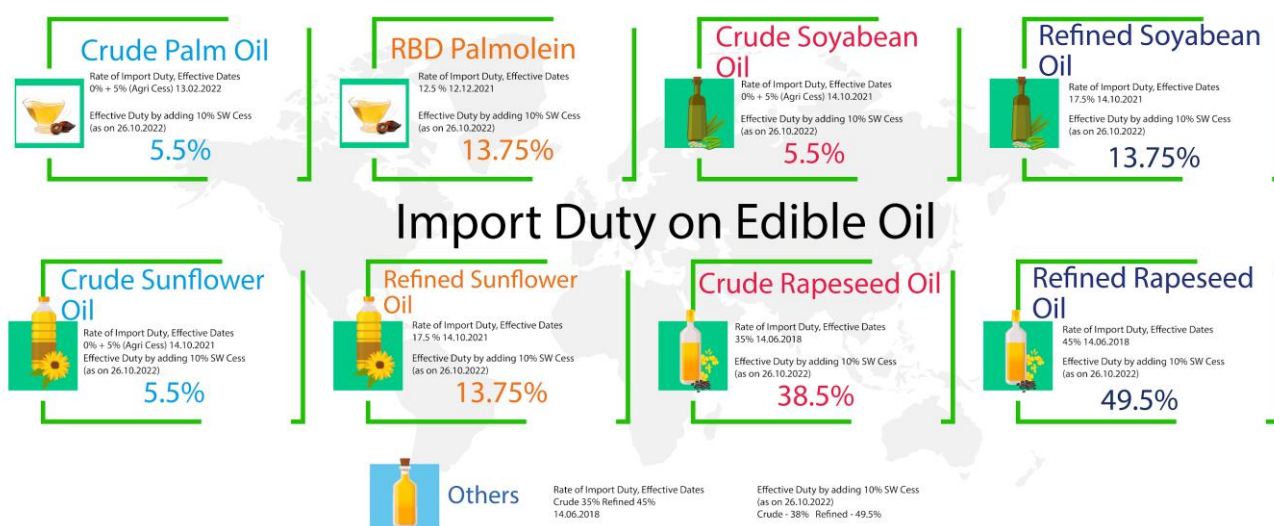
from about 11.3 million tons in 1986-87 to 41.35 million tons in 2022-23. Most of the oilseeds are cultivated on marginal land and are dependent on rainfall and other climatic conditions.

The other dominant development which has had significant impact on the present status of edible oilseeds/oil industry has been the program of liberalization under which the Government’s economic policy allowing greater freedom to the open market and encourages healthy competition and self-regulation rather than protection and control. Controls and regulations have been relaxed resulting in a highly competitive market dominated by both domestic and multinational players.

Export Import Policy on Edible Oils

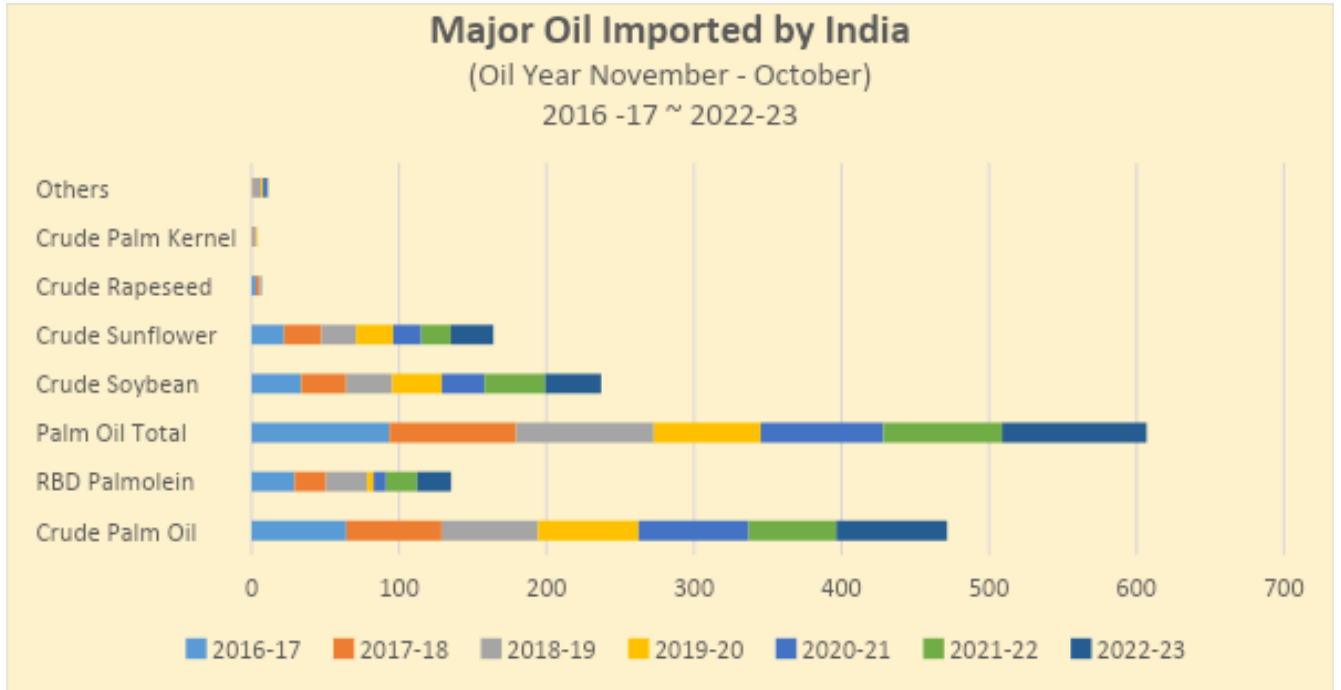
Import Policy

The country has to rely on imports to meet the gap between demand and supply. Import of edible oil is under Open General License. In order to harmonize the interests of farmers, processors and consumers and at the same time, regulate large import of edible oils to the extent possible, import duty structure on edible oils is reviewed from time to time. In a bid to control the continuous rise in the cooking oil prices since past one year, the Central Government has cut the basic duty on Crude Palm Oil, Crude Soyabean Oil and Crude Sunflower Oil from 2.5% to Nil. The Agri- cess on these Oils has been brought to 5%. This duty has been extended upto 31st March, 2025. The basic duty on Refined Soyabean oil and Refined Sunflower Oil has been reduced to 17.5% from 32.5% and the basic duty on Refined Palm Oils has been reduced from 17.5% to 12.5%. Import Duty of Refined Soyabean oil and Refined Sunflower Oil has been reduced to 17.5% from 12.5% on 14th June 2023. This duty has been extended upto 31st March, 2025. The Government has extended the free import of Refined Palm Oils till further orders.

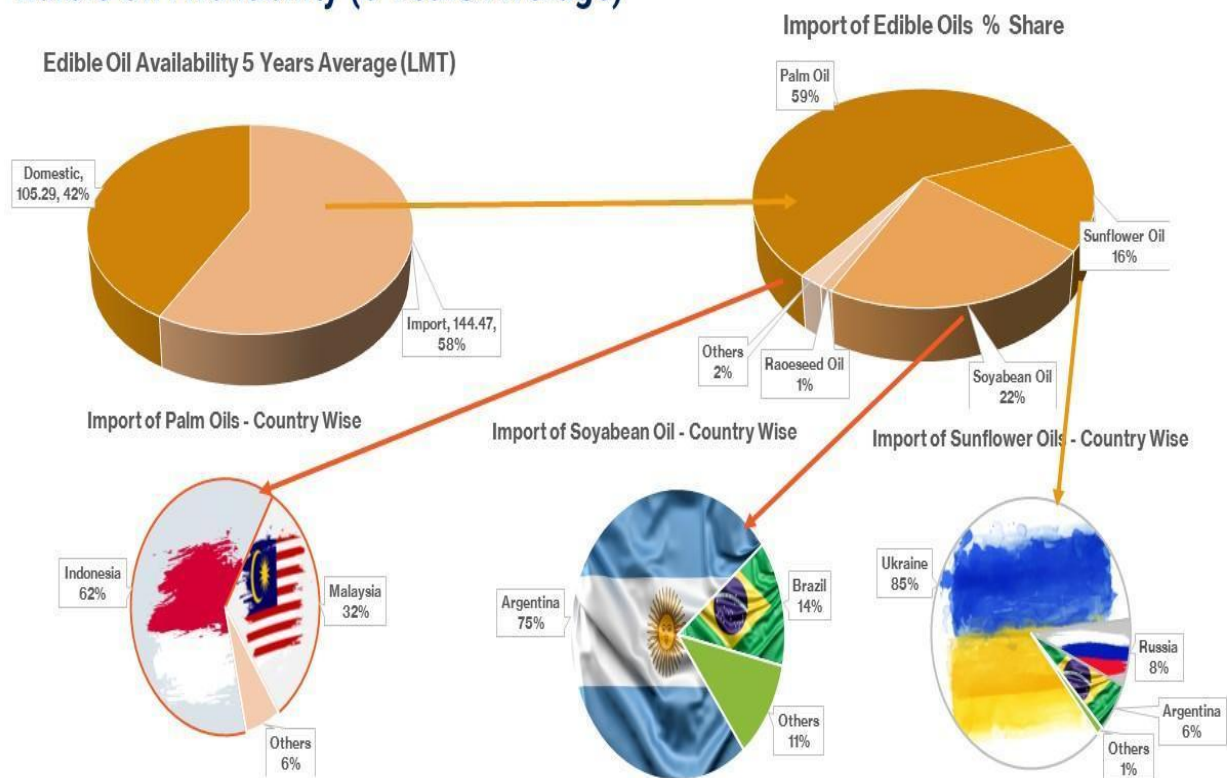


Major oils Imported					
Year (Nov-Oct)	Crude Palm Oil	RBD Palmolein	Palm Oil Total	Crude Soybean	Crude Sunflower
2016-17	64.33	29.12	93.45	33.7	22.07
2017-18	64.60	21.36	85.96	30.47	25.24
2018-19	65.41	27.99	93.4	31.16	23.46
2019-20	68.15	4.3	72.45	33.68	25.26
2020-21	74.66	8.48	83.14	28.91	19.09
2021-22	59.43	21.08	80.51	41.18	19.92

Major oils Imported					
Year (Nov-Oct)	Crude Palm Oil	RBD Palmolein	Palm Oil Total	Crude Soybean	Crude Sunflower
2022-23	75.00	22.95	97.95	37.93	28.87



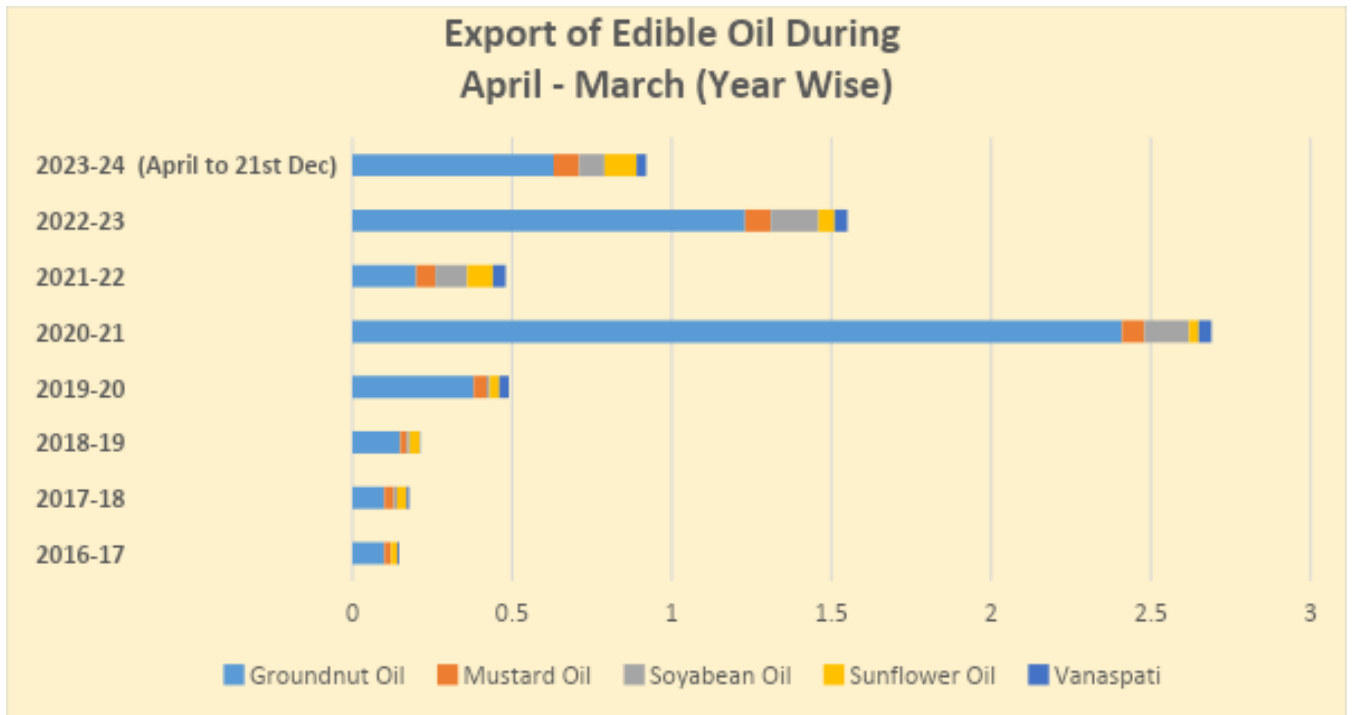
Edible Oil Availability (5 Years Average)



In order to ensure availability of edible oil in the country, export of edible oil has been banned w.e.f. 17.03.2008, which was extended from time to time. With effect from 06.02.2015, export of ricebran oil in bulk has been permitted. With effect from 27.03.2017, export of groundnut oil, sesame oil, soyabean oil and maize (corn) oil has been permitted. With effect from 06.04.2018, export of all edible oils except mustard oil was made free without quantitative ceiling; pack size etc, till further orders. Export of mustard oil is permitted in packs of up to 5 Kg with a Minimum Export Price (MEP) of USD 900 per MT. Except for Mustard Oil, Export of edible oils is permitted without any restrictions.

Quantity on Export – Export of Edible Oils during April – March year-wise

Year	Groundnut Oil	Mustard Oil	Soyabean Oil	Sunflower Oil	Vanaspati	Total
2016-17	0.1	0.02	0.001	0.02	0.006	0.15
2017-18	0.1	0.03	0.01	0.03	0.008	0.178
2018-19	0.15	0.02	0.01	0.03	0.0018	0.64
2019-20	0.38	0.04	0.01	0.03	0.03	0.53
2020-21	2.41	0.07	0.14	0.03	0.04	2.68
2021-22	0.2	0.06	0.1	0.08	0.04	0.48
2022-23	1.23	0.08	0.15	0.05	0.04	1.56
2023-24 (April to 21 st Dec)	0.63	0.08	0.08	0.1	0.03	0.93



Major Decisions

The Basic Import Duty on Crude Palm Oil, Crude Soyabean Oil, and Crude Sunflower oil has been reduced from 2.5% to Nil. The Agri-cess on these oils has been brought down to 5% from 20%. This duty structure on crude oils has been extended upto 31st March, 2025 .

The Basic Import Duty on Refined Palm Oils was reduced from 17.5% to 12.5% on 21.12.2021 and the same on Refined Sunflower Oil and Refined Soybean Oil was reduced from 17.5% to 12.5% w.e.f 15.06.2023. The duty structure on these Refined Oils has been extended up to 31st March 2025. The modified import policy on Refined Palm Oils as “free” has been extended till further orders.

E-Governance Initiatives

In order to improve and systemize the data management system in the vegetable oil sector, the Directorate of Sugar & Vegetable Oils under Department of Food and Public Distribution has developed a web based platform (evegoils.nic.in) for online submission of inputs by vegetable oil producers on monthly basis. This has helped the Government to take prompt and informed policy decisions for better management of vegetable oil sector. The new system also provides transparency in the data management of the vegetable oil industry as well as Government’s working. The portal also provides window for online registration and submission of monthly production returns.

Source : (https://dfpd.gov.in/Home/ContentManagement?Url=edible_oil_scenario.html&ManuId=3&language=1)

OUR BUSINESS

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Shareholders should read this entire Draft Letter of Offer. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read “Risk Factors” on page 20 of this Draft Letter of Offer, for a discussion of the risks and uncertainties related to those statements, as well as “Financial Information” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 80 and 124, respectively, of this Draft Letter of Offer for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.

Our Company was originally incorporated in the name and style of “Yatish Securities Limited” as a public limited Company under the Companies Act, 1956 pursuant to a Certificate of Incorporation granted by the Registrar of Companies, Karnataka (RoC) at Bengaluru on January 13, 1995. The name of our Company was changed to Diligent Industries Limited on March 08, 2012. The business of Adithya Agro Allied Oils Limited was amalgamated into our Company vide Order of the High Court of Andhra Pradesh dated September 26, 2013. The main objects of our Memorandum of Association were altered and our company has been in the business of manufacturing, trading and processing of edible oils since the year 2012. The registered office of our Company was shifted from the state of Karnataka to Andhra Pradesh in the year 2012 vide the Order of the Regional Director No: 24/RD/(SER)/SEC-17/KAR/C.P (15) 2012/2511 dated December 20, 2012 The Corporate Identity Number of our Company is L15490AP1995PLC088116.

We made an Initial Public Offering of Equity Shares in the year 1995 and listed our equity shares on the BSE.

Business Overview

We are currently engaged in the business of manufacturing, processing and trading of edible oils, food, feeds and agriculture commodities in India. With a view to get hold, stabilize, compete and increase the Company’s presence in the market the company is constantly attempting to utilize the available resources and production capacity at optimum level. The company has also ventured in to refined edible oils, which would certainly create good presence and name for us. This would also enable the Company to generate better revenue in the near future. The Company has state of the art processing plant located in lap of the lush green nature spread in 20 acres of land at Denduluru, West Godavari, Andhra Pradesh, India.

Our financial performance during the last year is as under:

(Amount in ₹ Lakhs)			
Particulars	March 31, 2024	March 31, 2023	March 31, 2022
	<i>Audited</i>		
Total Revenue from operations	12,229.10	12,123.06	10,164.99
EBITDA	635.73	244.73	264.78
Profit after Tax	202.67	216.00	136.76
Equity Share Capital	1,143.60	1,143.60	1,143.60
Net Worth	1793.17	1,590.50	1,374.50
Net Asset Value (In Rs.) per share	1.57	1.39	1.20
Total Borrowings	5706.00	4,836.60	3,136.34

We supply our products to customers across India. The contribution of our top 10 customers and top 5 customers to our revenue is as under:

The contribution of our customers to our revenue from operations is as under:

Particulars	Amount of Sales (Rs in Lakhs) (in Percentage)		
	March 31, 2024	March 31, 2023	March 31, 2022
10 Customers	12040.76	11831.91	10026.19
5 Customers	11819.69	10895.32	9625.09

The geographical break-up of the total sales in the domestic and the export segment for the year ended as under:

State	Amount of Sales (Rs in Lakhs)/ In percentage		
	March 31, 2024	March 31, 2023	March 31, 2022
Andhra Pradesh	12394.95	12508.02	10345.32
Total	12394.95	12508.02	10345.32

Our Competitive Strengths

- Quality Control Management and High Standard of Service :** With the help of our quality control team, our quality team ensures that perfect quality products are delivered to our clients that are not damaged in any way. Our team makes necessary quality checks wherever possible. The products are rigorously tested before release into the market. We consciously dedicate resources for quality assurance to ensure that quality norms are continuously met. Our processing and trading activities are strictly in compliance with the Food Safety and Standards Act, 2006 and terms of the Food Safety and Standards Authority of India, Government of India and we hold a FSSAI license.
- Strong Financial Management:** We have a disciplined financial management to ensure that proper records are maintained and follow up is conducted with regard to the day to day activities and receivables of the Company and to ensure that the receivables are consistent with the financial appetite of the Company. Our internal control systems ensure periodic audits to ensure continuous monitoring of the status of the financial resources of the Company and ensure that proper balance is maintained between the receivables and payables.
- Experienced Promoters:** Our Promoters have more than 15 years of experience in the solvent extraction industry and with their years of experience, we have a proven track record in both domestic and international market. It is our experience and passion that makes us different from crowd.
- State of Art Infrastructure:** We have a state of art factory spread over 20 acres in the West Godavari District of Andhra Pradesh and this helps to manufacture a variety of edible oils. Our Company has invested significant resources in technological capabilities and has developed a scalable technology system to enable us to deliver quality products.

Our Business Strategies

- Continue to build our Brand Image :** We are highly conscious about our brand image and intend to continue our brand building exercise by providing excellent services to the satisfaction of the customers.
- Expansion into refining:** We have recently ventured into refining and expect to increase our sales in the near future.
- Foray into the manufacturing of Cattle Feed:** We also supply palm Kernel Cake, De Oiled Rice Bran, De Oiled Cotton Seed Cake, Maize and Soya and have plans to venture in to manufacturing of pellet feed for Cattle, Aqua and
- Improve our functional efficiency:** Our Company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over the peers. We believe that this can be done through continuous process improvement, customer service and technology development.
- Enhancing exiting production and product quality:** We believe quality service and products of global standards will be of utmost importance for customer retention and repeat-order flow. We intend to have close interaction with our customers in a bid to strengthen our relationships with them. We train our employees to consistently design and deliver client focused solutions.

Subsidiaries

We currently do not have any subsidiary.

Our Products

We manufacture the following products:

- Rice Bran Oil
- Palm Carnal Oil
- Cotton Oil



The company also manufactures the following products in the process of Solvent Extraction of Edible Oils which are useful for the cattle feed, aqua feed, poultry feed, , and so on.

- Rice Bran
- Palm DOC (De Oiled Cake)
- De Oiled Cotton Seed Cake
- De oiled Mahua cake



We have set up a refinery and intend to make refined oil soon.



We also deal in the following agricultural commodities like Maize, Paddy, Rice and Soya. We also have a paddy processing unit of 120 Tons per day (TPD) with a sortex unit facility for rice processing which is a backward integration strategy.



Raw Materials

The raw materials are Paddy, Cotton, Rice Bran,, Cotton cake, Copra cake, Mahua cake and Palm Crude. We source our raw materials from our paddy fields located near the factory.

PLANT AND MACHINERY

The following are the assets owned by the Company at our Factory at Denduluru, West Godavari District, Andhra Pradesh

Name of the Machinery	Number of Machines
PREPARATORY SECTION	
Bran Conditioners	3
Pelletizers	3
Dry Cooler	1
Conveying System	1
SOLVENT EXTRACTION SECTION	
Main Extractor	1
Dry Toaster	1
Dust catcher	1
Meal Conditioning Equipment	1
DISTILLATION SECTION	
Heaters, Evaporators, Conditioners and cooling tower	1
Vaccum Equipment	1
Vapor Absorber	1
Solvent Storage Tanks 3 Nos.	1
Miscella Holding Tank	1
Instrumentation Set	1
Conveying System	1
STEAM GENERATION UNIT	
Water Processing unit (Reverse Osmosis (RO) Plant)	1
Steam Boiler	1
POWER BACKUP	
DG set 380 KVA	1
Effluent Treatment Section	
ETP for wastage discharge management	1
QUALITY CONTROL SECTION	
Analytical and precision Balances	1 Set
Soxhlet extraction set	1 Set
Muffle furnace, Hot Air oven & Centre fuses	1 Set
Glass ware & Chemicals	As per requirement
PRODUCT OIL STORAGE TANK	2
WEIGH BRIDGE	1 set

UTILITIES

Power and Fuel

Our Company meets its Power requirements by purchasing electricity from the State Electricity Board which is around 380 KVA. We also have generators which operate on Cummins Engine and Stanford generator.

Water

Our water requirements are for Boiler and other processing units which are met by Reverse Osmosis (RO plant) and mainly we require water for steam generation purpose. We source our water from Ground Water.

Waste Management

We have Effluent Treatment Plant (ETP) with 50 kilo litres capacity designed to treat and purify industrial wastewater before its safe discharge into the environment.

Sales and Marketing

We follow traditional sales and marketing approach with our in house experienced marketing team which connects huge consumer network.

Collaborations

As on the date of this Draft Letter of Offer, we have not entered into any technical or other collaboration arrangements.

Human Resources

We believe our employees are one of our most important assets and critical to maintaining our competitive position in our industry. As on March 31, 2024, we had 22 full time employees and we require around 50 daily wagers. The following table sets forth a bifurcation of the number of our employees as of March 31, 2024

No.	cription	No. of Employees
1	Management	3
2	porate support staff (Accounts, Secretarial, office staff)	7
3	keting staff	1
4	ers	11
	al	22

Competition

The edible oil industry is highly competitive with the presence of many national and regional players (manufacturers, traders, suppliers and importers etc.), competing on the basis of factors such as products, price, and quality. Due to the fragmented nature of the industry and price advantage that the unbranded players generally enjoy, there can be no assurance that we will maintain our competitiveness with respect to any of our products. In addition, as a result of the intense competition and accelerated innovation in the industry and changing customer preferences, our ability to achieve and maintain profitability depends on a number of factors, including expanding manufacturing capacities at necessary levels, the customer perception of our products and the pricing levels of our competitors, some of which is beyond our control. We work consistently to offset pricing pressures by producing new products, advancing our technological capability, improve our services and reduce costs,

Exports and Export Obligation

We do not have any export or export obligation

Corporate Social Responsibility

We as a responsible corporate citizen are committed to take up different developmental projects, towards improving the quality of lives of the underprivileged sections of the society and other stakeholders. We are not required to constitute a Corporate Social Responsibility Committee as our Company falls within purview of Section 135(1) of the Companies Act, 2013. We are also not required to formulate a policy on corporate social responsibility.

Insurance

We generally maintain insurance covering our assets at such levels that we believe to be appropriate. We have obtained certain policies such as employee policy, marine open inland declaration policy for the transportation of our finished product, standard fire and special perils policy, which insure our stock, plant, building, furniture, fittings, electrical installation, office equipment, stationery, godowns, meeting rooms, building superstructure and any other office contents. Although, we have taken appropriate insurance cover, there can be no assurance that our insurance policies will be adequate to cover the losses which we may incur due to the occurrence of an accident or a mishap.


Capacity and Capacity Utilization

Our product wise capacity utilisation as on March 31, 2024 is as under:

Name of the Product	Installed Capacity		Actual capacity utilisaiton	
	Tonnes / day	%age	Tonnes / day	%age
Solvent Extraction Plant	250	100	200	80
Refining Capacity	100	100	80	80

Intellectual Property

The following trademarks are registered in our name. We have also made applications for the registration of certain trademarks, the details of which are given below:

S. No	Trade Mark	Type	Application Number	Class	Status
1	 Diligent Industries Limited	Logo	6472896	29	Application in the process of being filed with concerned authorities
2	DILIGENT INDUSTRIES LIMITED	Word Mark	6472897	29	Application in the process of being filed with concerned authorities

Property

We own the following properties:

Freehold property:

Sr. No.	Particulars of the Property	Usage
1	RS No.391 extent of Ac.6.05 at Denduluru Village and Mandal vide Document No.310/2007, dt.27.01.2007. RS No.388/1A, 389/1A extent of Ac.0.96 at Denduluru Village and Mandal vide Document No.692/2007, dt.22.02.2007. RS No.390/1, 390/2 extent of Ac.3.83 at Denduluru Village and Mandal vide Document No.696/2007, dt.22.02.2007.	Factory and the Registered Office

OUR MANAGEMENT

Our Articles of Association requires us to have not less than three and not more than Twelve Directors. As on date of this Draft Letter of Offer, we have six (6) Directors on our Board, comprising of Two (2) Executive Directors, One (1) Non-Executive Non-Independent Director who is also Woman Director, (3) Independent directors. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013, in relation to the composition of our Board and constitution of committees thereof.

Pursuant to the provisions of the Companies Act, 2013, at least two-third of the total number of Directors, excluding the Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each Annual General Meeting. A retiring director is eligible for re-appointment. Further, an Independent Director may be appointed for a maximum of two consecutive terms of up to five years each.

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

Name, address, designation, occupation, term, period of directorship, DIN and date of birth	Age (in years)	Other directorships
Mr Bhanu Prakash Vankineni DIN: 00919910 Date of Birth : 11/04/1966 Designation: Managing Director Address H.No 7B-11-30, Vankineni Vari Line, Eastern Street, Eluru, Andhra Pradesh-534001 Occupation: Business Term: For 3 years from 27th May, 2024 till 26th May, 2027. Original Date of Appointment: 14th November, 2013. Nationality: Indian	58	Nil
Mr Kiran Kumar Vankineni DIN: 02696680 Date of Birth : 23/02/1964 Designation: Executive Director and CFO Address: .H.no 7B-11/1-4/2, Vankineni Vari Line, Eastern Street, Eluru, Andhra Pradesh-534001 Occupation: Business Term: 3 years 27th May, 2024 till 26th May, 2027. Original Date of Appointment as Executive Director: 20 th February 2014 Nationality: Indian	60	Nil
Ms Phani Anupama Vankineni DIN: 00935032 Date of Birth : 05/02/1971 Designation: Non-Executive Non Independent Director Address: H. No 7B-11-30, Vankineni Vari Line, Eastern Street, Eluru, Andhra Pradesh-534001 Occupation: Business Term: Liable to retire by rotation Original Date of Appointment: Since 30th September, 2014 Nationality: Indian	53	Nil

Name, address, designation, occupation, term, period of directorship, DIN and date of birth	Age (in years)	Other directorships
Mr Srinivasa Babu Edupuganti DIN: 03637508 Date of Birth : 01/08/1968 Designation: Non- Executive Independent Director Address: 26-9-4, Road No 2, NGO Colony, Ameenapeta, Eluru, Andhra Pradesh-534006 Occupation: Professional Term: 5 years Original Date of Appointment: 30th September 2019 till 29th September 2024 Nationality: Indian	55	Nil
Mr. Lokeshwararao Nelluri DIN: 08679768 Date of Birth : 15/07/1988 Designation: Non-Executive Independent Director Address: H NO 16-141A, Naredla Gudem, Bhimadole Mandal, West Godavari, Eluru, Andhra Pradesh-534425. Occupation: Professional Term: 5 years Original Date of Appointment: 14th September 2020 till 13th September, 2025 Nationality: Indian	35	Nil
Mr. Mohammed Baba DIN: 08422704 Date of Birth : 31/01/1996 Designation: Non-Executive Independent Director Address: 11-10-4/A Shastrinagar Opp MRO Office Addagutta, Tukarama gate, Secunderabad, Telangana-500026 Occupation: Private Employee Term: 5 years Original Date of Appointment: 4th December 2020 till 3rd December, 2025 Nationality: Indian	28	<ul style="list-style-type: none"> - Gsp Laboratories Private Limited - Genesis IBRC India Limited - Aryabhata Solutions and IT Parks Limited - Sai Retail India Limited

Brief Profile of our Directors:

Mr. Bhanu Prakash Vankineni

Designation	Managing Director
Qualification	M.Sc. (Mathematics)
Experience	More than 20 years in Agro commodity and edible oil sector.
Expertise	He has expertise in day-to-day affairs and business administration.
Other Directorships	Nil

Mr. Kiran Kumar Vankineni

Designation	Executive Director & CFO
Qualification	B.E (Mechanical)
Experience	Around 2 decades of experience of working in private organisations.
Expertise	He has expertise in day-to-day affairs and business administration
Other Directorships	Nil

Mrs. Phani Anupama Vankineni

Designation	Non-Executive Director Non-Independent Director
Qualification	B.Sc

Experience	Around 2 decades of experience of dealing in agro commodities.
Expertise	She possesses the understanding of the seasonal trends in agro commodities and guided the company in expanding its operations
Other Directorships	Nil

Mr. Srinivas Babu Edupuganti

Designation	Non-Executive Director Independent Director
Qualification	B.com & LLB
Experience	He is an advocate by profession and been in practise for the last twenty years.
Expertise	He has expertise in legal matters, day-to-day affairs and Policy making.
Other Directorships	Nil

Mr. Lokeswararao Nelluri

Designation	Non-Executive Director Independent Director
Qualification	B.com & M.B.A
Experience	He has around 9 years of experience in Business Administration, Direct and Indirect taxes and Audit and Assurance.
Expertise	He has expertise in managing the day-to-day affairs and business administration
Other Directorships	Nil

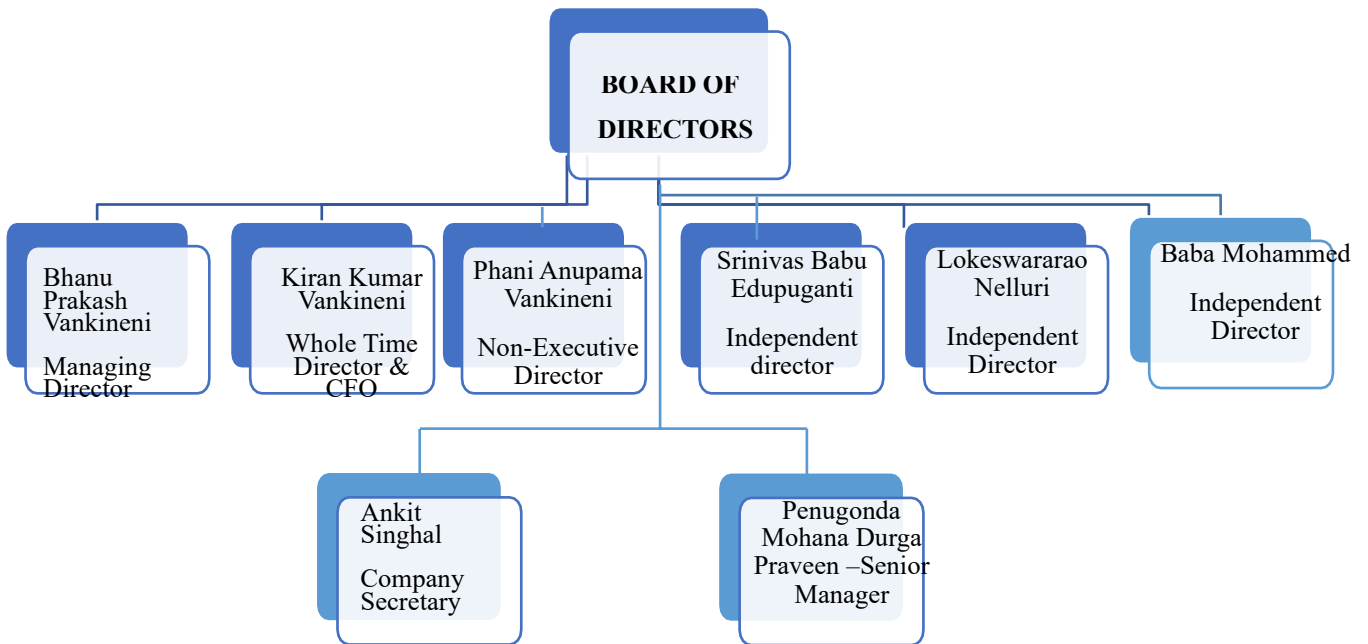
Mr. Baba Mohammed

Designation	Non-Executive Director Independent Director
Qualification	B.com
Experience	He has around 3 years of work experience in accounting and finance matters. And having worked in PCS firm he has experience in legal and secretarial compliances.
Expertise	He has expertise in accounting, finance, legal and secretarial departments.
Other Directorships	4 directorships 1. Sai Retail India Limited 2. Aryabhata solutions and IT Parks Limited 3. Genesis ibrc India Limited 4. Gsp Laboratories Private Limited

Confirmations

1. 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.
2. 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 Exchange in the five years preceding the date of filing of this Draft Letter of Offer, during the term of his/ her directorship in such company.
3. 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.
4. 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.
5. None of our Directors have been identified as a wilful defaulter or fraudulent borrower, 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.

Management Organization Structure



Corporate Governance

The provisions of the SEBI Listing Regulations and the Companies Act with respect to corporate governance are applicable to us.

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

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

Committees of our Board

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

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

TERMS OF REFERENCE OF VARIOUS COMMITTEES:

1) Audit Committee

Our Audit Committee was last reconstituted by our Board of Directors through circular Resolution passed on 4th day of December, 2020 with the following members forming a part of the said Committee:

The Company Secretary acts as the secretary of the Audit Committee.

Name	Designation
1. Mr. Srinivas Babu Edupuganti	Chairperson
2. Mr. Lokeswararao Nelluri	Member
3. Mr. Mohammed Baba	Member

The scope, functions and the terms of reference of our Audit Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

- i) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the Financial Statement is correct, sufficient and credible.
 - ii) Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
 - iii) Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
 - iv) Reviewing, with the management, the annual financial statements and Auditor's Report thereon before submission to the Board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement; to be included in the Board's Report in terms of clause (c) of subsection (3) of Section 134 of the Companies Act, 2013; changes, if any, in accounting policies and practices and reasons for the same.
 - b) Changes, if any, in accounting policies and practices and reasons for the same.
 - c) Major accounting entries involving estimates based on the exercise of judgment by management.
 - d) Significant adjustments made to the financial statements arising out of audit findings.
 - e) Compliance with listing and other legal requirements relating to financial statements.
 - f) Disclosure of any related party transaction.
 - g) Modified opinion(s) in the draft audit report.
 - v) Reviewing, with the management, the quarterly Financial Statements before submission to the Board for approval.
 - vi) Reviewing with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the Report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;
 - vii) Reviewing and monitoring the Auditor's independence & performance, and effectiveness of audit process.
 - viii) Approval or any subsequent modification of transactions of the Company with related parties.
 - ix) Scrutiny of inter-corporate loans and investments.
 - x) Valuation of undertakings or assets of the Company, wherever it is necessary.
 - xi) Evaluation of internal financial controls and risk management systems.
 - xii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 - xiii) 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.
 - xiv) Discussion with internal auditors of any significant findings and follow up there on.
 - xv) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 - xvi) Discussion with Statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - xvii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - xviii) To review the functioning of the Whistleblower mechanism.
 - xix) Approval of appointment of Chief Financial Officer after assessing the qualifications, experience and background, etc. of the candidate.
 - xx) Reviewing the utilization of loans and/ or advances from/investment by the group/holding company in the subsidiary exceeding rupees 100 Crores or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.
 - xxi) Carrying out any other function as may be assigned to it by the board of directors from time to time.

2) Nomination and Remuneration Committee

Our Nomination and remuneration committee was last reconstituted by our Board of Directors through circular Resolution passed on 4th day of December 2020 with the following members forming a part of the said Committee:

Name	Designation
------	-------------

1. Mr. Srinivas Babu Edupuganti	Chairperson
2. Mr. Lokeswararao Nelluri	Member
3. Mr. Mohammed Baba	Member

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

The scope, functions and the terms of reference of our Nomination and Remuneration Committee, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations which are as follows:

- (i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel ("KMP") and other employees;
For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:
 - a) Use the services of an external agencies, if required.
 - b) Consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) Consider the time commitments of the candidates.
- (ii) Specification of manners and criteria for effective evaluation of performance of Board, its committees and individual directors, to be carried out either by the board or by an independent external agency and review its implementation and compliance.
- (iii) Devising a policy on diversity of board of directors.
- (iv) Identifying people who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the board of directors their appointment and removal.
- (v) 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.
- (vi) Recommend to the board all remuneration, in whatever form, payable to senior management.

3) Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was last reconstituted by our Board of Directors through circular Resolution passed on 4th day of December 2020 with the following members forming a part of the said Committee:

Name	Designation
1. Mr. Srinivas Babu Edupuganti	Chairperson
2. Mr. Lokeswararao Nelluri	Member
3. Mr. Mohammed Baba	Member

The Company Secretary acts as the secretary of the Stakeholders' Relationship Committee.

The scope, functions and the terms of reference of our Stakeholders' Relationship Committee, is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations which are as follows:

- (i) To consider and resolve the grievance of all the security holders related to transfer/ transmission of shares, non-receipts of annual reports and non-receipts of declared dividends, issue of new duplicate certificates, general meetings etc.;
- (ii) To review the measures taken for effective exercise of voting rights by shareholders
- (iii) To review the adherence to service standards adopted by the company in respect of various services being rendered by the Share Transfer Agent.
- (iv) To review various measures and initiatives undertaken by the company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.
- (v) To review and act upon such other grievances as the Board of Directors delegate to the Committee from time to time.

Our Key Managerial Personnel

In addition to our Executive Directors, whose details have been provided under paragraph above titled '*Brief Profile of our Directors*', the following persons are our Key Managerial Personnel. All the Key Managerial Personnel are permanent employees of our Company. The brief profiles of our other Key Managerial Personnel are as set out below as on the date of filing of this Draft Letter of Offer:

Mr. Kiran Kumar Vankineni, Chief Financial Officer

Kiran Kumar Vankineni is the Chief Financial Officer of our Company. He has been associated with the Company since. He has around 30 years of experience in the field of edible oil manufacturing and trading business. He holds bachelor's degree in engineering from _Nagarjuna University. He is experienced in the manufacturing process like solvent extraction. And also experienced in trading of Agri commodities. He also has experience in machine building, forging industry, teaching the technical education etc

Mr. CS Ankit Singhal, Company Secretary and Compliance Officer

CS Ankit Singhal is an Associate Member of the Institute of Company Secretaries of India (ICSI). He holds Bachelor's degree in Commerce from CCS University, Meerut.. He is associated with Diligent Industries Limited from last 10 Months and has a decent experience in Corporate Secretarial matters. In addition to the compliances under the Companies Act, he has ample exposure in the areas of Corporate Governance, legal, secretarial, drafting, and other regulatory compliance matters, particularly in relation to the corporate laws applicable to the capital markets.

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

None of our Key Managerial Personnel are entitled to receive any termination or retirement benefits.

Relationship between Key Managerial Personnel

Our CFO Mr. Kiran Kumar Vankineni is the own brother of our Managing Director, Mr. Bhanu Prakash Vankineni.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, during the last two Fiscals, as per the requirements under Ind AS 24 read with SEBI ICDR Regulations and as reported in the Restated Summary Statements, see section titled "Financial Information" at page 80 of this Draft Letter of Offer. For details of the related party transactions, during the financial year ended March 31, 2024, as per the requirements under the Ind AS 24 see section titled "Financial Information" at page 80 of this Draft Letter of Offer.

DIVIDEND POLICY

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

We have not declared any dividend in the previous three (3) financial years immediately preceding this issue.

SECTION V: FINANCIAL INFORMATION
FINANCIAL STATEMENTS

S. No.	Particulars	Page numbers
1.	Audited Financial Statements for the year ended March 31, 2024	81
2.	Statement of Accounting Ratios	114
3.	Capitalisation Statement	116
4.	Management's Discussion And Analysis Of Financial Condition And Results Of Operations	123

INDEPENDENT AUDITOR'S REPORT

**TO
THE MEMBERS OF
M/s. Diligent Industries Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the accompanying financial statements of M/s. Diligent Industries Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss, and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the 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 (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters:

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have not determined any matters to be communicated in our report to be key audit matters for the current period.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report there on.

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

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

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and

cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards referred to in Section 133 of Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the Accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. 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 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016, issued by the department of company affairs, in terms of section 143 (11) of the companies Act, 2013, and on the basis of our examination of the books and records as we considered appropriate and according to the information and explanation given to us, we give in the "Annexure B" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Companies Act 2013, 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 purpose 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 Balance Sheet and Statement of Profit and Loss and Cash flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financials comply with the Accounting Standards specified under of Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on March 31, 2024, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024, from being appointed as a director in terms of sub section (2) of section 164 of the Companies Act, 2013.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- h) There are no pending litigations for or against the Company which would impact its financial position.
- ii) The Company does not have any derivatives contracts. Further there are no long term contracts for which provisions for any material foreseeable losses is required to be made.
- iii) There are no amounts pending that are required to be transferred to Investor Education and Protection Fund.

For NSVR & ASSOCIATES LLP.,
Chartered Accountants
(FRN No.008801S/S200060)
SD/-
Rama Rao Talluri
Partner
M.No: 219207
UDIN: 24219207BKAQPP1194

Date: 29/05/2024
Place: Hyderabad.

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements section of our report to the Members of Diligent Industries Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 **M/s. Diligent Industries Limited (“the Company”)** as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The 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 respective 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 internal financial controls system over financial reporting of the Company.

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

Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk

that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion:

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For NSVR & ASSOCIATES LLP.,
Chartered Accountants
(FRN No. 008801S/S200060)

Sd/-
Rama Rao Talluri
Partner
M.No: 219207
UDIN: 24219207BKAQPP1194

Date: 29/05/2024
Place: Hyderabad.

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of M/s. Diligent Industries Limited of even date)

- i. In respect of the Company's Property, Plant & Equipment:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment including leased assets.
(B) The company has no intangible assets hence the clause is not applicable.
- (b) The Company has a program of verification to cover all the items of Property, Plant & Equipment in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The title deeds of immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favor of the lessee) are held in the name of the company.
- (d) The Company has not revalued any of its Property, Plant and Equipment during the year ended March 31, 2024.
- (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. a) As The inventories were physically verified by the management during the year at reasonable intervals, in our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the company and the nature of its operations. No discrepancies of 10% or more in aggregate of each class of inventories were noticed on such physical verification of inventories when compared with the books of accounts.
- b) In our opinion and according to the information and explanations given to us, the stock statements, payables and receivables filed by the company with the banks are in agreement with unaudited books of the company of respective quarters and no material discrepancies have been noticed.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other Parties covered in the register maintained under section 189 of the Companies Act. Thus, Clause 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- v. The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable
- vi. We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148 of the companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii. a) According to the information furnished to us, the Company made delays in remittance of its statutory dues such as TDS, Provident Fund, Employee State Insurance and is regular in depositing the other statutory dues.
b) There were no undisputed statutory dues in arrears in respect of PF, ESI, Customs duty, GST and other material statutory dues as at the date of the Balance Sheet under report, for a period of more than six months from the date they became payable except the following arrears of the outstanding undisputed statutory dues on the last day of the financial year or a period of more than six months from the date they become payable:

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which amount relates	Forum where Undisputed Payment is pending
The Income Tax act, 1961	Income Tax Liability u/s 154 of IT Act, 1961	28,21,740	Financial year 2019-20 (Assessment Year 2020-21)	Income Tax Department
The Income Tax act, 1961	Income Tax Liability u/s 143(1) of IT Act, 1961	44,71,000	Financial year 2020-21 (Assessment Year 2021-22)	Income Tax Department
The Income Tax act, 1961	Income Tax Liability u/s 154 of IT Act, 1961	1,99,870	Financial year 2017-18 (Assessment Year 2018-19)	Income Tax Department
The Income Tax act, 1961	Income Tax Liability u/s 143(1) of IT Act, 1961	21,16,780	Financial year 2018-19 (Assessment Year 2019-20)	Income Tax Department

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which amount relates	Forum where Undisputed Payment is pending
The Income Tax act, 1961	Income Tax Liability u/s 143(1) of IT Act, 1961	11,23,06,410	Financial year 2022-23 (Assessment Year 2023-24)	Income Tax Department

Further, we have noted that the company has not provided for gratuity in accordance with The Payment of Gratuity Act and this could have an impact on the financial statements, as the company may be liable to pay gratuity to its employees in the future. However, the impact on the financial statements could not be estimated as the Gratuity liability estimation was not obtained from Actuarial Valuation has not be

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961(43 of 1961).
- ix. (a) In our opinion and according to the information and explanations furnished to us by the Company, there were no defaults in repayment of loans or other borrowings or in the payment of interest thereon to the lenders.
(b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
(c) The Company has not taken any term loan during the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
(e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.
(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised 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) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) No fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
(b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
(c) According to the information and explanations furnished to us by the company, no whistle blower complaints has been received by the company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (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 considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.

In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.

- xvii. The Company has not incurred cash losses during 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 new auditors have been appointed.
- xix. On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, we are Opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. (a) There are no unspent amounts towards Corporate Social Responsibility ("CSR") on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act, 2013 in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.
- (b) The company is not carrying on any CSR activities towards ongoing projects and hence the reporting under clause (3)(xx)(b) of the order is not applicable for the year under report.

For NSVR & ASSOCIATES LLP.,
Chartered Accountants
(FRNo.008801S/S200060)

Sd/-
Rama Rao Talluri
Partner
M.No: 219207
UDIN: 24219207BKAQPP1194

Date: 29/05/2024
Place: Hyderabad.

DILIGENT INDUSTRIES LIMITED
Dwarika Thirumala Road, Denduluru Village and Mandal, West Godavari, Andhra Pradesh - 534432
CIN:L15490AP1995PLC088116
Balance sheet as at 31st March 2024

All amounts are in Lakhs, except share data and where otherwise stated

Particulars	Note No	As at March 31, 2024	As at March 31, 2023
ASSETS			
(1) Non-current assets:			
a) Property, plant and Equipment and Intangible assets			
(i) Property, Plant and Equipment	2.1	1075.67	1159.54
(ii) Intangible Assets		0.00	0.00
b) Right of Use Asset		0.00	0.00
c) Capital Work in Progress	2.1	174.85	90.76
d) Financial Assets			
(i) Investments	2.2	300.00	300.00
(ii) Loans		0.00	0.00
(iii) Other Non current Financial Assets	2.3	22.44	22.44
e) Deferred Tax Assets (Net)	2.4	39.87	33.21
f) Other Non current Assets	2.5	47.50	47.50
Total Non current Assets:		1660.34	1653.45
(2) Current assets:			
a) Inventories	2.6	2280.79	1848.91
b) Financial assets			
(i) Trade receivables	2.7	4726.48	4480.11
(ii) Cash and cash equivalent	2.8	42.51	18.95
(iii) Bank Balance other than (ii) above		0.00	0.00
(iv) Other financial assets	2.9	2751.42	908.50
c) Other current assets	2.10	93.50	119.49
Total Current Assets:		9894.71	7375.96
Total Assets:		11555.05	9029.41
EQUITY AND LIABILITIES			
EQUITY			
a) Equity Share Capital	2.11	1143.60	1143.60
b) Other Equity	2.12	649.57	446.90
		1793.17	1590.50
LIABILITIES			
1) Non-current liabilities:			
a) Financial Liabilities			
(i) Borrowings	2.13	4004.84	3118.14
(ia) Lease Liabilities		0.00	0.00
(ii) Other Financial Liabilities		0.00	0.00
b) Provisions		0.00	0.00
c) Deferred Tax Liabilities(Net)	2.14	0.00	0.00
d) Other Non Current Liabilities		0.00	0.00
Total Non current Liabilities:		4004.84	3118.14
2) Current liabilities:			
a) Financial Liabilities			
i) Borrowings	2.15	1701.17	1718.47
ia) Lease Liabilities			
ii) Trade Payables	2.16	127.22	2378.22
iii) Other Current Financial Liabilities	2.17	10.45	01.88
b) Other current liabilities	2.18	3680.32	35.71
c) Provisions	2.19	237.89	186.49
d) Current Tax Liabilities (Net)		0.00	0.00
Total Current Liabilities:		5757.05	4320.77
Total Liabilities:		11555.05	9029.41

As per our report of even date

For NSVR & Associates LLP.,
Chartered Accountants
Firm Reg.No.008801S/S200060

For and on behalf of the Board of Directors
Diligent Industries Limited

Rama Rao Talluri
Partner
M.No :219207
UDN: 24219207BKAQPP1194

Bhannu Prakash Vankineni
Managing Director
DIN:00919910

Phani Annapurna Vankineni
Director
DIN: 00935032

Place: Hyderabad
Date: 29/05/2024

Ankit Singhal
Company Secretary

Vankineni Kiran Kumar
Chief Financial Officer

DILIGENT INDUSTRIES LIMITED

Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, Andhra Pradesh - 534432

CIN: L15490AP1995PLC088116

Statement of Profit and Loss for the Year ended 31st March 2024

All amounts are in Lakhs, except share data and where otherwise stated

Particulars	Note No	For the Year Ended 31.03.2024	For the Year Ended 31.03.2023
Income			
Revenue from operations	2.20	12229.10	12123.06
Total Revenue from operations		12229.10	12123.06
Other income	2.21	165.83	384.96
Total Income		12394.93	12508.02
Expenses			
Purchase of Stock in trade	2.22	13631.58	12081.68
Changes in Inventories of Stock in trade	2.23	-1128.30	-483.26
Employee benefits expense	2.24	52.53	48.78
Finance costs	2.25	230.07	215.18
Depreciation and amortization expense	2.26	123.66	139.79
Other expenses	2.27	203.42	231.14
Total Expenses		12112.95	12233.31
Profit before tax		282.00	274.71
Tax expense			
(1) Current tax		86.00	79.43
(2) Deferred tax		-66.66	-30.72
Net Profit/(Loss) for the Period		202.67	216.00
Other comprehensive income (OCI)			
(a) (i) Items that will not be reclassified to profit or loss			
(ii) Tax on items that will not be reclassified to profit or Loss			
(b) (i) Items that will be reclassified to profit or loss			
(ii) Income tax relating to items that will be reclassified to profit or loss			
Total Other Comprehensive income		0.00	0.00
Total Comprehensive income		202.67	216.00
Earnings per share			
Basic earnings per share of Rs.10/-each		0.18	0.19
Diluted earnings per share of Rs.10/- each		0.18	0.19

As per our report of even date

For NSVR & Associates LLP,
Chartered Accountants
Firm Reg.No.0088015/S200060

For and on behalf of the Board of Directors
Diligent Industries Limited

Rama Rao Talluri
Partner
M No : 219207
UDIN: 34219207BKAQPF1194

Bhannu Prakash Vankineni
Managing Director
DIN:00919910

Purni Anupama Vankineni
Director
DIN: 00935032

Place: Hyderabad
Date: 29/05/2024

Ankit Singhal
Company Secretary

Vankineni Kiran Kumar
Chief Financial Officer

Diligent Industries Limited
CIN:L15490AP1995PLC088116
Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, Andhra Pradesh - 534432
Cash Flow Statement For the Year Ended 31st March 2024

All amounts are in Lakhs, except share data and where otherwise stated

Particulars	As at 31-03-2024	As at 31-03-2023
A. CASH FLOWS FROM OPERATING ACTIVITIES:		
Net profit before taxation, and extraordinary items	282.00	274.71
Adjusted for :		
Interest debited to P&L A/c	230.07	215.18
Depreciation	123.66	139.79
Operating profits before working capital changes	635.73	629.68
Changes in current assets and liabilities		
Inventories	-431.88	333.09
Trade Receivable	-246.37	-3107.75
Other Current Assets	-1816.93	-603.23
Current liabilities	1348.31	1762.62
Cash generated from operations	-511.15	-985.58
Income tax paid	01.97	03.13
Net cash generated from operating activities	-509.18	-982.45
B. CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets and change in capital wip	-123.89	-114.87
Long Term Loans and advances	0.00	01.23
Investment in Equity Shares		
Net cash used in investing activities	-123.89	-113.64
C. CASH FLOWS FROM FINANCING ACTIVITIES:		
Secured and Unsecured Loans	886.70	1252.10
Interest paid	-230.07	-215.18
Increase in share Capital		
Net cash generated in financing activities	656.63	1036.92
D. Net increase / (decrease) in cash and cash equivalents	23.56	-59.17
E. Cash and cash equivalents at the beginning of the year	18.95	78.12
F. Cash and cash equivalents at the end of the year	42.51	18.95

As per our report of even date

For NSVR & Associates LLP.,
Chartered Accountants
Firm Reg.No.008801S/S200060

For and on behalf of the Board of Directors
Diligent Industries Limited

Rama Rao Talluri
Partner
M No :219207
UDIN: 24219207BKAQPP1194

Bhanu Prakash Vankineni
Managing Director
DIN:00919910

Phani Anupama Vankineni
Director
DIN: 00935032

Place: Hyderabad
Date: 29/05/2024

Ankit Singhal
Company Secretary

Vankineni Kuran Kumar
Chief Financial Officer

DILIGENT INDUSTRIES LIMITED

Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, Andhra Pradesh - 534432

Notes to the Financial Statements

2.1 Property, Plant and Equipment:

All amounts are in Rs Lakhs, except share data and where otherwise stated

Description	Land and Development	Building	Factory Building	Plant and Machinery	Computers	Furniture and Fixtures	Vehicles	Office Equipments	Electrical Installations	Total
Gross carrying amount (Cost or deemed Cost)										
Cost as at 1st April 2023	221.86	638.89	65.58	749.23	12.90	04.15	117.83	28.15	06.58	1845.17
Additions	-	0.16	02.00	0.06	0.69	-	36.89	-	-	39.79
Disposals	-	-	-	-	-	-	-	-	-	-
Cost as at 31st Mar, 2024	221.86	639.04	67.58	749.29	13.59	04.15	154.72	28.15	06.58	1884.96
Accumulated Depreciation and Impairment										
Accumulated Depreciation upto 31st Mar, 2023	-	236.01	03.78	327.30	09.22	03.77	78.29	21.94	05.32	685.63
Provision for Impairment	-	-	-	-	-	0.00	-	-	-	-
Charge for the year	-	20.99	03.55	75.33	0.83	0.10	20.59	01.95	0.33	123.66
Disposals	-	-	-	-	-	-	-	-	-	-
As at 31st Mar, 2024	-	257.00	07.33	402.63	10.05	03.86	98.88	23.89	05.65	809.29
Net Carrying Value										
As at 31st March, 2023	221.86	402.87	61.80	421.93	03.68	0.38	39.54	06.21	01.26	1159.54
As at 31st March, 2024	221.86	382.04	60.25	346.67	03.54	0.28	55.83	04.26	0.93	1075.67

Capital Work In Progress	Amount in Rs
Opening Balance As on 31.03.2023	90.76
Add: additions during FY 2023-24	84.10
Less: Converted into Asset (Put to use)	-
Closing Balance As on 31.03.2024	174.85

DILIGENT INDUSTRIES LIMITED

Dearka Thirumala Road, Deandura Village and Mandal, West Godavari, Andhra Pradesh - 534032

Notes to the Financial Statements

All amounts are in Ru Lakhs, except share data and where otherwise stated

Note No.2.2 Investments

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
Investment in Equity Shares of Genesis BRC India Limited	300.00	300.00
No. of shares held as on 31.03.2024-30,00,000 no.s		
Total	300.00	300.00

Note No.2.3 Other Non Current Financial Assets

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
Electricity Deposit	21.54	21.54
Gram Panchayat Deposit	0.88	0.88
Telephone Deposit	0.03	0.03
Total	22.44	22.44

Note No.2.4 Deferred Tax Assets (net)

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
Deferred Tax Asset	39.87	33.21
Total	39.87	33.21

Note No.2.5 Other Non Current Assets

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
BSE Capital Adequacy	02.50	02.50
BSE Membership Card	45.00	45.00
Total	47.50	47.50

Note No.2.6 Inventories

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
Raw Materials	111.84	803.18
Finished Goods	2084.54	956.24
Stores, spares and packing materials	84.61	89.49
Total	2280.99	1848.91

Note No.2.7 Trade Receivable

Particulars	As at Mar 31, 2024	As at Mar 31, 2023
Trade Receivable Considered good unsecured	4726.48	4480.11
Total	4726.48	4480.11

Particulars	Trade Receivable Outstanding as at March 31, 2024					Total
	Less than 6 months	6 Months-1 year	1-2 years	2-3 Years	More than 3 years	
Undisputed Trade receivable-considered good	4482.59	97.41	20.57	65.83	50.08	4726.48
Undisputed Trade Receivable- which have significant increase in Credit risk						
Undisputed Trade Receivable-Credit impaired						
Disputed Trade Receivable-Considered good						
Disputed Trade Receivable- which have significant increase in Credit risk						
Disputed Trade Receivable-Credit impaired						
Total	4482.59	97.41	20.57	65.83	50.08	4726.48

DILIGENT INDUSTRIES LIMITED

Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, Andhra Pradesh - 534432

Notes to the Financial Statements

All amounts are in Rs Lakhs, except share data and where otherwise stated

Note No.2.8 Cash and Cash Equivalents

Particulars	As at Mar 31,2024	As at Mar 31,2023
Balance with Banks		
-on Current Accounts	01.88	01.97
Cash on Hand	40.63	16.98
Total	42.51	18.95

Note No.2.9 Other Financial Assets

Particulars	As at Mar 31,2024	As at Mar 31,2023
Advance to Suppliers	1988.87	155.34
Advance to Creditors for Expenses	762.55	753.16
Total	2751.42	908.50

Note No.2.10 Other Current Assets

Particulars	As at Mar 31,2024	As at Mar 31,2023
Cess		11.62
Advances to Employees	33.36	32.53
Other Loans and Advances	37.52	37.53
Prepaid Expenses	07.52	05.38
T.D.S.& T.C.S.Receivable	15.09	32.43
Total	93.50	119.49

Notes to the Financial Statements

All amounts are in Rs Lakhs, except share data and where otherwise stated

Note 2.11: Equity Share Capital

Particulars	As at 31-03-2024	As at 31-03-2023
Share Capital :		
a) Authorised share Capital		
12,00,00,000 Equity shares of Re.1/- each		
(Previous Year 12,00,00,000 Equity shares of Re.1/- each	1200.00	1200.00
	1200.00	1200.00
Issued, Subscribed and Paid Up		
11,43,60,000 Equity share of Re.1/- each fully paid up	1143.60	1143.60
(Previous Year 11,43,60,000 Equity shares of Re.1/- each		
Total	1143.60	1143.60

a) Rights attached to Equity Shareholders

The Company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. On winding up of the Company, the holders of the equity shares will be entitled to receive the residual assets of the Company, after distribution of all preferential amounts (if any) in proportion to the number of equity shares held.

b) Reconciliation of the number of shares outstanding in numbers

Particulars	As at 31-03-2024	As at 31-03-2023
Opening Balance	11,43,60,000	2,28,72,000
Issued During the year	-	9,14,88,000
Cancelled during the year	-	-
Closing Balance	11,43,60,000	11,43,60,000

c) Shareholders' holding more than 5 percent equity shares

Particulars	As at 31-03-2024		As at 31-03-2023	
	No of Shares	% of Holding	No of Shares	% of Holding
Name of the Shareholder				
Vankineni Bhanu Prakash	4,28,48,000	37.47%	4,28,48,000	37.47%
Vankineni Ratna Kumari	1,26,10,000	11.03%	1,26,10,000	11.03%
Paturi Srinivasa Rao	90,00,000	7.87%	90,00,000	7.87%

d) Promoters holding

Particulars	As at 31-03-2024		As at 31-03-2023	
	No of Shares	% of Holding	No of Shares	% of Holding
Vankineni Bhanu Prakash	4,28,48,000	37.47%	4,28,48,000	37.47%
Vankineni Ratna Kumari	1,26,10,000	11.03%	1,26,10,000	11.03%
Vankineni Kiran Kumar	42,25,000	3.69%	42,25,000	3.69%
Kalagara Savithri	42,25,000	3.69%	42,25,000	3.69%
Vankineni Phani Anupama	36,92,000	3.23%	36,92,000	3.23%
Vankineni Vijaya Lakshmi	21,45,000	1.88%	21,45,000	1.88%
Vankineni Padma Kumari	3,90,000	0.34%	3,90,000	0.34%

DILIGENT INDUSTRIES LIMITED

Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, Andhra Pradesh - 534432

Notes to the Financial Statements

Note No.2.12 Other Equity

All amounts are in Rs Lakhs, except share data and where otherwise stated

Particulars	Securities Premium Reserve	General Reserve	Capital Reserve	Share Options Outstanding Account	Other Comprehensive Income	Retained Earnings	Total
Balance at 1st April 2022			58.16			35.98	94.14
Changes In Accounting Policy Or Prior Period Errors							
Restated Balance at the beginning of the Current reporting Period							
Total Comprehensive Income for the Current Year						352.76	352.76
Dividends							
Transfer to retained Earnings							
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit							
Balance at 31 March 2023	-	-	58.16	-	-	388.74	446.90
Balance at 1st April 2023	-	-	58.16	-	-	388.74	446.90
Changes In Accounting Policy Or Prior Period Errors							
Restated Balance at the beginning of the Current reporting Period							
Total Comprehensive Income for the Current Year						202.67	202.67
Dividends							
Transfer to retained Earnings							
Actuarial gain/(loss) on post-employment benefit obligations, net of tax benefit							
Balance at 31st March 2024	-	-	58.16	-	-	591.41	649.57

DILIGENT INDUSTRIES LIMITED

Dwarka Thirumala Road, Denduluru Village and Mandal, West Godavari, Andhra Pradesh - 534432

Notes to the Financial Statements

Note No.2.13 Borrowings

All amounts are in Rs Lakhs, except share data and where otherwise stated

Particulars	As at	As at
	Mar 31,2024	March 31,2023
Indian Bank Car Loan	-	07.26
Axis Bank Car Loan	21.03	33.42
HDFC Bank Car Loan	32.71	-
ICICI Bank T.L A/c No 603090020790	203.80	268.16
ICICI Bank T.L A/c No 603090023933	550.36	648.93
Loans and Advances from Related Parties	2649.29	1936.42
Loans and Advances from Others	547.65	223.95
Total	4004.84	3118.14

Note No.2.14 Deferred Tax Liabilities (Net)

Particulars	As at	As at
	Mar 31,2024	March 31,2022
Deferred Tax Liability	-	-
Total	-	-

Note No.2.15 Borrowings

Particulars	As at	As at
	Mar 31,2024	March 31,2023
Cash Credits Demand Loan	1701.17	1718.47
Total	1701.17	1718.47

Note No.2.16 Trade Payable

Particulars	As at	As at
	Mar 31,2024	March 31,2023
Trade Payables for Goods and Services	97.02	2364.45
Creditors for expenses	30.20	13.77
Total	127.22	2378.22

Particulars	Trade Payable Outstanding at at Mar 31,2024				
	Less than 1 Year	1-2 Years	2-3 Years	More than 3 Years	Total
(i)MSME	41.56	06.09	79.45	0.13	127.22
(ii)Others					
(iii) Disputed Dues-MSME					
(iv) Disputed Dues -Others					
Total	41.56	06.09	79.45	0.13	127.22

Note No.2.17 Other Current Financial Liabilities:

Particulars	As at Mar 31,2024	As at March 31,2023
A.M.C.Payable	0.17	0.01
Audit fee payable	04.86	0.02
Electricity Charges Payable	05.43	01.86
Total	10.45	01.88

Note No.2.18 Other Current Liabilities:

Particulars	As at Mar 31,2024	As at March 31,2023
S.G.S.T.Payable	12.50	04.25
SGST RCM Payable	0.42	0.29
C.G.S.T.Payable	08.16	04.77
CGST RCM Payable	0.42	0.29
IGST Payable	01.05	
IGST RCM Payable	0.05	0.00
ESI Payable	0.15	0.08
Provident Fund Payable	01.11	0.58
Profession-tax Payable	0.08	0.06
T.D.S.Payable	29.09	14.39
TCS Payable	04.61	04.39
Advance from Customers	3622.67	06.63
Total	3680.32	35.71

Note No.2.19 Provisions:

Particulars	As at Mar 31,2024	As at March 31,2023
Provision for Income Tax(Refer Note below)	237.89	186.49
Total	237.89	186.49

Note: The Undisputed Income Tax liability for the respective financial years are as follows:

FY 2018-19:	Rs.17,27,088
FY 2019-20:	Rs.18,06,232
FY 2020-21:	Rs.22,08,201.82
FY 2021-22:	Rs.34,95,458
FY 2022-23:	Rs.59,51,811.25
FY 2023-24:	Rs.85,99,863

DILIGENT INDUSTRIES LIMITED

Dwarka Thirumala Road, Denduhuru Village and Mandal, West Godavari, Andhra Pradesh - 534432

Notes to the Financial Statements

All amounts are in Rs Lakhs, except share data and where otherwise stated

Note No.2.20 Revenue from Operations

Particulars	For the Year Ended Mar 31, 2024	For the Year Ended Mar 31, 2023
Income from Revenue	12229.10	12123.06
Total	12229.10	12123.06

Note No.2.21 Other Income

Particulars	For the Year Ended Mar 31, 2024	For the Year Ended Mar 31, 2023
Interest Received	01.43	02.15
Processing Charges Received	160.01	366.65
Freight Receipts	0.93	03.39
Hamali Charges	02.51	11.80
Site Rent Received	0.96	0.96
Total	165.85	384.96

Note No.2.22 Purchase of Stock In trade

Particulars	For the Year Ended Mar 31, 2024	For the Year Ended Mar 31, 2023
Raw Materials Consumed :		
Opening stock at the beginning of the year	803.18	1657.49
Add : Purchase	11940.23	11227.37
Less: Closing stock for the end of the period	111.84	803.18
Total	12631.58	12081.68

Note No.2.23 Changes in Inventories of stock in trade

Particulars	For the Year Ended Mar 31, 2024	For the Year Ended Mar 31, 2023
Opening stock of inventories :		
Finished goods	956.24	472.98
Closing stock of inventories :		
Finished goods	2084.54	956.24
Total	-1128.30	-483.26

Note No.2.24 Employee Benefit Expense

Particulars	For the Year Ended Mar 31, 2024	For the Year Ended Mar 31, 2023
Salaries, allowances and benefits to employees	43.09	39.10
Contribution to Provident fund and other funds	04.19	03.89
Managerial Remuneration	04.80	04.80
Staff Welfare Expenses	0.45	0.99
Total	52.53	48.78

Note No.2.25 Finance Cost

Particulars	For the Year Ended Mar 31, 2024	For the Year Ended Mar 31, 2023
Interest Expenses on Bank Loans	196.40	171.81
Interest Expenses paid to others	26.75	30.64
Processing fee	06.63	12.35
Bank Charges	0.29	0.38
Total	230.07	215.18

Note No.2.27 Other expenses

Particulars	For the Year Ended Mar 31, 2024	For the Year Ended Mar 31, 2023
Freight charges	01.45	01.37
Office Maintenance	0.35	0.73
Power and fuel	98.02	94.91
Production Exp.	16.22	23.96
Rates and Taxes	0.00	0.03
Repairs and Maintenance	07.64	0.72
Vehicle Maintenance	05.26	11.24
Advertisement Exp.	0.18	0.11
AMC	0.17	
Cleaning Items	0.15	0.26
Discount, Quality, Rate Diff etc.,	01.80	0.24
Fee & Inspection charges etc.,	09.15	04.59
Generator Maintenance	0.00	0.73
Insurance	06.25	05.71
Labour Work Expenses	35.00	71.00
Miscellaneous Expenses	01.75	01.26
Packing Material	0.08	0.22
Panchayat Taxes	01.71	03.03
Postage	0.02	0.04
Printing & Stationery	0.22	0.38
Security services expenses	03.63	0.00
Rounding off	0.00	06.22
Stock Exchange Expenses	09.89	0.66
Telephone Charges	0.83	0.97
Transport Charges	0.88	0.11
Travelling Expenses	0.10	0.00
Payment to Auditor :		
Other Audit Fee		
As Statutory Audit fee	02.46	02.46
As Tax Audit fee	0.20	0.20
Total	203.42	231.14

Ratios as per the Schedule III requirements

Trade receivables turnover ration has been decreased due to increase in debtors compared to previous year

g) Trade payables turnover ratio = Net Credit purchases divided by average trade payables

Particulars	March 31, 2024	March 31, 2023
Credit Purchases	11940.23	11227.37
Average Trade Payables	1252.72	1714.72
Ratio	9.53	6.55
Change from previous year	46%	-61%

Reason for change more than 25%:

Trade payables turnover ratio has been increased due to decrease in creditors compared to previous year

h) Net capital Turnover Ratio = Net Sales divided by Working capital whereas net working capital= current assets - current liabilities:

Particulars	March 31, 2024	March 31, 2023
Net Sales	12229.10	12123.06
Working Capital	4137.66	3055.19
Ratio	2.96	3.97
Change from previous year	-26%	-38%

Reason for change more than 25%:

Net capital turnover ratio has been decreased due to increase in working capital when compared to previous year

i) Net profit ratio = Net profit after tax divided by Net Sales

Particulars	March 31, 2024	March 31, 2023
Net profit after tax	202.67	216.00
Net Sales	12229.10	12123.06
Ratio	1.66%	1.78%
Change in basis points (bps) from previous year	-12	44
Change from previous year	-7%	32%

Reason for change more than 25%:

j) Return on Capital employed (pre cash)=Earnings before interest and taxes(EBIT) divided by Capital Employed(pre cash)

Particulars	March 31, 2024	March 31, 2023
Profit before tax (A)	282.00	274.71
Finance Costs (B)	230.07	215.18
Other Income (C)		
EBIT (D) = (A)+(B)-(C)	512.07	489.89
Capital Employed (Pre Cash) (J)=(E)-(F)-(G)-(H)-(I)	5755.49	4689.69
Total Assets (E)	11555.05	9029.41
Current Liabilities (F)	5757.05	4320.77
Current Investments (G)		0.00
Cash and Cash equivalents (H)	42.51	18.95
Bank balances other than cash and cash equivalents (I)		-
Ratio (D)/(J)	8.90%	10.45%
Change in basis points (bps) from previous year	-155	-61
Change from previous year	-15%	-6%

Reason for change more than 25%:

**DILIGENT INDUSTRIES LIMITED:
NOTES TO ACCOUNTS AND ACCOUNTING POLICIES:-**

2.8. Deferred tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approaches has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Sale of goods

The company is in the business of operating and manufacturing edible oils.

2.9. Auditors Remuneration (Amount in Lakhs)

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
a) Audit fees	2.66	2.66
b) Other charges		
Taxation matters	Nil	Nil
Other matters	Nil	Nil
c) Reimbursement of out of pocket expenses	Nil	Nil
TOTAL	2.66	2.66

3.0. Earnings per Share: (Amount in Lakhs)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Earnings		
Profit attributable to equity holders	202.67	216.00
Shares		
Number of shares at the beginning of the year	11,43,60,000	11,43,60,000
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	11,43,60,000	11,43,60,000
Weighted average number of equity shares outstanding during the year – Basic	11,43,60,000	11,43,60,000
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
Weighted average number of equity shares outstanding during the year – Diluted	11,43,60,000	11,43,60,000
Earnings per share of par value Rs.5/- – Basic (₹)	0.18	0.19
Earnings per share of par value Rs.5/- – Diluted (₹)	0.18	0.19

3.1. Related Parties

In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, Company’s Directors, members of the Company’s Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

Related party Transaction Firms/Company		
Key Management Personnel (KMP)		
Sl. No.	Name of the Person	Designation
1	Mr. Bhanu Prakash Vankineni	Managing Director
2	Smt.Phani Anupama Vankineni	Director
3	Mr. KirankumarVankineni	Director
4	Mr. SrinivasBabeEduvuganti	Director
Enterprises owned or significantly influenced by key management personnel or their relatives:		
Sl.NO	Name of the Party	
1	Aditya Rice Mill	
2	Eway Lipids Private. Ltd	

The following is a summary of significant related party transactions:

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
a) Key managerial personnel		
Remuneration & Commission		
Mr. KirankumarVankineni	4.8	4.8
Mr. Chada Jagadish Reddy	Nil	Nil
b) Non-whole time Directors		
	Nil	Nil
Total	4.8	4.8

Transactions / Balances with Related Parties

Nature of the Transaction	Mr. Bhanu Prakash Vankineni	Mrs. Phani Anupama Vankineni	Aditya Rice Mill	Eway Lipids Pvt Ltd	Total
Loans Accepted	519.60	206.99	-	-	726.60
Loans Repaid	11.43	2.30	-	-	13.73
Purchases Net of Returns	-	-	102921.91	-	10921.91
Sales Net of Returns**	-	-	-	7423.64	7423.64
Site Rent Received**	-	-	0.96	-	0.96
Payments	-	-	14763.04	-	14763.04
Receipts	-	-	-	6570.75	6570.75
Total	531.04	209.29	25685.19	13994.39	40419.93

** Inclusive of GST

Closing Balance with Related Parties (Debit / (Credit))

Name of the Party	Amount in Rs (As at 31 st March 2024)
Mr. Bhanu Prakash Vankineni	2152.92 (Credit)
Mrs. Phani Anupama Vankineni	496.37 (Credit)
M/s. Aditya Rice Mill	1778 (Credit)
M/s. Eway Lipids Private Limited	4244.57(Debit)

3.2. Earnings/expenditure in foreign currency:

Expenditure in Foreign currency:

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
Travel Expenses	Nil	Nil
Professional Fees	Nil	Nil
Other expenses	Nil	Nil
Total	Nil	Nil

Earnings in Foreign currency:

Particulars	For the year ended 31st March 2024	For the year ended 31st March 2023
FOB Value of Exports	Nil	Nil
Dividend	Nil	Nil
Total	Nil	Nil

3.3. Segment Reporting:

The Company concluded that there is only one operating segment i.e., Agriculture Products. Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entity-wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 108.

3.4. Determination of Fair Values:

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability

(i) Property, plant & Equipment:

The Company has not elected to measure any item of property, plant and equipment at its fair value at the Transition Date; property, plant and equipment have been measured at cost in accordance with Ind AS.

(ii) Investments in equity securities

The fair value of marketable equity is determined by reference to their quoted market price at the reporting date.

3.5. Employee benefits:

Provident fund benefits

The employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund equal to 12% of the covered employee's qualifying salary. The Company has no further obligations under the plan beyond its monthly contributions. The Company contributed Rs.2,96,082 and Rs. 2,05,580 to the provident fund plan during the years ended 31stMarch 2023 and 2022, respectively.

3.6. Income Taxes:

a. **Income Tax Expense/ (benefit) recognized in the statement of profit and loss:**

Income tax expense/ (benefit) recognized in the statement of profit and loss consists of the following:

Particulars	For the Year ended 31 March 2024	For the Year ended 31 st Mar'2023
Current Taxes Expense		
Domestic	85.99	79.43
Deferred Taxes Expense/(Benefit)	(4.73)	
Domestic		(20.21)
Total Income Tax Expense/(Benefit) Recognized in the Statement of Profit and Loss	81.26	59.22

b. **Reconciliation of Effective Tax Rate: Amount in Lakhs**

Particulars	For the Year Ended 31 March 2024	For the Year Ended 31 March 2023
Profit Before Income Taxes	282	274.71
Enacted Tax Rate in India	30%	25.17%
Computed Expected Tax Benefit/(Expense)	86	79.43
Effect of:		
Differences between Indian and foreign tax rates	Nil	Nil
Impairment of product related intangibles and goodwill		
(Unrecognized deferred tax assets) / recognition of previously unrecognized deferred tax assets, net)	Nil	Nil
Expenses not deductible for tax purposes	Nil	139.78
Expenses Deductible for tax purposes	Nil	(109)
Income exempt from income taxes	Nil	Nil
Foreign exchange differences	Nil	Nil
Incremental deduction allowed for tax Purposes	Nil	Nil
Deferred tax expense on undistributed earnings of subsidiary outside India	Nil	Nil
Current taxes on undistributed earnings of subsidiary outside India	Nil	Nil
Effect of change in tax laws and rate	Nil	Nil
Investment allowance deduction	Nil	Nil
Earlier Years' tax Provision -(reversal)/provided)	Nil	Nil
Others	Nil	Nil
Income Tax Benefit/(Expense)	86	79.43
Effective Tax Rate	30.00%	28.91%

c. Deferred Tax Assets & Liabilities:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	For the Year Ended 31 March 2024	For the Year Ended 31 March 2023
Deferred Tax Assets/(Liabilities):		
Property, Plant and Equipment	39.87	33.21
Net Deferred Tax Assets/(Liabilities)	39.87	33.21

d. Movement in deferred tax assets and liabilities during the year ended 31st March 2023 & 2022:-

Particulars	As at 1 April 2023	Recognized in statement of profit and loss	Recognized in equity	As at 31 March 2024
Deferred Tax Assets/(Liabilities)				
Property, Plant and Equipment	33.21	6.66	-	39.87
Net Deferred Tax Assets/(Liabilities)	33.21	6.66	-	39.87

3.7. Investments:

The details of such investments as of 31st March 2024 are as follows: Amount in Lakhs

Particulars	Cost	Gain recognized directly in equity	Gain recognized directly in profit and loss account	Fair value
Non-current Investments				
Investment in Equity shares of Genesis IBRC India Limited (Formerly known as SSK Life Styles Limited)	300	0	0	300
Total	300	0	0	300

3.8. Financial Instruments:

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying value		Fair value	
	Mar-24	Mar-23	Mar-24	Mar-23
Financial assets				
Investment	300	300	300	300
Cash and Cash Equivalents	42.51	18.95	42.51	18.95
Trade Receivables	726.48	4480.11	4726.48	4480.11
Other Financial Assets	2751.42	908.50	2751.42	908.50
Total	7820.41	5707.56	7820.41	5707.56
Financial liabilities				
Borrowings	4004.83	4836.60	4004.83	4836.60
Trade Payables	127.22	2378.22	127.22	2378.22
Other Financial Liabilities	10.45	1.88	10.45	1.88
Total	4142.51	7216.70	4142.51	7216.70

For NSVR & Associate LLP,
Chartered Accountants,
Firm Reg.No.008801S/S200060

For Diligent Industries Limited

Rama Rao Talluri
Partner
Membership No: 219207
UDIN: 24219207BKAQPP1194

Bhanu Prakash Vankineni
Director
DIN:00919910

Phani Anupama Vankineni
Director
DIN: 00935032

Place: Hyderabad
Date: 29.05.2024

Ankit Singhal
Company Secretary

V Kiran Kumar
Chief Financial officer

1. NOTES TO STANDALONE FINANCIAL STATEMENTS

DESCRIPTION OF THE COMPANY AND SIGNIFICANT ACCOUNTING POLICIES

1.1 General Information

Diligent Industries Limited (the company) is engaged in the business of Manufacturing and operation of edible oils. The Company has business operations mainly in India. The Company has its registered office at Dwaraka Thirumala Road, Denduluru, West Godavari, Andhra Pradesh- PIN 534432 . The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.2 Basis of preparation and presentation of Financial Statements

The financial statements of **Diligent Industries Limited** have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. For all periods up to and including the year ended 31 March 2024, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read with Rule 7 of Companies (Accounts) Rules, 2014.

1.3 Basis of Measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- a. Certain financial assets are measured either at fair value or at amortized cost depending on the classification;
- b. Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation and
- c. Long-term borrowings are measured at amortized cost using the effective interest rate method.

1.4 Use of estimates and judgments.

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, the areas involving critical estimates or Judgments are:

a. Depreciation and amortization

Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.

b. Employee Benefits

The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

c. Provision and contingencies

Provisions and contingencies are based on the Management’s best estimate of the liabilities based on the facts known at the balance sheet date.

d. Fair valuation

Fair value is the market based measurement of observable market transaction or available market information.

1.5 Functional and presentation currency

These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees.

1.6 Current and non-current classification

All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

Assets: An asset is classified as current when it satisfies any of the following criteria:

- a. It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within twelve months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities: A liability is classified as current when it satisfies any of the following criteria:

- a. It is expected to be settled in the Company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is due to be settled within twelve months after the reporting date; or
- d. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

1.7 Foreign Currency Transaction

Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of profit and loss in the period in which they arise.

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any.

1.8 Property Plant & Equipment

Recognition and measurement

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within in the statement of profit and loss.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation / amortisation and useful lives of property plant and equipment / intangible assets:

The depreciation on property, plant and equipment is provided under the Written Down Value (WDV) method over the useful lives of the assets estimated by the management. Depreciation is recognized in the statement of profit and loss, estimated useful lives of property, plant and equipment based on Schedule II to the Companies Act, 2013 ("Schedule"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed off during the year, depreciation is provided on prorata basis.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.

The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Building	30
Plant & Machinery	15
Electrical Installations	10
Vehicles	8
Computers	3
Office Equipment	5
Furniture & Fixtures	10

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other current assets.

The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

1.9 Financial Instruments

a financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

a. Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

(i) Debt instrument at FVTPL

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.

(ii) Investment in Preference Shares and Unquoted trade Investments

Investment in Preference Shares and Unquoted trade Investments are measured at amortised cost using Effective Rate of Return (EIR).

(iii) Investment in equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments i.e., investments in equity shares within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

(iv) Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognized in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:

- (i) The rights to receive cash flows from the asset have expired, or
- (ii) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

b. Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

1.10 Inventories

Inventories consist of finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods cost includes an appropriate share of overheads based on normal operating capacity.

1.11 Impairment of non-financial assets

The carrying amounts of the Company’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

1.12 Cash & Cash Equivalents

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend accounts. For this purpose, “short-term” means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our

cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

1.13 Employee Benefits

a. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b. Defined Contribution Plan

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

c. Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognised in the statement of profit and loss in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. However, the required provision for gratuity has not been made in accordance with INDAS 19 and the relevant gratuity liability would be paid on its accrual whenever it arises.

d. Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

e. Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

1.14 Provisions, contingent liabilities and contingent assets

a. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

b. Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

c. Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

1.15 Revenue Recognition

a. Sale of goods and trade license

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of the product is transferred to the customer. Revenue from the sale of Products excludes Goods and Service Tax and is measured at the fair value of the consideration received or receivable, net of returns, applicable trade discounts and primary schemes.

b. Other Income

(i) Miscellaneous Income

Miscellaneous Income includes Rounding off and other non operating income these are recognized as and when accrued.

1.16 Borrowing Costs

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

1.17 Tax Expenses

Tax expense consists of current and deferred tax.

a. Income Tax

Income tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

b. Deferred Tax

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognized in the statement of changes in equity as part of the associated dividend payment.

1.18 Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

1.19 Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

1.20 Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

1.21 Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. 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.

a. Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

b. Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

c. Inventories

The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

d. Investments in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

e. Derivatives

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

f. Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

For NSVR & Associate LLP,
Chartered Accountants,
Firm Reg.No.008801S/S200060

For Diligent Industries Limited

Rama Rao Talluri
Partner
Membership No.219207
UDIN: 24219207BKAQPP1194

Bhanu Prakash Vankineni
Director
DIN:00919910

Phani Anupama Vankineni
Director
DIN: 00935032

Place: Hyderabad
Date: 29.05.2024

Ankit Singhal
Company Secretary

V Kiran Kumar
Chief Financial officer

ACCOUNTING RATIOS

Accounting Ratios

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Financial Statements included in “*Financial Statements*” on page 80 of this Draft Letter of Offer:

Particulars	As at and for the year ended March 31, 2024
Basic EPS (₹)	0.18
Diluted EPS (₹)	0.18
Return on Net Worth (%)	11.30%
Net Worth (₹ Lakhs)	1793.17
Net Asset Value per Equity Share (₹)	1.57
EBITDA (₹ Lakhs)	469.88

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period
Diluted EPS	Profit and loss attributable to Equity shareholders of Company / Weighted average number of Equity shares outstanding at the end of the period as adjusted for treasury shares and for the effects of all dilutive potential equity shares
Return on Net Worth	Profit/(loss) after tax for the period as presented in the consolidated statement of profit and loss in the Financial Statements / Net Worth
Net Worth	Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
Net Asset Value per Equity Share	Net Worth / Number of Equity Shares subscribed and fully paid outstanding as at the end of March 31, 2023
EBITDA	Profit/(loss) after tax for the period adjusted for income tax expense, finance costs, depreciation and amortisation expense, exceptional items, other income as presented in the Audited Consolidated Financial Statements

STATEMENT OF CAPITALIZATION

(In ₹ Lakhs)

Particulars		Pre-Issue as at March 31, 2024	As adjusted for the issue (Post Issue) *
Borrowings:			
Current borrowings	A	1701.17	[•]
Non-current borrowings	B	4004.84	[•]
Total borrowings	C=A+B	5706.00	[•]
Shareholder's fund (Net worth)			[•]
Share Capital	D	1143.60	[•]
Other Equity [^]	E	649.57	[•]
Total shareholder's fund (Net worth)	F=D+E	1793.17	[•]
Non-current borrowing's/shareholder's fund (Net worth) ratio	B/F	2.23	[•]
Total borrowings /shareholders' funds (Net worth) ratio	C/F	3.18	[•]

**To be updated in the Letter of Offer*

^excludes non-controlling interest

Notes:

1. Non-current borrowings are considered as borrowings other than short term borrowings and include current maturities of long-term borrowings.

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

The following is intended to convey our management's perspective of our financial condition and operating performance as at and for the financial years ended March 31, 2023 and March 31, 2022 and as at and for the nine month period ended December 31, 2023 and December 31, 2022 and should be read in conjunction with our Audited Financial Statements and our September Financial Results, including the respective notes thereto, and the related auditors' reports thereon, included in "Financial Statements" on page 80 of this Draft Letter of Offer]. Unless otherwise stated, the financial information used in this section has been derived from our Audited Financial Statements and our September Financial Results.

Our Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. In this Draft Letter of Offer, unless specified otherwise, any reference to the "the Company" or "our Company" or to "us" refers to Diligent Industries Limited,

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. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in "Risk Factors" and "Our Business" on pages 20 and 64 respectively of this Draft Letter of Offer, which discuss a number of factors and contingencies that could affect our financial condition and results of operations. Also see "Forward Looking Statements" on page 17 of this Draft Letter of Offer.

BUSINESS OVERVIEW

We are currently engaged in the business of manufacturing, processing and trading of edible oils, food, feeds and agriculture commodities in India. With a view to get hold, stabilize, compete and increase the Company's presence in the market the company is constantly attempting to utilize the available resources and production capacity at optimum level. The company has also ventured in to refined edible oils, which would certainly create good presence and name for us. This would also enable the Company to generate better revenue in the near future. The Company has state of the art processing plant located in lap of the lush green nature spread in 20 acres of land at Denduluru, West Godavari, Andhra Pradesh, India.

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 20 of this Draft Letter of Offer.

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:

- Adverse effect of competition on our market share and profits;
- Volatility in the price of raw materials;
- Any adverse changes in central or state government policies;
- Any adverse development that may affect our operations of our manufacturing units;
- 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:
 - manage our growth effectively;
 - manage our credit risk;
 - manage our quality of services;
 - hire and retain senior management personnel and other skilled manpower;
 - manage cost of compliance with labour laws or other regulatory developments;
 - successfully implement our business strategies and expansion plans;
 - maintain effective internal controls;

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Financial Statements. For details of our significant accounting policies, please refer section titled “Audited Financial Information” on page 81 of this Draft Letter of Offer.

CHANGE IN ACCOUNTING POLICIES IN PREVIOUS 3 YEARS

Except as mentioned in the Notes to the Accounts in the chapter “Audited Financial Information” on page 81 of this Draft Letter of Offer has been no change in accounting policies in last 3 years.

RESERVATIONS, QUALIFICATIONS AND ADVERSE REMARKS

The Audit Report issued by our Statutory Auditors for the year ended March 31, 2024 had the following reservations, qualifications and adverse remarks:

- a. The company has not provided for gratuity in accordance with The Payment of Gratuity Act and this could have an impact on the financial statements, as the company may be liable to pay gratuity to its employees in the future. However, the impact on the financial statements could not be estimated as the Gratuity liability estimation was not obtained from Actuarial Valuation.
- b. Following are the undisputed statutory dues as on March 31, 2024 which are outstanding for a period of more than six months from the date they became payable.

Name of the Statute	Nature of the dues	Amount (Rs.)	Period to which amount relates	Forum where Undisputed Payment is pending
The Income Tax act, 1961	Income Tax Liability u/s 154 of IT Act, 1961	28,21,740	Financial year 2019-20 (Assessment Year 2020-21)	Income Tax Department
The Income Tax act, 1961	Income Tax Liability u/s 143(1) of IT Act, 1961	44,71,000	Financial year 2020-21 (Assessment Year 2021-22)	Income Tax Department
The Income Tax act, 1961	Income Tax Liability u/s 154 of IT Act, 1961	1,99,870	Financial year 2017-18 (Assessment Year 2018-19)	Income Tax Department
The Income Tax act, 1961	Income Tax Liability u/s 143(1) of IT Act, 1961	21,16,780	Financial year 2018-19 (Assessment Year 2019-20)	Income Tax Department
The Income Tax act, 1961	Income Tax Liability u/s 143(1) of IT Act, 1961	11,23,06,410	Financial year 2022-23 (Assessment Year 2023-24)	Income Tax Department

RESULTS OF OPERATIONS

The following table sets out selected data from the Financial Statements for Financial Year 2024 and Financial Year 2023, together with the percentage that each line item represents of our total revenue for the periods presented.

(Audited) (₹ in Lakhs)

Particulars	FY 2024		FY 2023	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Income				
Revenue from operations	12229.10	98.66	12123.06	96.92
Other Income	165.85	1.34	384.96	3.08

Particulars	FY 2024		FY 2023	
	₹ in Lakhs	% of total income	₹ in Lakhs	% of total income
Total Income from Operations	12394.95	100.00	12508.02	100.00
Expenses				
Purchase of Stock in Trade	12631.58	101.91	12081.68	96.59
Changes in Inventories	(1128.30)	(9.10)	(483.26)	(3.86)
Employee Benefit Expenses	52.53	0.42	48.78	0.39
Depreciation and amortization expenses	123.66	1.00	139.79	1.12
Finance cost	230.07	1.86	215.18	1.72
Other Expenses	203.42	1.64	231.14	1.85
Total Expenses	12112.95	97.72	12233.31	97.80
Profit / (Loss) before exceptional items and Tax	282	2.28	274.71	2.20
Exceptional Items	0.00	0.00	0.00	0.00
Profit / (Loss) before tax	282	2.28	274.71	2.20
Tax Expense				
Current Tax	86.00	0.69	79.43	0.64
Deferred Tax	(6.66)	(0.05)	(20.72)	(0.17)
Profit / (Loss) After Tax	20267	1.64	216.00	1.73
Other Comprehensive Income/(Loss)			0.00	
Total Comprehensive Income / (Loss) for the Year	202.66	1.64	216	1.73
Earnings per Share (Basic) (in Rs.)	0.18		0.19	
Earnings per Share (Diluted) (in Rs)	0.18		0.19	

Total income

Revenue from operations

Our revenue from operations comprises of sale of goods.

Other Income

Other income comprises of interest income, processing charges, freight charges, hamali charges and site rent received.

Expenses

Our expenses consist of purchase of stock in trade, change in inventories, employee benefit expense, depreciation on fixed assets, finance costs and other expenses.

Cost of Materials Consumed

Cost of materials consumed includes the purchases of the raw material during the year.

Employee benefit expenses

Employee benefit expense consists of salaries, wages, bonus, contribution to provident Fund and other funds and other staff welfare expenses.

Depreciation expenses

Depreciation consists of depreciation on tangible and intangible assets owned by our company.

Finance Costs

Finance costs consists of interest expenses and other borrowing costs

Other expenses

Other expenses include commission, freight charges other than railways, office maintenance, power and fuel, rates and taxes, insurance, filing fees, rent expense, repairs and maintenance, telephone, transportation expenses, packing & forwarding expenses, remuneration to directors and miscellaneous expenditure, panchayat taxes, postage, printing and stationery, labour work expenses, packing material and travelling expenses.

Tax expenses

Tax expense comprises of current tax, deferred tax and prior period adjustments. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with applicable tax rates and the provisions of applicable tax laws. Deferred tax liability or credit is recognized based on the difference between taxable profit and book profit due to the effect of timing differences and treatment of expenses. Our deferred tax is measured based on the applicable tax rates and tax laws that have been enacted or substantively enacted by the relevant balance sheet date.

Comparison of Historical Results of Operations

Financial Year 2024 compared to Financial Year 2023

Total Revenue

The total revenue for Financial year ended March 31, 2024 decreased to ₹ 12394.95 lakhs from ₹ 12508.02 lakhs during the financial year ended March 31, 2023 an decrease of ₹113.07 lakhs or 1 % . This increase was due to an increase in sales and other income.

Revenue from operations

Our revenue from operations for the year ended March 31, 2024 increased to ₹ 12229.10 lakhs from ₹ 12123.06 lakhs during the financial year ended March 31, 2023 an increase of ₹106.04 lakhs or 1% . This increase was due to an increase in sales.

Other income

Other income decreased from ₹ 384.96 lakhs for the year ended March 31, 2023 to ₹ 165.85 lakhs for the year ended March 31, ,2024 an decrease of ₹ 219.11 lakhs or 57%, This decrease was mainly due to decrease in processing charges received, freight charges and hamali charges.

Expenses

Our total expenses decreased from ₹ 12233.31 lakhs for the financial year ended March 31, 2023 to ₹ 12112.95 lakhs for the financial year ended March 31, 2024 which was an decrease of ₹ 120.36 lakhs or 1% This is mainly due to reduction in cost of goods sold and Other Expenses during the Financial year ended March 31, 2024..

Cost of Material consumed

Our cost of materials consumed decreased from ₹ 11,598.42 lakhs for the financial year ended March 31, 2023 to ₹ 11,503.27 lakhs for the year ended March 31, 2024, which is a decrease of ₹ 95.15 lakhs or 41%. This is due to increase in Gross Margins during the financial year ended March 31, 2024

Employee benefit expenses

Employee benefits expense for the year ended March 31, 2024, was ₹ 52.53 lakhs compared to ₹ 48.78 lakhs for the year ended March 31, 2023. This was an increase of ₹ 3.75 lakhs or 8% over the previous year. This was due to a increase in salaries to office staff and marketing staff.

Depreciation Expense

Depreciation for the year ended March 31, 2024, was ₹.123.66 lakhs as compared to ₹139.79 lakhs for the year ended March 31, 2023, a decrease of ₹ 16.13 lakhs or 12% This is mainly due to the fact that there were no significant additions to the Fixed Assets during the Financial year ended March 31, 2024

Finance Expenses

Finance Expenses for the year ended March 31, 2024, was ₹ 230.07 lakhs as compared to ₹ 215.18 lakhs for the year ended March 31, 2023, an increase of ₹ 14.89 lakhs or 7% as there was an increase in loans and advances.

Other expenses

Other expenses for the year ended March 31, 2024 was ₹ 203.42 lakhs as compared to ₹ 231.14 lakhs for the year ended March 31, 2023, decrease of ₹ 27.72 lakhs or 12% over the previous year. This is mainly due to reduction in Production and Labour work expenses during the financial year ended March 31, 2024, when compared to the previous financial year.

Profit/(Loss) before Tax

The profit before tax for the year ended March 31, 2024, was ₹ 282 lakhs as compared to ₹ 274.71 lakhs for the year ended March 31, 2023, an increase of ₹ 7.29 lakhs or 3% This was due to an increase in Revenue from Operations and improvement in Gross Margins combined with reduction in other expenses.

Taxation

Total tax expense for the year ended March 31, 2024, was ₹ 79.34 lakhs as compared to ₹ 58.71 Lakhs for the year ended March 31, 2023.

Profit/Loss after Tax

As a result of the aforesaid, Our Company earned a profit for the year ended March 31, 2024, of ₹ 202.00 lakhs as compared to ₹ 216.00 lakhs for the financial year ended March 31, 2023.

CASH FLOWS

The following table sets forth certain information relating to our cash flows:

	(₹ in Lakhs)		
Particulars	March 31 2024	March 31, 2023	March 31, 2022
Net Cash Flow from/ (used in) Operating Activities (A)	(509.18)	(982.45)	(172.37)
Net Cash Flow from / (used) in Investing Activities (B)	(123.89)	(113.64)	(230.99)
Net Cash Flow from / (used) in Financing Activities (C)	656.63	1036.92	464.30
Net increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	23.56	(59.17)	60.94
Cash and cash equivalents at the beginning of the year/period	18.95	78.12	17.18
Cash and cash equivalents at year/ period end	42.51	18.95	78.12

Cash generated from Operating Activities

Net cash generated from operating activities for the period ended March 31, 2024, was ₹ ((509.18)) lakhs as compared to the profit before tax of ₹282 lakhs for the same period. This difference is primarily on account of adjustment for depreciation, profit / loss on sale of asset, interest income and provisions / other adjustments. There has been an increase in trade receivables and a decrease in inventory and other current assets, while there has been a reduction in banks working capital and other current liabilities there has been an increase in trade payables.

Net cash used from operating activities for the year ended March 31, 2023, was ₹ (982.45) lakhs as compared to the profit before tax of ₹ 274.71 for the same period. This difference is primarily on account of adjustment for interest debited to P&L and Depreciation. There has been a decrease in trade receivables, other current assets, income tax paid, and an increase in current liabilities.

Net cash used from operating activities for the year ended March 31, 2022, was ₹ (172.47) lakhs as compared to the profit before tax of ₹ 187.41 for the same period. This difference is primarily on account of adjustment for interest debited to P&L and Depreciation. There has been a decrease in trade receivables, other current assets, income tax paid, and an increase in current liabilities.

Net Cash used in Investing Activities

Net cash used in investing activities for the period ended March 31, 2024, was ₹ (123.89). lakhs. This was on account of purchase of property, plant and equipment.

Net cash used in investing activities for the year ended March 31, 2023, was ₹ (113.64) lakhs. This was on account of addition of fixed assets.

Net cash used in investing activities for the year ended March 31, 2022, was ₹ (230.99) Lakhs. This was on account of addition to fixed assets.

Net Cash flow used in Financing Activities

Net cash flows used in financing activities for the period ended 31 March 2024 was ₹ 656.63 lakhs. This was on account of repayment of secured loan, availing unsecured loan and the corresponding interest thereon.

Net cash flows generating in financing activities for the year ended March 31, 2023, was ₹ 1036.92 lakhs. This was on account of increase in unsecured and secured loans.

Net cash flows generated in financing activities for the year ended March 31, 2022, was ₹ 464.30 Lakhs. This was on account of increase in unsecured and secured loans.

Contingent Liabilities

Our contingent liabilities were Nil as on March 31, 2024 and as on March 31,2023.

Off-Balance Sheet Arrangements

We do not have any other off-balance sheet arrangements or other relationships with unconsolidated entities, such as special purpose vehicles, that have been established for the purposes of facilitating off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Availability Risk:

Industry players maintain adequate stocks to achieve optimal capacity utilization during the offseason, making their operations highly working capital-intensive and raising stockholding costs. This practice also increases price risk to some extent, since the

industry could face volatility between the procurement of the inputs and the sale of the outputs, impacting margins. Companies also prefer to be located close to raw material sources.

Price Risk:

Companies use risk mitigation tools such as agro-commodity futures to manage price risk. Globally, commodity exchanges like the Chicago Board of Trade (CBOT) have significantly higher volumes than the equity exchanges in the country, but domestic exchanges have low volumes and have traditionally been technologically inferior to their international counterparts. Nationwide commodity exchanges have come up recently such as the National Commodity and Derivatives Exchange (NCDEX) and Multi-Commodity Exchange (MCX), which are trying to match international standards of connectivity and scalability. Nevertheless, a significant proportion of domestic players still do not hedge their positions, leading to high volatility in margins. Companies also use forward currency covers for imports and exports to hedge against currency risks. Besides, big players are looking at branding and retailing of edible oils since this offers higher realizations and greater pricing flexibility than bulk oils. This, however, entails considerable investments in a marketing and distribution network and requires a reasonable size of operation, which small-organized players may not possess.

Regulatory Risk:

Some of the Edible Oil players are diversifying their operations across more than one oil category to insulate themselves from any demand substitution due to relative duty changes. Also, some companies have set up import-based refining plants in areas that offer tax breaks such as Kandla Port in Gujarat to save on customs duty, apart from enjoying cost economies because of their proximity to the input source.

Credit Risk:

On an average, players provide a credit period of 2 to 4 weeks. While this is specific to a player's internal credit policy, a high debtor turnover is desirable. Additional incentives such as cash discounts are also a common feature in the business. Companies also enter into letter of credit-based contracts for exports of DOC and other products.

RELATED PARTY TRANSACTIONS

For details of our related party transactions, see "Note relating to "Related Party Transactions" on page 110 of this Draft Letter of Offer.

Qualitative Disclosure about Market Risk

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

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" on page 20 and page 124 respectively of this Draft Letter of Offer, to our knowledge there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Unusual or Infrequent Events or Transactions

Except as described elsewhere in this Draft 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 infrastructure sector in which we operate as well as the overall growth of the Indian economy has a significant bearing on our operations. Except as disclosed in this Draft 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.

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 20 of this Draft Letter of Offer.

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" on page 20 and 124 respectively, and elsewhere in this Draft 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

The increase in revenue is by and large linked to increase in volume of all the activities carried out by the Company.

Competitive Conditions

We expect competition in the sector from existing and potential competitors to vary. However, on account of our core strengths we will be able to stay competitive. For further details, kindly refer the chapter titled "Our Business" on page 64 of this Draft Letter of Offer.

Total Turnover of Each Major Business Segment

We operate in one segment only.

New Product or Business Segment

Except as disclosed in "Our Business" on page 64 of this Draft Letter of Offer, we have not announced and do not expect to announce in the near future any new products or business segments.

Seasonality of Business

Our Company's business is seasonal in nature.

Significant dependence on a Single or Few Suppliers or Customers

Other than as described in this Draft Letter of Offer, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Significant Developments since last balance sheet date

To our knowledge no circumstances have arisen since December 31, 2023, the date of the last financial information disclosed in this Draft 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.

SECTION VI: LEGAL AND OTHER INFORMATION OUTSTANDING LITIGATION AND DEFAULTS

*Our Company is subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. There is no outstanding litigation which has been considered material in accordance with our Company's 'Policy for Determination of Materiality', framed in accordance with Regulation 30 of the SEBI Listing Regulations, and accordingly, there is no such outstanding litigation involving our Company that requires disclosure in this Letter of Offer. However, solely for the purpose of the Issue, the following outstanding litigations have been disclosed in this section of this Letter of Offer, to the extent applicable: any outstanding civil litigation, including tax litigation, involving our Company, where the amount involved is 5% of Turnover or Net Worth of the Company for the immediately preceding financial year ("**Materiality Threshold**") or above.*

Except as disclosed below, there are no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of our Company; (ii) material violations of statutory regulations by our Company.

(iii) economic offences where proceedings have been initiated against our Company; (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position.

Pre-litigation notices received by our Company from third-parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) shall not be evaluated for materiality until such time our Company are impleaded as defendants in litigation proceedings before any judicial forum.

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

I. LITIGATION INVOLVING COMPANY

A. Litigation against Company

1. *Criminal Proceedings – Nil*
2. *Actions taken by Statutory/Regulatory Authorities - Nil*
3. *Tax Proceedings - Nil*
4. *Disciplinary action against Company by SEBI or any stock exchange in the last five Financial Years - Nil*
5. *Other Material Civil Litigations*

a. Yadavalli Sraavan Kumar and Anr Vs. M/s. Diligent Industries Ltd., and Vankineni Kiran Kumar (OS No. 09/2021)

Yadavalli Sraavan Kumar and Anr filed a case against Diligent Industries Limited under section 26(2) of the Code of Civil Procedure, 1908 before the Hon'ble IX Additional District Judge in West Godavari, Kovvur. The instant OS is filed by the Plaintiff seeking repayment of Rs. 95,45,869.20/- from the Company towards the supplies made by the Plaintiffs to the Company. The Company is disputing the claim amount. The next hearing date is "16/07/2024" "for hearing and framing of issues".

As on date of this Draft Letter of Offer, except the above-mentioned litigation there are no proceedings involving the Company which involve an amount exceeding the Materiality Threshold or are otherwise material in terms of the Materiality Policy, and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of the Company.

B. Details of the cases filed against company:

1. *Criminal Proceedings - NIL*
2. *Actions Taken By Statutory/Regulatory Authorities - NIL*
3. *Tax Proceedings – NIL*
4. *Other Material Litigations*

a. Sri Venkata Sai M B and R R M Vatlur and Ors Vs. State of Andhra Pradesh and The Eastern Power Distribution Company of Andhra Pradesh Limited (Company is arrayed as Petitioner no. 86 Writ Petition No. 31157/2023)

The said Writ Petition is filed by Sri Venkata Sai M B and R R M Vatlur and Ors against State of Andhra Pradesh and The Eastern Power Distribution Company of Andhra Pradesh Limited under Article 226 of the Constitution of India before the High Court of Andhra Pradesh. The Company is arrayed as Petitioner no. 86.

The instant Writ is filed by the petitioners aggrieved with the sudden rise in the energy duty charges per unit as levied by the Respondent no 2. There are several other Writ Petitions filed under the same ground and the Hon'ble High Court in one of the Writ Petition vide WP No. 29987 of 2023 was pleased to grant the following interim order: *"The Petitioners/ appellants/ consumers shall however, continue to pay the electricity duty collected @6 paise per KWh to the licensees, along with arrears if any."*

Since the grounds in the Writ Petitions are same, the writ Petitions are connected and heard as batch matters and a common order is passed in all the Writ Petitions. The instant Writ Petition was last listed on 22/04/2024 and the next date of hearing is updated on the website of the High Court, Andhra Pradesh. The latest order also states that the interim order as stated above shall continue to operate till the next date of hearing.

II. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

The pending payments to Small Scale Undertakings and various creditors as on 31st march, 2024 was 127.22 Lakhs. These amounts are scheduled to be paid during the regular course of business with the respective payment schedule.

III. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither Company, nor Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

IV. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither our Company, nor our Promoters, and Directors have been categorized or identified as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

V. MATERIAL DEVELOPMENTS

Except as stated below and in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since March 31, 2024, 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:

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board of Directors at its meeting held on May 29, 2024, have authorised this Issue pursuant to Section 62(1)(c) of the Companies Act, 2013.

Our Board of Directors / Rights Issue Committee has at its meeting held on [●], determined the Issue Price as ₹ [●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Share for every [●] Equity Share held on the Record Date.

The Draft Letter of Offer was approved by the Rights Issue Committee duly constituted by the Board in their meeting on [●].

Our Company has received 'in-principle' approval letter from BSE vide letter dated [●] for listing of the Rights Equity Shares to be allotted pursuant to Regulation 28(1) of SEBI Listing Regulations. Our Company will also make applications to BSE Limited to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective Demat accounts of the Equity Shareholders of our Company. For details, see "Terms of the Issue" on page 139 of this Draft Letter of Offer.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our directors and persons in control of the Promoter and the Company have not been prohibited from accessing the capital market or debarred from buying or selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any jurisdiction or any authority/court as on date of this Draft Letter of Offer.

Further, our Promoters and our Directors are not promoter or director of any other company which is debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI. None of our Directors or Promoters are associated with the securities market in any manner. There is no outstanding action initiated against them by SEBI in the five years preceding the date of filing of this Draft Letter of Offer.

Neither our Promoter nor our Directors have been declared as fugitive economic offender under Section 12 of Fugitive Economic Offenders Act, 2018 (17 of 2018).

Prohibition by RBI

Neither our Company, nor our Promoter and Directors have been categorized or identified as willful defaulters or a fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on willful defaulters issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

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

Eligibility for the Issue

Our Company is a listed company, incorporated under the Companies Act, 1956. The Equity Shares of our Company are presently listed on the BSE. We are eligible to undertake the Issue in terms of Chapter III of SEBI ICDR Regulations. Pursuant to Clauses (1) and (2) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is required to make disclosures in accordance with Part B of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

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

- (i) Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement or the SEBI Listing Regulations, as applicable for the last one years immediately preceding the date of filing of this Draft Letter of Offer with the stock exchange.
- (ii) The reports, statements and information referred to above are available on the website of BSE.
- (iii) Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at least once every year and as and when required, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and is not covered under the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations, disclosures in this Draft 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 the issue is less than ₹5000 lakhs.

Disclaimer from our Company and our Directors

Our Company and our Directors accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.diligentindustries.com.

All information shall be made available by our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

Investors will be required to confirm and will be deemed to have represented to 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 the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centre.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer in respect of Jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Ahmedabad, Gujarat only.

Disclaimer Clause of BSE Limited

As required, a copy of the Draft Letter of Offer has been submitted to BSE Limited. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Letter of Offer, will be included in the Letter of Offer prior to the filing with the Stock Exchange.

Designated Stock Exchange

BSE Limited being the only stock exchange where the Company's shares are listed, the Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Selling Restrictions

This Draft Letter of Offer is solely for the use of the person who has received it from our Company or from the Registrar. This Draft Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer, Application Form and the Rights Entitlement Letter 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 this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders of our Company and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to our Company.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer, Abridged Letter of Offer 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 Draft 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 Draft 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 Draft Letter of Offer / Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft 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 Draft 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 Draft 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.

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.

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 DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT 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, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

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

Our Company, in consultation with the Registrar to the Issue, 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.

None of the Rights Entitlements or the Equity Shares have been, or will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any state securities laws in the United States. Accordingly, the Rights Entitlements and Equity Shares are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales are made.

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 DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Filing

This Draft Letter of Offer is being filed with the BSE as per the provisions of the SEBI ICDR Regulations. 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 from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, this Draft Letter of Offer has been filed with Stock Exchange and not with SEBI. However, the Letter of Offer will be submitted to SEBI for information and dissemination and will be filed with the Stock Exchange.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for redressal of investor grievances in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. Venture Capital and Corporate Investments Private Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

Investor complaints received by our Company are typically disposed of within 15 days from the receipt of the complaint.

Investor Grievances arising out of this Issue

Investors may contact the Registrar to the Issue or our Company Secretary for any pre-Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (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*” at page 139 of this Draft Letter of Offer. The contact details of our Registrar to the Issue and our Company Secretary are as follows:

Registrar to the Issue

Venture Capital and Corporate Investments Private Limited

AURUM”, 4th & 5th Floors, Plot No.57,
Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500032 a.
Tel No: +91 40 23818475 / 23818476
Email: rightsissue@vccipl.com
Website: www.vccipl.com
Contact Person: Mr ESK Prasad
SEBI Registration Number: INR000001203

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

Ankit Singhal is the Company Secretary and Compliance Officer of our Company. His contact details are:

Dwarka Thirumala Road, Dendurulu Village and Mandal,
West Godavari – 534 452, Andhra Pradesh
Tel: 91 8829-256077 / 08829-256099
Fax: 91 8829 256 088
Email: cs@diligentindustries.com

Consents and Expert Opinion

Consents in writing of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, legal advisor to the Issue and the Registrar to the Issue to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Our Company has received written consent dated 03rd June, 2024, from our NSVR & Associates LLP Chartered Accountants, who were the Statutory Auditors for financial year ended March 31, 2024 for inclusion of their Audit Report dated May 29, 2024 on our Financial Information for the financial years ended March 31, 2024; and to include their name in this Draft Letter of Offer and as an ‘Expert’ as defined under Section 2(38) of the Companies Act, 2013. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

Our Company has received written consent dated June 3, 2024 from our P. Suryanarayana & Co., Chartered Accountants, in relation to the Statement of Tax Benefits dated 3rd June 2024 in the form and context in which it appears in this Draft Letter of Offer and to include their name in this Draft Letter of Offer and as an ‘Expert’ as defined under Section 2(38) of the Companies Act, 2013. Such consent has not been withdrawn up to the date of this Draft Letter of Offer.

SECTION VII – ISSUE 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 this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and the Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Circulars SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncees) shall make an application for a rights issue only through ASBA facility.

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association of our Company, the provisions of Companies Act, the terms and conditions as may be incorporated in the FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by our Company with the Stock Exchange and terms and conditions as stipulated in the Allotment Advice.

Important:

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS:

In accordance with the SEBI (ICDR) Regulations, and the ASBA Circular, our Company will send/dispatch at least 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 Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such 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 Indian 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 Rights Equity Shares under applicable securities laws) on the websites of:

- a) Our Company at www.diligentindustries.com ;
- b) the Registrar to the Issue at www.vccipl.com; and
- c) 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 www.vccipl.com by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.diligentindustries.com).

Further, our Company will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither our Company nor the Registrar shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application

Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit. 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, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorised to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates to make any filing or registration (other than in India).

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.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in 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.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renounees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense account, as applicable. For further details on the Rights Entitlements and demat suspense account, please see “*Terms of Issue—Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page 150 of this Draft Letter of Offer.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense account in case of resident Eligible Equity Shareholders holding shares in physical form as at Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors

will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

- i) 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; or
- ii) the requisite internet banking.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, please see “Terms of Issue—Grounds for Technical Rejection” on page 146 of this Draft Letter of Offer. 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 SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, - please see “Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” on page 143 of this Draft Letter of Offer.

Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

- i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
- ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
- iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
- iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or
- v) renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

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>.

Please note that subject to SCSBs complying with the requirements of the 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 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

Our Company, their directors, their 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.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

- a. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.
- b. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialised form only.
- c. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- d. Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- e. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.
- f. Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- g. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
- h. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
- i. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

- a. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- b. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

- c. Do not send your physical Application to the Registrar, a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
- d. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
- e. Do not submit Application Form using third party ASBA account.

Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar or the Stock Exchange. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

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 SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilise the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Diligent Industries Limited.
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository).
3. Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP and Client ID.
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue.
5. Number of Equity Shares held as at Record Date.
6. Allotment option – only dematerialized form.
7. Number of Rights Equity Shares entitled to.
8. Number of Rights Equity Shares applied for within the Rights Entitlements.
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for.

11. Total amount paid at the rate of ₹[●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB.
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained.
14. Authorization to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account.
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at rightsissue@vccipl.com; and

All such Eligible Equity Shareholders shall be deemed to have made the representations, warranties and agreements set forth in “Restrictions on Purchases and Resales” on page 166 of this Draft Letter of Offer and shall include the following:

“I/ We hereby make representations, warranties and agreements set forth in “Restrictions on Purchases and Resales” on page 166 of this Draft Letter of Offer.

I/ We acknowledge that the Company, its affiliates and others will rely upon the truth and accuracy of the representations, warranties and agreements set forth therein.”

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.vccipl.com.

Our Company and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB, or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;

- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date.
- c) The remaining procedure for Application shall be same as set out in “*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 143 of this Draft Letter of Offer.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as at the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialised Rights Entitlements are transferred from the suspense demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Terms of Issue—Basis of Allotment*” on page 159 of this Draft Letter of Offer.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

- a) Please read the Draft Letter of Offer carefully to understand the Application process and applicable settlement process.
- b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regards to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
- c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Terms of Issue—Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 143 of this Draft Letter of Offer.
- d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.
- e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar.
- f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
- g) 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. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under 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. The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, 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) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

- h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
- i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.
- j) Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) 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. The 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.
- k) 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.
- l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- m) Investors are required to ensure that the number of Rights Equity Shares applied by them do not exceed the prescribed limits under the applicable law.
- n) Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
- o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
- q) Do not pay the Application Money in cash, by money order, pay order or postal order.
- r) Do not submit multiple Applications.
- s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.
- t) Ensure that your PAN is linked with Aadhaar, and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

- a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.
- b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
- c) Sending an Application to our Company, Registrar, to a branch of a SCSB which is not a Designated Branch of the SCSB.
- d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
- e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.
- f) Account holder not signing the Application or declaration mentioned therein.
- g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.
- h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
- i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
- j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
- k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Draft Letter of Offer.
- m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.
- n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
- o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- p) Applications which: (i) appear to our Company or its agents to have been executed in, electronically transmitted from or dispatched from jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States, and 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 this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
- q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- r) Application from Investors that are residing in U.S. address as per the depository records.

Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialised form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using Additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please see “*Terms of Issue—Procedure for Applications by Mutual Funds*” on page [●] of this Draft Letter of Offer.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoters to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure*” on page [●] of this Draft Letter of Offer.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and 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 is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100% under automatic route).

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. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to, inter alia, the following conditions:

- a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any Allotments made by relying on such approvals.

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 recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Circular 2020 has been amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificates from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock 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 our Board or any committee thereof, the invitation to offer contained in this Draft Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “*Terms of Issue—Basis of Allotment*” on page 159 of this Draft Letter of Offer.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

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. However, no Investor, whether applying through ASBA facility, may withdraw their application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, 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 15 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.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as at the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (www.vccipl.com) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.diligentindustries.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialised form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No

Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense 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 www.vccipl.com. Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense account (namely, “[●] RE Suspense Account”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

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 our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renounees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

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 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 Exchange or through an off-market transfer. In accordance with SEBI circular

SEBI/HO/CFD/DIL2/CIR/P/2020/78 dated May 6, 2020 read with SEBI circular SEBI/HO/CFD/DIL1/CIR/P/2020/136 dated July 24, 2020, the Eligible Equity Shareholders, who hold Equity Shares in physical form as at Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to renounce their Rights Entitlements.

Procedure for Renunciation of Rights Entitlements

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchange (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

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 stockbroker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchange through a registered stock-broker in the same manner as the existing Equity Shares.

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 Exchange under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchange for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchange from time to time.

The Rights Entitlements are tradable in dematerialised form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] band indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on ‘T+1 rolling settlement basis’, where ‘T’ refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stockbroker will issue a contract note in accordance with the requirements of the Stock Exchange and the SEBI.

b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

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

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN: [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. 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 the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer.

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 finalisation of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, please see “*Issue Information*” on page 139 of this Draft Letter of Offer.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Share for every [●] Equity Shares held on the Record Date. 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 [●] Equity Shares or not in the multiple of [●] the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlement, if any.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have ‘zero’ entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if, such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

Ranking

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory

and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall, upon being fully paid-up rank *pari passu* with the existing Equity Shares, in all respects including dividends.

Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchange for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 538706) under the ISIN: INE010R01023. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to this Issue by our Promoters

For details of the intent and extent of the subscription by our Promoters and Promoter Group, see “Capital Structure – Intention and extent of participation by our Promoters and Promoter Group in the Issue” on page page42 of this Letter of Offer.

Rights of Holders of Rights Equity Shares

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

- a) The right to receive dividend, if declared;
- b) The right to receive surplus on liquidation;
- c) The right to receive offers for rights shares and be allotted bonus shares, if announced;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and
- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares shall be tradable only in dematerialised form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of the Rights Equity Shares offered in this Issue.

Nomination

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

Arrangements for Disposal of Odd Lots

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Gujarati language local newspaper with wide circulation (Gujarati being the regional language of Gujarat, where our Registered Office is located).

This Draft Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on their websites.

Offer to Non-Resident Eligible Equity Shareholders/Investors

As per Rule 7 of the FEMA Rules, RBI has given general permission to a person resident outside India and having investment in an Indian company to make investment in rights equity shares issued by such company subject to certain conditions. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, subject to the conditions set out therein (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application,

refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at (www.vccipl.com). 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 only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access the Letter of Offer, the Abridged Letter of Offer and the Application 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. Further, Application Forms will be made available at Registered Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognised 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 to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to rightsissue@vccipl.com.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, PLEASE SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS” ON PAGE 160 OF THIS DRAFT LETTER OF OFFER.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[•]
ISSUE OPENING DATE	[•]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS #	[•]
ISSUE CLOSING DATE*	[•]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[•]
DATE OF ALLOTMENT (ON OR ABOUT)	[•]
DATE OF CREDIT (ON OR ABOUT)	[•]
DATE OF LISTING (ON OR ABOUT)	[•]

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

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

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as at Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., [●], to enable the credit of the Rights Entitlements by way of transfer from the demat suspense account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●]. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e., www.vccipl.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e., www.vccipl.com) 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.

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board or its Rights Issue Committee in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;

2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Banker to the Issue to refund such Applicants.

X. 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 Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 (Four) days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are “officers in default” shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 (Four) days’ period.

The Rights Entitlements will be credited in the dematerialised form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be unblocked. The unblocking of ASBA funds / refund of monies shall be completed be 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.

XI. PAYMENT OF REFUND

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

- a) Unblocking amounts blocked using ASBA facility.
- b) **NACH** – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition (“**MICR**”) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- c) **National Electronic Fund Transfer (“NEFT”)** – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date immediately prior

to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar, to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

- d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) **RTGS** – If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
- g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Rights Equity Shares in Dematerialised Form

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS AT THE RECORD DATE.

Investors shall be Allotted the Rights Equity Shares in dematerialised (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates:

- a) Tripartite agreement dated 17th December, 2011 amongst our Company, NSDL and the Registrar to the Issue; and
- b) Tripartite agreement dated 28th January, 2012 amongst our Company, CDSL and the Registrar to the Issue.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the

beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialised form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who –

- a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹0.1 crore or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹0.1 crore or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹0.5 crore or with both.

XIV. 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 utilised out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed until the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- C. Details of all unutilised 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 unutilised monies have been invested.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken by our Board within the period prescribed by SEBI.
3. The funds required for unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Applicant within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications.
7. As of the date of this Draft Letter of Offer, our Company had not issued any outstanding compulsorily convertible debt instruments. Further, except as disclosed in this Draft Letter of Offer, our Company has not issued any outstanding convertible debt instruments.
8. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Draft 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 Draft Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as at Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "**Diligent Industries Limited– Rights Issue**" on the envelope and postmarked in India) to the Registrar at the following address:

Venture Capital and Corporate Investments Private Limited

AURUM", 4th & 5th Floors, Plot No.57,
Jayabheri Enclave Phase – II, Gachibowli, Hyderabad – 500032.
Tel No: +91 40 23818475 / 23818476
Email: rightsissue@vccipl.com
Website: www.vccipl.com
Contact Person: Mr ESK Prasad
SEBI Registration Number: INR000001203

3. In accordance with SEBI Rights Issue Circulars, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.vccipl.com) . Further, helpline number provided by the Registrar for guidance on the

Application process and resolution of difficulties is + 91 40 23818475

4. The Investors can visit following links for the below-mentioned purposes:
 - a) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.vccipl.com
 - b) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: www.vccipl.com
 - c) Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.vccipl.com
 - d) Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: <https://www.vccipl.com>

This Issue will remain open for a minimum 7 (Seven) days. However, our Board will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (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, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will not 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 Circular 2020 (defined below).

The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Circular 2020**”), which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as at October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under the FEMA Rules 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.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, had notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 issued on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank of fund in India.

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.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“**OCBs**”) have been derecognised as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules. 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 Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND REALES

Eligibility and Restrictions

General

No action has been taken or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of the Letter of Offer or any other Issue Material in any jurisdiction where action for such purpose is required, except that the Letter of Offer will be filed with the Stock Exchange and submitted to the SEBI for information and dissemination.

The Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into: (i) the United States, or (ii) any jurisdiction other than India except in accordance with the legal requirements applicable in such jurisdiction.

Receipt of the 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: (i) in the United States or (ii) any jurisdiction in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer 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 the Letter of Offer and any other Issue Materials should not distribute or send the 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 the Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Rights Equity Shares, applying for excess Rights Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Rights Equity Shares. Rights Entitlements may not be transferred or sold to any person outside India except in accordance with applicable law.

The Letter of Offer is, and the other Issue Materials will be, 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.

Each person who exercises the Rights Entitlements and subscribes for the Rights Equity Shares, or who purchases the Rights Entitlements or the Rights Equity Shares shall do so in accordance with the restrictions set out above and below.

Australia

The Letter of Offer does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (“**Australian Corporations Act**”) and does not purport to include the information required of a disclosure document under the Australian Corporations Act. The Letter of Offer is not a disclosure document under Chapter 6D of the Corporations Act of Australia and it has not been lodged with the Australian Securities and Investments Commission (“**ASIC**”) and no steps have been taken to lodge it as such with ASIC. It is not required to, and does not, contain all the information which would be required in a disclosure document.

Any offer in Australia of the Rights Entitlements and Equity Shares under the Letter of Offer may only be made to persons who are “sophisticated investors” (within the meaning of section 708(8) of the Australian Corporations Act), to “professional investors” (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise pursuant to one or more exemptions under section 708 of the Australian Corporations Act so that it is lawful to offer the Rights Entitlements and Equity Shares in Australia without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

If you are acting on behalf of, or acting as agent or nominee for, an Australian resident and you are a recipient of the Letter of Offer, and any offers made under the Letter of Offer, you represent to the Issuer that you will not provide the Letter of Offer or communicate any offers made under the Letter of Offer to, or make any applications or receive any offers for Rights Entitlements

or the Equity Shares for, any Australian residents unless they are a “sophisticated investor” or a “professional investor” as defined by section 708 of the Australian Corporations Act.

Any offer of the Rights Entitlements or the Equity Shares for on-sale that is received in Australia within 12 months after their issue by our Company, or within 12 months after their sale by a selling security holder under the Issue, as applicable, is likely to need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Australian Corporations Act or otherwise. Any persons acquiring the Rights Entitlements and the Equity Shares should observe such Australian on-sale restrictions.

Bahrain

The Letter of Offer and the Rights Entitlements and the Rights Equity Shares that are offered pursuant to the Letter of Offer have not been registered, filed, approved or licensed by the Central Bank of Bahrain (“CBB”), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism (“MOICT”) or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in the Letter of Offer, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. The Letter of Offer is only intended for Accredited Investors as defined by the CBB. We have not made and will not make any invitation to the public in the Kingdom of Bahrain to subscribe to the Rights Equity Shares and the Letter of Offer will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. All marketing and offering of the Rights Equity Shares shall be made outside the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved the Letter of Offer and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of Rights Equity Shares.

British Virgin Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares has been or will be made to the public in the British Virgin Islands.

China

No action has been taken by our Company which would permit an offering of Rights Entitlements or the Rights Equity Shares or the distribution of the Letter of Offer in the People's Republic of China (“**PRC**”). The Letter of Offer may not be circulated or distributed in the PRC and the Rights Entitlements and the Rights Equity Shares may not be offered or sold, and will not be offered or sold to any person for re-offering or resale directly or indirectly to, or for the benefit of, legal or natural persons of the PRC except pursuant to applicable laws and regulations of the PRC. Further, no legal or natural persons of the PRC may directly or indirectly purchase any of the Rights Entitlements and the Equity Shares or any beneficial interest therein without obtaining all prior PRC’s governmental approvals that are required, whether statutorily or otherwise. Persons who come into possession of the Letter of Offer are required to observe these restrictions. For the purpose of this paragraph, PRC does not include Taiwan and the special administrative regions of Hong Kong and Macau.

Cayman Islands

No offer or invitation to subscribe for the Rights Entitlements and the Rights Equity Shares may be made to the public in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area (each a “**Relevant State**”), an offer to the public of any Rights Entitlement or Rights Equity Shares may not be made in that Relevant State, except if the Rights Entitlement or Rights Equity Shares are offered to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017/1129 (and any amendment thereto) (the “**Prospectus Regulation**”):

- a) to any legal entity that is a qualified investor, as defined in the Prospectus Regulation;

- b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or
- c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement of a prospectus pursuant to Article 23 of the Prospectus Regulation. The Letter of Offer is not a prospectus for the purposes of the Prospectus Regulation.

For the purposes of this subsection, the expression an “offer to the public” in relation to any Rights Entitlement or Rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares.

Hong Kong

The Rights Entitlements and the Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Rights Entitlements and the Equity Shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Rights Entitlements and the Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948 as amended) (the “**FIEA**”) and disclosure under the FIEA has not been and will not be made with respect to the Rights Entitlements and the Rights Equity Shares. No Rights Entitlements or Rights Equity Shares are, directly or indirectly, being offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan as defined in the first sentence of Article 6, Paragraph 1, Item 5 of the Foreign Exchange and Foreign Trade Contract Act of Japan (Law No. 228 of 1949, as amended) (“**Japanese Resident**”) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any Japanese Resident except (i) pursuant to an exemption from the registration requirements of the FIEA and (ii) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

If an offeree does not fall under a “qualified institutional investor” (tekikaku kikan toshika), as defined in Article 10, Paragraph 1 of the Cabinet Office Ordinance Concerning Definition Provided in Article 2 of the Financial Instruments and Exchange Act (Ordinance of the Ministry of Finance No. 14 of 1993, as amended) (the “Qualified Institutional Investor”), the Rights Entitlements and Equity Shares will be offered in Japan by a private placement to a small number of investors (shoninzu muke kanyu), as provided under Article 23-13, Paragraph 4 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made.

If an offeree is a Qualified Institutional Investor, the Rights Entitlements and the Equity Shares will be offered in Japan by a private placement to the Qualified Institutional Investor (tekikaku kikan toshikamuke kanyu), as provided under Article 23-13, Paragraph 1 of the FIEA, and accordingly, the filing of a securities registration statement for a public offering pursuant to Article 4, Paragraph 1 of the FIEA has not been made. Any Qualified Institutional Investor purchasing Rights Equity Share agree that it will not, directly or indirectly, resell, assign, transfer, or otherwise dispose of the Rights Equity Shares to any Japanese Resident other than to another Qualified Institutional Investor.

Kuwait

The Letter of Offer and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Rights Entitlements or the Equity Shares in the State of Kuwait. The Rights Entitlements and the Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Rights Entitlements and the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Rights Entitlements or the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Rights Entitlements or the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Rights Entitlements or the Equity Shares in the State of Kuwait.

Mauritius

The Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither the Letter of Offer nor any offering material or information contained herein relating to the offer of the Rights Entitlements and the Rights Equity Shares may be released or issued to the public in Mauritius or used in connection with any such offer. The Letter of Offer does not constitute an offer to sell the Rights Entitlements and the Rights Equity Shares to the public in Mauritius and is not a prospectus as defined under the Companies Act 2001.

Singapore

The Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (“SFA”). The offer of Rights Entitlements and Rights Equity Shares pursuant to the Rights Entitlements to Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

Eligible Equity Shareholders in Singapore may apply for additional Rights Equity Shares over and above their Rights Entitlements only (i) if they are an “institutional investor” within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274, (ii) if they are a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights or interest in that trust are acquired at a consideration of not less than SGP\$ 200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for a corporation, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United Kingdom

No Rights Entitlement or Rights Equity Shares may be offered in the Issue to the public in the United Kingdom prior to the publication of a prospectus in relation to the Rights Entitlement and Rights Equity Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019/1234, except that our Company may make an offer to the public in the United Kingdom of Rights Entitlement and Rights Equity Shares at any time:

- a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation.
- b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of Rights Entitlement or Rights Equity Shares shall result in a requirement for the publication by our Company of a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an “offer to the public” in relation to any Rights Entitlement or Rights Equity Shares in means a communication to persons in any form and by any means presenting sufficient information on the terms of the Issue so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or Rights Equity Shares and the expression “UK Prospectus Regulation” means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Except for each person who is not a qualified investor as defined in the UK Prospectus Regulation and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a qualified investor as defined in the UK Prospectus Regulation.

In addition, the Letter of Offer may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Financial Promotion Order**”); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (each such person being referred to as a “**Relevant Person**”). If you are not a Relevant Person, you should not take any action on the basis of the Letter of Offer and you should not act or rely on it or any of its contents. Except for each person who is not a Relevant Person and who has notified our Company of such fact in writing and has received the consent of our Company in writing to subscribe for or purchase Rights Equity Shares, each person in the United Kingdom who acquires Rights Equity Shares shall be deemed to have represented and warranted that it is a Relevant Person.

United Arab Emirates (excluding the Dubai International Financial Centre)

The Letter of Offer has not been, and is not intended to be, approved by the UAE Central Bank, the UAE Ministry of Economy, the Emirates Securities and Commodities Authority or any other authority in the United Arab Emirates (the “UAE”) or any other authority in any of the free zones established and operating in the UAE. The Rights Entitlements and the Rights Equity Shares have not been and will not be offered, sold or publicly promoted or advertised in the UAE in a manner which constitutes a public offering in the UAE in compliance with any laws applicable in the UAE governing the issue, offering and sale of such securities. The Letter of Offer is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any other person other than the original recipient and may not be used or reproduced for any other purpose.

Dubai International Financial Centre

The Rights Entitlement and the Rights Equity Shares offered in the Issue are not being offered to any persons in the Dubai International Financial Centre except on that basis that an offer is: (i) an “Exempt Offer” in accordance with the Markets Rules (MKT) (the “**Markets Rules**”) adopted by the Dubai Financial Services Authority (the “**DFSA**”); and (ii) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the DFSA Conduct of Business Module of the DFSA rulebook and are not natural Persons. The Letter of Offer must not be delivered to, or relied on by, any other person. The DFSA has not approved the Letter of Offer nor taken steps to verify the information set out in it and has no responsibility for it. Capitalised terms not otherwise defined in this subsection have the meaning given to those terms in the Markets Rules.

The Equity Shares may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Rights Equity Shares offered in the Offer should conduct their own due diligence on the Equity Shares. If you do not understand the contents of the Letter of Offer, you should consult an authorised financial adviser.

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable state securities laws. The Rights Entitlements and the Rights Equity Shares are only being offered and sold outside the United States in offshore transactions, as defined in and in compliance with Regulation S. Neither the receipt of the Letter of Offer nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholders who has received the Letter of Offer and its accompanying documents directly from our Company.

Representations, Warranties and Agreements by Purchasers

In addition to the applicable representations, warranties and agreements set forth above, each purchaser, by accepting the delivery of the Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted, acknowledged and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser has the full power and authority to make the representations, warranties, acknowledgements, undertakings and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the representations, warranties, acknowledgements, undertakings and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
2. If any Rights Entitlements were bought by the purchaser or otherwise transferred to the purchaser by a third party (other than our Company), the purchaser was in India at the time of such purchase or transfer.
3. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment.
4. The purchaser acquiring the Rights Equity Shares for one or more managed accounts, represents and warrants that the purchaser has been authorized in writing, by each such managed account to acquire the Rights Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference herein to ‘the purchaser’ to include such accounts.
5. The purchaser is eligible to invest in India under applicable law, including the FEMA Rules and any notifications, circulars or clarifications issued thereunder, and have not been prohibited by SEBI, RBI or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India. Further, the purchaser is eligible to invest in and hold the Rights Equity Shares in accordance with the FDI Policy, read along with the press note 3 of 2020 dated April 17, 2020 issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules wherein if the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, foreign direct investments can only be made through the Government approval route, as prescribed in the FEMA Rules.
6. The purchaser is investing in the Rights Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in the Issue, the purchaser is not in violation of any applicable law, including but not limited to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013, each as amended and/or substituted from time to time.

7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of the Letter of Offer with the Stock Exchange and its submission with the SEBI for information and dissemination); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements (except in India) or the Rights Equity Shares which it may acquire, or any beneficial interests therein, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations.
8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in the Issue.
9. None of the purchaser, any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of our Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.
10. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of the Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to us and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (iv) will have conducted its own due diligence on our Company and the Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company (including any research reports) (other than, with respect to our Company and any information contained in the Letter of Offer); and (v) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
11. Without limiting the generality of the foregoing, the purchaser acknowledges that the Equity Shares are listed on BSE Limited and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent financial results, and similar statements for preceding years together with the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes the "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (ii) none of our Company, any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements, the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.
12. The purchaser acknowledges that any information that it has received or will receive relating to or in connection with the Issue, and the Rights Entitlements or the Rights Equity Shares, including the Letter of Offer and the Exchange Information, has been prepared solely by our Company.
13. The purchaser acknowledges that no written or oral information relating to the Issue, and the Rights Entitlements or the Rights Equity Shares has been or will be provided by our Company.
14. The purchaser understands that its receipt of the Rights Entitlements and any subscription it may make for the Rights Equity Shares will be subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, undertakings and agreements and other information contained in the Letter of Offer and the Application Form. The purchaser understands that none of our Company, the Registrar or any other person acting on behalf of us 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 us have reason to believe is in the United States or is ineligible to participate in the Issue under applicable securities laws.
15. The purchaser is aware that the Rights Entitlements and the Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to the purchaser was made in accordance with Regulation S.

16. The purchaser was outside the United States at the time the offer of the Rights Entitlements and Rights Equity Shares was made to it and the purchaser was outside the United States when the purchaser's buy order for the Rights Equity Shares was originated.
17. The purchaser did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S).
18. The purchaser subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If, in the future, the purchaser decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, the purchaser shall only offer, sell, pledge or otherwise transfer such Rights Equity Shares: (i) outside the United States in a transaction complying with Rule 903 or Rule 904 of Regulation S and in accordance with all applicable laws of any other jurisdiction, including India or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws.
19. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for, and authorized to consummate the purchase of, the Rights Equity Shares in compliance with all applicable laws and regulations. If the purchaser is outside India:
 - a) the purchaser, and each account for which it is acting, satisfies: (i) all suitability standards for investments in the Rights Entitlements and the Rights Equity Shares imposed by all jurisdictions applicable to it, and (ii) is eligible to subscribe, and is subscribing, for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of all jurisdictions of residence; and
 - b) the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
20. Except for the sale of Rights Equity Shares on the Stock Exchange, the purchaser agrees, upon a proposed transfer of the Rights Equity Shares, to notify any purchaser of such Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the Rights Equity Shares being sold.
21. The purchaser is a highly sophisticated investor and has such knowledge and experience in financial, business and international investment matters and is capable of independently evaluating the merits and risks (including for tax, legal, regulatory, accounting and other financial purposes) of an investment in the Rights Entitlements and the Rights Equity Shares. It, or any account for which it is acting, has the financial ability to bear the economic risk of investment in the Rights Entitlements and the Rights Equity Shares, has adequate means of providing for its current and contingent needs, has no need for liquidity with respect to any investment it (or such account for which it is acting) may make in the Rights Entitlements and the Rights Equity Shares, and is able to sustain a complete loss in connection therewith and it will not look to our Company for all or part of any such loss or losses it may suffer.
22. Each of the aforementioned representations, warranties, acknowledgements and agreements shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Rights Equity Shares. The purchaser shall hold our Company harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of its representations, warranties, acknowledgements and agreements set forth above and elsewhere in the Letter of Offer. The indemnity set forth in this paragraph shall survive the resale of the Rights Equity Shares.
23. The purchaser acknowledges that our Company and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements which are given to our Company, and are irrevocable.
24. The purchaser agrees that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Bhopal, Madhya Pradesh, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Letter of Offer and other Issue Materials.

SECTION VIII: 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 Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the documents for inspection referred to hereunder, would be available for inspection at the registered office of the Company till the issue closing date on working days and working hours between 11:00 A.M. to 5:00 P.M. and also shall be available on the website of the Company at www.diligentindustries.com from the date of this Draft Letter of Offer until the Issue Closing Date.

Additionally, any person intending to inspect the abovementioned contracts and documents electronically, may do so, by writing an email to [●].

1. Material Contracts for the Issue

- (i) Registrar Agreement dated [●] entered into amongst our Company and the Registrar to the Issue.
- (ii) Escrow Agreement dated [●] amongst our Company, the Registrar to the Issue and the Bankers to the Issue/ Refund Bank.

2. Material Documents

- (i) Certified true copies of the Certificate of Incorporation, the Memorandum of Association and the Articles of Association of our Company as amended from time to time.
- (ii) Resolution of the Board of Directors dated 29th May 2024 in relation to the approval of this Issue.
- (iii) Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including Record Date and the Rights Entitlement ratio
- (iv) Resolution of the Rights Issue Committee dated June 12, 2024 approving and adopting the Draft Letter of Offer.
- (v) Resolution of the Board of Directors dated [●] approving and adopting the Letter of Offer.
- (vi) Consent of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory and Peer Reviewed Auditor, Legal Advisor, the Registrar to the Issue, Banker to the Issue/ Refund Bank for inclusion of their names in the Draft Letter of Offer in their respective capacities.
- (vii) Copies of Annual Reports of our Company for Financial years 2023, 2022 and 2021.
- (viii) Audit reports dated May 29, 2024, of the Statutory Auditor, on our Company's Audited Financial Statements, included in this Draft Letter of Offer.
- (ix) Statement of Tax Benefits dated 3rd June 2024 from M/s. P. Suryanaraya & Co., Chartered Accountants, Tax expert included in this Draft Letter of Offer.
- (x) Tripartite Agreement dated 17th December, 2011 between our Company, NSDL and the Registrar to the Issue.
- (xi) Tripartite Agreement dated 28th January, 2012 between our Company, CDSL and the Registrar to the Issue.
- (xii) In principle listing approval dated [●] issued by BSE Limited.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act, or the rules made thereunder, or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

BHANU PRAKASH VANKINENI
(Managing Director)

KIRAN KUMAR VANKINENI
(Executive Director)

PHANI ANUPAMA VANKINENI
(Non-Executive Non-Independent Director)

SRINIVAS BABU EDUPUPANGANTI
(Independent Director)

LOKESHWARARAO NELLURI
(Independent Director)

MOHAMMED BABA
(Independent Director)

KIRAN KUMAR VANKINENI
Chief Financial Officer)

ANKIT SINGHAL
(Company Secretary and Compliance Officer)

Place: DENDULURU, WEST GODAVARI DISTRICT
Date: June 12, 2024