

**SAWACA**


**BUSINESS MACHINES LTD.**

**SAWACA BUSINESS MACHINES LIMITED**

**Corporate Identification Number: L74110GJ1994PLC023926**

Our Company was originally incorporated as “Sawaca Finance Limited” at Registrar of Companies, Gujarat, Dadra and Nagar Haveli as a Public company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated December 20, 1994. Subsequently the name of the company was changed from “Sawaca Finance Limited” to “Sawaca Business Machines Limited” under the Companies Act, 1956 and had obtained fresh certificate of incorporation dated December 16, 1999 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. For further details about our Company, please refer to the section titled “General Information” beginning on page 38 of this Draft Letter of offer.

**Registered Office:** 45, Chinubhai Tower, Opp. Handloom House, Ashram Road, Ahmedabad-380 009, Gujarat, India ;  
**Tel. No.:** +91 79-2658 3309; **Email:** [sawaca.business@yahoo.com](mailto:sawaca.business@yahoo.com); **Website:** [www.sawacabusiness.com](http://www.sawacabusiness.com);  
**Contact Person:** Mr. Saurabh Balkrishna Shah, Company Secretary & Compliance Officer

<b>OUR PROMOTERS: MR. SATISH RAMANLAL SHAH, MRS. JYOTSNA SATISHKUMAR SHAH, MR. VISHAL SATISHKUMAR SHAH, MR. SHETAL SATISHKUMAR SHAH AND MR. YATIN GIRISHBHAI SHAH</b>		
<b>FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF SAWACA BUSINESS MACHINES LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY</b>		
ISSUE OF UP TO [●] EQUITY SHARES WITH A FACE VALUE OF RE. 1.00 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF RS. [●] EACH INCLUDING A SHARE PREMIUM OF RS. [●] PER RIGHTS EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT UP TO RS. 50.00 CRORES* 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 [●] DAY, [●] (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 115. * Assuming full subscription. Subject to finalization of the Basis of Allotments.		
<b>WILFUL DEFAULTER OR FRAUDULENT BORROWER</b>		
Neither our Company nor any of our Promoters or Directors has been categorized as a Wilful Defaulter or Fraudulent Borrowers by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines issued by the Reserve Bank of India.		
<b>GENERAL RISK</b>		
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk with such investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of the contents of this Document. Specific attention of investors is invited to the statement of “Risk Factors” on page 20 before making an investment in this Issue		
<b>ISSUER’S ABSOLUTE RESPONSIBILITY</b>		
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 make this Draft Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
<b>LISTING</b>		
The existing Equity Shares are listed on the BSE Limited (“BSE”) (the “Stock Exchange”). Our Company has received ‘in-principle’ approval from the BSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide its letters dated [●]. Our Company will also make an application to the Stock Exchanges to obtain the trading approval for the Rights Entitlements as required under the SEBI circular (SEBI/HO/CFD/DIL2/CIR/P/2020/13) dated January 22, 2020. For the purpose of this Issue, the Designated Stock Exchange is BSE.		
<b>REGISTRAR TO THE ISSUE</b>		
	<b>BIGSHARE SERVICES PRIVATE LIMITED</b> Office No S6-2, 6 <sup>th</sup> Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali caves Road, Andheri (East) Mumbai - 400093, Maharashtra, India <b>Tel:</b> +91-22-6263 8200/22 <b>Email:</b> <a href="mailto:rightsissue@bigshareonline.com">rightsissue@bigshareonline.com</a> <b>Website:</b> <a href="http://www.bigshareonline.com">www.bigshareonline.com</a> <b>Investors Grievance E-mail:</b> <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a> <b>Contact Person:</b> Mr. Mohan Devadiga <b>SEBI Registration Number:</b> INR000001385	
<b>ISSUE PROGRAMME</b>		
<b>ISSUE OPENS ON: [●]</b>	<b>LAST DATE FOR ON MARKET RENUNCIATION*</b>	<b>ISSUE CLOSES ON: [●]#</b>
* 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. # Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.		

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## 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, which you should consider when reading the information contained herein.*

*References to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Draft Letter of Offer, but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under the SEBI ICDR Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in Summary of this Draft Letter of Offer, Statement of Special Tax Benefits, Financial Statements, Industry Overview, Outstanding Litigation and Defaults, Material Information and Developments and Issue Related Information beginning on pages 16, 51, 67, 54, 102, 107 and 115 respectively, shall have the meaning given to such terms in such sections.*

### I. GENERAL TERMS

Sawaca Business Machines Limited / Sawaca / SBML / The Company/ Company/ We/ Us/ Our/ our Company/ the Issuer Company	Unless the context otherwise indicates or implies refers to Sawaca Business Machines Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at 45, Chinubhai Tower, Opp. Handloom House Ashram Road Ahmedabad-380 009, Gujarat, India
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### II. COMPANY RELATED TERMS

TERM	DESCRIPTION
Act/ Companies Act	The Companies Act, 2013.
Articles / Articles of Association / AoA	The Articles of Association of our Company, as amended from time to time
Auditor / Statutory Auditor	The statutory auditor of our Company, being M/s. MAAK & Associates, Chartered Accountants
Audited Financial Statements/ Audit Reports	Audited Financial Statements refers to the audited report for the Financial Year ending on March 31, 2023
Board/ Board of Directors	Board of Directors of our Company, including any committees thereof
Chairman & Managing Director	Chairman & Managing Director of our Company, being Mr. Shetal Satishkumar Shah
Chief Financial Officer	Chief financial officer of our Company, being Mr. Shetal Satishkumar Shah
Company Secretary & Compliance Officer	Company Secretary & Compliance Officer of our Company in this case being, Mr. Saurabh Shah
Director(S)	The director(s) on the Board of our Company, unless otherwise specified
Equity Shareholder/ Shareholders	A holder of Equity Shares
Equity Shares	The equity shares of our Company of a face value of Re. 1.00 each, unless otherwise specified in the context thereof.
Independent Director(s)	The independent director(s) of our Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations.
Internal Auditor	M/s VSSB & Associates, Chartered Accountants
Key Management Personnel / KMP	Key management/ managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in "Our Management – Key Managerial Personnel" on page no. 65
Memorandum / Memorandum of Association / MoA	Memorandum of association of our Company, as amended from time to time

Promoter(s)	Mr. Shetal Satishkumar Shah, Mr. Satish Ramanlal Shah, Mr. Vishal Satishkumar Shah, Mr. Jyotsana Satishkumar Shah, and Mr. Yatin Girishbhai Shah
Promoter Group	Persons and entities forming part of the promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations and as disclosed by our Company in the filings made with the Stock Exchange under the SEBI Listing Regulations.
Registered Office	The registered office of our Company located at 45, Chinubhai Tower, Opp. Handloom House Ashram Road Ahmedabad-380 009, Gujarat, India
Registrar of Companies// Registrar of Companies, Maharashtra/ RoC	The Registrar of Companies situated at ROC Bhavan, Opp Rupalben Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013, Gujarat, India
Secretarial Auditor of the Company	M/s Mukesh H. Shah & Co, Practicing Company Secretaries
Statutory Auditors	The current statutory auditors of our Company, Viz., M/s. M A A K & Associates, Chartered Accountants

### III. ISSUE RELATED TERMS

TERM	DESCRIPTION
Abridged Letter of Offer / ALOF	The abridged letter of offer to be sent to the Eligible Equity Shareholders of our Company with respect to this Issue in accordance with 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
Allot / Allotted / Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Accounts	The accounts opened with the Bankers to this 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	Bank(s) 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	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the issue.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renounees who are entitled to make an application for the Equity Shares in terms of this Draft Letter of Offer.
Application	Application made by the Applicant through (i) submission of the Application Form or plain paper Application to the Designated Branch of the Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable at the time of Application, i.e., Rs. [●] per Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount / ASBA	The application (whether physical or electronic) used by an Applicant(s) to make an application authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB.

TERM	DESCRIPTION
ASBA Account	An account maintained with an SCSB 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 Applicant / ASBA Investor	Applicant/Investor proposing to subscribe to the Issue authorizing the SCSB to block the amount payable on application in their ASBA Account maintained with such SCSB
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 Company	Indian Overseas Bank
Banker(s) to the Issue/ Escrow Collection Bank	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being [●]
Banker to the Issue Agreement	Agreement dated [●] to be 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 “ <b>Terms of the Issue</b> ” on page no. 115.
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 <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	Details of Investors including the Investor’s address, name of the Investor’s father/ husband, investor status, occupation and bank account details, where applicable
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper Application, as the case may be, from the ASBA Investors and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	NSDL and CDSL or any other depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996
Draft Letter of Offer / DLOF	This Draft Letter of Offer dated June 28, 2023
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date, i.e. [●]. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see “Notice to Investors” on page 10.
"Escrow Collection Bank", "Allotment Account Bank(s)" or "Refund Bank(s)"	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from resident Investors.
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, [●]
General Corporate Purposes	General Corporate Purposes General corporate purposes shall have the meaning as determined in Regulation 2(1)(r) of the SEBI ICDR Regulations.
GIR	General Index Registrar
IEPF	Investor Education and Protection Fund
Investor(s)	Eligible Equity Shareholder(s) of our Company on the Record Date, being [●] and the Renouncee(s)

<b>TERM</b>	<b>DESCRIPTION</b>
Issue / Rights Issue	Issue of up to [●] equity shares with a face value of Re. 1.00 each (“Rights Equity Shares”) of our company for cash at a price of [●] each including a share premium of [●] per rights equity share (“Issue Price”) for an aggregate amount up to Rs. 50.00 crores* on a rights basis to the existing equity shareholders of our company in the ratio of [●] Right equity shares for every [●] Fully paid-up equity shares held by the existing equity shareholders on the record date, that is on [●] day, [●] (the “Issue”). The issue price for the rights equity shares is [●] times the face value of the equity shares. * Assuming full subscription. Subject to finalization of the Basis of Allotments.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	[●] per Rights Equity Share payable on Application
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	Issue of up to [●] Rights Equity Shares aggregating to an amount up to Rs. 50.00 Crores.
Letter of Offer / LOF	The letter of offer dated [●] to be issued by our Company in connection with the Issue.
Material Subsidiaries	Following company have been identified by our Company based on the materiality threshold adopted by our Board under SEBI Listing Regulations as Material Subsidiaries; Our Company does not have any Material Subsidiaries as of now except as defined under “Subsidiaries” above.
MCA Circulars	General Circular No. 21/2020 dated May 11, 2020 issued by the Ministry of Corporate Affairs, Government of India, read with the circular dated August 3, 2020
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 details, see “Objects of the Issue” on page 46.
Non-Institutional Investor(s) / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(jj) of the SEBI ICDR Regulations.
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchanges from time to time and other applicable laws, on or before [●]
Off Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI – Rights Issue Circulars, circulars issued by the Depositories from time to time and other applicable laws.
QIBs / Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being, [●].
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being [●]
Registrar / Registrar to the Company	Registrar / Registrar to the Company being Bigshare Services Private Limited
Registrar / Registrar to the Issue	Registrar / Registrar to the Company being Bigshare Services Private Limited
Registrar Agreement to Issuer	Agreement dated April 27, 2023 entered between our Company and the

TERM	DESCRIPTION
	Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renounee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on [●], in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounee on or prior to the Issue Closing Date.
Retail Individual Investor / RII	An individual Investor who has applied for Rights Equity Shares for an amount not more than ₹ 200,000 (including an HUF applying through karta) in the Issue as defined under Regulation 2(1)(vv) of the SEBI ICDR Regulations.
Rights Entitlements/ REs	The number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by such Eligible Equity Shareholder on the Record Date.
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares / Rights Shares	Equity Shares of our Company having a face value of Re. 1.00 per share and to be Allotted pursuant to the Issue.
SEBI Rights Issue Circulars	SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, bearing reference number SEBI/HO/CFD/CIR/CFD/DIL/67/2020 dated April 21, 2020 and SEBI circular, bearing reference no. SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022.
Self-Certified Syndicate Banks / SCSBs	Banks which are registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and offer services of ASBA, and a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a>
Stock Exchanges	BSE Limited where the Equity Shares of the Company are presently listed.
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 finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange
Wilful Defaulter or a Fraudulent Borrower	A Company or person, as the case may be, categorized as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1) (III) of SEBI ICDR Regulations and in accordance with the guidelines on wilful defaulters issued by the RBI, including any company whose director or promoter is categorized as such.
Working Day	In terms of Regulation 2(1)(mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai and 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 and Mumbai are open for business. Furthermore, for the time period between the Issue Closing Date and the listing of the Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

#### IV. INDUSTRY RELATED TERMS

Term	Description
CIC	Currency In Circulation
CPI	Consumer Price Index
ECB	External Commercial Borrowings

<b>Term</b>	<b>Description</b>
GDP	Gross Domestic Products
GST	Goods and Services Tax
LAF	Liquidity Adjustment Facility
CompTIA	Computer Technology Industry Association

## V. CONVENTIONAL AND GENERAL TERMS OR ABBREVIATIONS

<b>TERM</b>	<b>DESCRIPTION</b>
₹/ Rs./ Rupees/ INR	Indian Rupees
A/c	Account
AGM	Annual General Meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
ASBA Circulars	Collectively, SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular 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
Bn	Billion
BSE	BSE Limited
CAGR	Compounded annual growth rate
CDSL	Central Depository Services (India) Limited
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIN	Corporate Identity Number
Companies Act	Erstwhile Companies Act, 1956, and new Companies Act, 2013 and the rules made thereunder
Competition Act	Competition Act, 2002
Consolidated FDI Policy	Consolidated FDI Policy dated October 15, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India.
COVID-19	A public health emergency of international concern as declared by the World Health Organization on January 30, 2020 and a pandemic on March 11, 2020
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant's Identification Number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
EGM	Extraordinary general meeting
EPS	Earnings per Share
ERP	Enterprise Resource Planning
Exchange Information	Collectively constitutes and includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports.
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA Rule	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial year/ FY / Fiscal	Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated



TERM	DESCRIPTION
Foreign Portfolio Investor / FPI	Foreign portfolio investor as defined under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors registered under the FVCI Regulations FVCI Regulations
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
GDP	Gross Domestic Product
Government / GoI	Government of India
GST	Goods and Services Tax
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financing Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards prescribed under Section 133 of the Companies Act, as notified under the Companies (Indian Accounting Standards) Rules, 2015
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Income-tax Act / I.T. Act / IT Act	Income-tax Act, 1961
I. T. Rules	Income Tax Rules, 1962
India	Republic of India
IPO	Initial public offering
ISIN	International Securities Identification Number allotted by the depository
IT / IT Act	Information Technology, Information Technology Act, 2000
Listing Agreements	Equity listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations read along with SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015
LLP	Limited Liability Partnership
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, Government of India
MICR	Magnetic ink character recognition
Mn.	Million
MoU	Memorandum of Understanding
Mutual Fund	Mutual fund registered with SEBI under the SEBI (Mutual Fund) Regulations, 1996.
NA / N.A.	Not Applicable
NACH	National Automated Clearing House which is a consolidated system of ECS
NAV	Net asset value
NCLT	National Company Law Tribunal
NCLAT	National Company Law Appellate Tribunal
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, 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
NI Act	Negotiable Instruments Act, 1881
NSDL	National Securities Depositories Limited
NR / Non-Resident	A person resident outside India, as defined under the FEMA
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NRI	A person resident outside India as Non-Resident Indian, who is a citizen of India and

TERM	DESCRIPTION
	shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
NSE	National Stock Exchange of India Limited
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to general permission granted to OCBs under FEMA.
OCI	Overseas Citizen of India
p.a.	Per Annum
PAC	Persons Acting in Concert
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
P/E Ratio	Price / Earnings Ratio
PIO	Persons of Indian Origin
RBI	Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Regulation S	Regulations S under the Securities Act
RTGS	Real Time Gross Settlement
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India, constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI PIT Regulations	SEBI (Prohibition of Insider Trading) Regulations, 2015
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SDR	Strategic Debt Restructuring
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
State Government	Government of a state of India
TAN	Tax Deduction Account Number
Trade Marks Act	Trade Marks Act, 1999
UAE	United Arab Emirates
U.S.	United States of America
USD	United States Dollar
U. S. QIB	A qualified institutional buyer as defined in Rule 144A under the Securities Act

<b>TERM</b>	<b>DESCRIPTION</b>
US Securities Act	United States Securities Act of 1933
VCF	A venture capital fund (as defined and registered with SEBI under the erstwhile Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996.
YoY	Year on Year

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the Securities Contracts (Regulation) Act, 1956, the SEBI ICDR Regulations, the Depositories Act and the rules and regulations made thereunder.

## NOTICE TO INVESTORS

The distribution of this Draft 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 this Draft Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch through email and courier this Draft Letter of Offer / Abridged Letter of Offer, Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. Further, this Draft Letter of Offer will be provided, through email and courier, by the Registrar on behalf of our Company to the Eligible Equity Shareholders who have provided their Indian addresses to our Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, our Company, the Stock Exchanges, subject to the applicable law.

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

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. Our Company, the Registrar 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, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

**THE CONTENTS OF THIS DRAFT LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR 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, this Draft Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

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

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 AND OTHER INFORMATION

### Certain Conventions

In this Draft Letter of Offer, the terms “we”, “us”, “our”, the “Company”, “our Company”, unless the context otherwise indicates or implies, refers to Sawaca Business Machines Limited.

### Financial Data

Unless stated otherwise, financial data in this Draft Letter of Offer is derived from the Audited Standalone Financial Statements for the financial year ended 31st March, 2023 which have been prepared by our Company in accordance with Indian accounting standards as specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015, as amended and are also included in this Draft Letter of Offer.

The fiscal year of our Company begins on April 1 of each calendar year and ends on March 31 of the following calendar year. Unless otherwise stated, references in this Draft Letter of Offer to a particular ‘Financial Year’ or ‘Fiscal Year’ or ‘Fiscal’ are to the financial year ended March 31.

In this Draft Letter of Offer any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Certain figures in decimals have been rounded off and accordingly there may be consequential changes in this Draft Letter of Offer.

### Currency and Units of Presentation

In this Draft Letter of Offer, unless the context otherwise requires, all references to (a) ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ are to Indian rupees, the official currency of the Republic of India; (b) ‘US Dollars’ or ‘US\$’ or ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America. All references to the word ‘Lakh’ or ‘Lac’ or ‘Lacs’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten lakhs’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’. Any percentage amounts, as set forth in "Risk Factors", "Our Business", "Management's Discussion and Analysis of Financial Conditions and Results of Operation" and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

### Exchange Rates

This Draft Letter of Offer does not contain 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.

### Market and Industry Data

Unless stated otherwise, industry and market data used in this Draft Letter of Offer have been obtained or derived from publicly available information. Publicly available Information generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made on the basis of such information. Although we believe that industry data used in this Draft Letter of Offer is reliable, it has not been independently verified and neither we, nor any of our affiliates, jointly or severally, make any representation as to its accuracy or completeness. 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 we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section "Risk Factors" beginning on page 20 of this Draft Letter of Offer.

### Conversion rates for foreign currency

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:

<b>(Amt. in Rs.)</b>		
<b>Name of Currency</b>	<b>31-03-2023</b>	<b>31-03-2022</b>
1 U.S. Dollar	82.23	75.81
1 EUR	89.61	84.66
1 GBP	101.87	99.55

Source: [www.fbil.org.in](http://www.fbil.org.in)

## FORWARD LOOKING STATEMENTS

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

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. Important factors that could cause actual results to differ materially from our Company’s expectations include, among others:

- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Increasing competition in or other factors affecting the industry segments in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain Skilled personnel;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the section titled “Risk Factors” beginning on page 20 of this Draft Letter of Offer. By their very nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact or net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward-looking statements or other projections.

Whilst we believe that the expectations reflected in such forward-looking statements are reasonable at this time, we cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements.

In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer. Neither our Company, our Directors, our Promoter nor any of their respective affiliates or advisors have any obligation to update or 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. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward- looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with SEBI ICDR Regulations, our Company will ensure that Investors are informed of material developments until the time of the grant of listing and trading permission for the Rights Equity Shares by the Stock Exchange.

## SUMMARY OF THIS DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified by, the more detailed information appearing in this Draft Letter of Offer, including the sections titled “Risk Factors”, “Objects of the Issue”, “Industry Overview”, “Our Business”, “Financial Statements”, “Outstanding Litigation and Defaults”, “Terms of the Issue” on pages 20, 46, 54, 60, 67, 102, and 115 respectively.

### Summary of our Business

Our Company, started Scrap trading business a couple years back and has created a niche in the scrap trading industry within a couple of years of establishment and has met client expectations in terms of premium grade of metal scrap. Currently, our Company is involved in two distinct segments. The first segment is the Trading segment, where our Company engages in wholesale trading of various finished goods. In this segment, our Company operates primarily on a bill-to-ship basis, ensuring the procurement of orders and guaranteeing timely delivery to customers. The Trading segment focuses on efficiently managing the supply chain to meet customer demands and provide a seamless trading experience. Our Company is expanding its business activities into the Metal Trading and Cotton Trading sectors. This strategic move allows the company to diversify its portfolio and seize opportunities within these industries. In Metal Trading, our Company is engaged in buying and selling various metals, including iron, steel, aluminium, copper, and other base metals. By entering the Metal Trading market, our Company aims to leverage industry knowledge and capitalize on the demand for these essential materials. People have been using perfumery compounds and scented essential oils for thousands of years in lesser or greater amounts depending on the fashion whims. To meet the growing requirements of perfumery compounds and essential oils, our Company has started trading business of Mixture of Aromatic Chemicals, Base Industrial Perfumery Compounds and Essential Oil.

The Perfumery Industrial Products that are mixture of Aromatic Chemicals, base industrial perfumery compounds are mainly used in Incense sticks, Toiletries, Soaps, Perfumes etc. Our product range mainly includes Aromatic Chemical like Geraniol, Arsinon, D Lemonene, Musk 101 etc. We also deal in Essential Oil such Orange oil, Patcholi oil and various Industrial Perfumery Compounds.

For further details, see “*Business Overview*” on page 60.

### Summary of Industry

#### IT INDUSTRY OVERVIEW

The importance of technology in our modern world means that the technology industry is a true force to be reckoned with. The sheer size of the industry makes it one of the dominant sectors in the global economy, and the rapid growth and rate of change within the industry make it a central player in developing business standards and regulations. The impact of technology goes far beyond the core tech industry, though. While there are myriad opportunities directly related to digital product development or service delivery, there are countless more opportunities opening up around the world as technology influences every business and every industry vertical.

Finally, the amount organizations are spending on IT demonstrates the rapidly changing nature of technology. Gartner estimates that 2023 global IT spending will reach \$4.6 trillion in 2023, a jump of 5.1% over 2022 spending. The categories included in Gartner’s estimate are traditional IT components: Communications services, IT services, devices, software and data center systems. As expected, the service categories are the largest pieces, as most organizations have built a foundational layer of computing and are now crafting new solutions on top of that foundation. In addition to these traditional categories, emerging technology is driving additional spending. Data from IDC, which CompTIA has used in previous years, shows roughly the same level of spending in the traditional categories. IDC, though, adds a category of “new technologies,” which includes technology such as internet of things (IoT), robotics and mixed reality. Spending on new technologies is expected to hit \$1.36 trillion in 2023, adding nearly 30% to the expected spending on traditional items. One final note on spending projections: The current economic chaos, including inflation and relative strength of global currencies, is impacting forecasting models as much as it is driving uncertainty for businesses. Actual spending may fluctuate more in 2023 than in previous years.

All in all, the impact of technology today goes far beyond the technology itself. Technology is deeply ingrained into business activity and daily life. There is no question that there are some negative elements, especially as technology

applications reach massive scale and trigger unintended consequences. However, there is also no question that there are many positive outcomes, and a progressive approach to technology is a critical factor for sustained success.

(Source: <https://connect.comptia.org/content/research/it-industry-trends-analysis>)

## METAL TRADE INDUSTRY

Metal supply is set to recover following disruptions in 2022. The supply outlook for 2023 is more favorable due to lower energy prices and as temporary production and supply bottlenecks are resolved. Coal prices dropped by 52% from their peak in August 2022 to April 2023, while Europe and U.S. natural gas prices fell by 81% and 75%, respectively, during the same period. On the supply side, most aluminum and zinc smelters in Europe have restarted operations, and new supply capacity is expected to come online this year for several metals, including aluminum in China, copper in South America, and nickel in China and Indonesia. The current improved environment follows various supply disruptions for several metals last year, caused by logistical problems, plant maintenance, power shortages, social unrest, adverse weather conditions, and high energy prices.

Slower global activity and a services-oriented recovery in China are expected to dampen metal demand. The surge in metal prices at the start of the year reflected optimism for a robust recovery in China as well as improved global growth prospects. However, this optimism faded in 2023Q1 as China's growth was mainly driven by consumer spending in the services sector—a trend that is expected to persist for the remainder of 2023. Although China's property sector has begun to stabilize, its recovery remains subdued due to high debt levels. Persistent high inflation, tight monetary policy, and concerns about credit constraints following recent banking sector stress in advanced economies will likely dampen consumer demand.

<https://blogs.worldbank.org/opendata/metal-prices-forecast-decline-supply-improves>

For further details, see “*Industry Overview*” on page 54.

### Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

Particulars	(Rs. In Lakhs)
	Amount
Incremental Working Capital	3700.00
General Corporate Purposes	[●]
<b>Total Issue Proceeds</b>	<b>[●]</b>

For further details, see “*Objects of the Issue*” on page 46.

### Our Promoters

The Promoters of our Company are Mr. Satish Ramanlal Shah, Mrs. Jyotsna Satishkumar Shah, Mr. Vishal Satishkumar Shah, Mr. Shetal Satishkumar Shah and Mr. Yatin Girishbhai Shah.

### Intention and extent of participation by our Promoters and Promoter Group

Our Promoters and Promoter Group vide their letters dated June 21, 2023 (the “**Subscription Letters**”) have agreed that they may: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters, member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue; (c) subscribe to, either individually or jointly and/ or severally with any other Shareholder for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the

Issue; and (d) the eligible members of our Promoter Group reserve the right to subscribe either itself and/or through third party(ies) by renouncing their Rights Entitlement in the Issue, including in an event of under-subscription in this Issue, subject to the post issue aggregate shareholding of our Promoter and members of our Promoter Group not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR.

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 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 Takeover Regulations.

### Summary of Financial Information

The following table sets forth summary financial information derived from the Standalone Audited Financial Statement for financial year ending on March 31, 2023:

	<b>(Rs. in Lakhs)</b>
<b>Particulars</b>	<b>FY 2022-23 (Audited)</b>
Equity Share Capital	1144.10
Net Worth	1291.43
<b>Total Income</b>	<b>364.72</b>
<b>Profit/ (Loss) after tax</b>	<b>54.57</b>
Basic & Diluted EPS	0.05
Net asset value per Equity Share	1.13
Total borrowings #	25.30

# consists of borrowings under non-current liabilities current liabilities

### Contingent Liabilities

For details regarding our contingent liabilities for FY 2023, please refer to note 23 on page no. 88 of the Draft Letter of Offer.

### Related Party Transactions

For details on related party transactions for FY 2023, see note 26 on page no. 90 of the Draft Letter of Offer.

### Financing Arrangements

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

### Issuance 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.

### Summary of Outstanding Litigations

	<b>(Rs. in Lakhs)</b>	
<b>Nature of Cases</b>	<b>Number of outstanding cases</b>	<b>Amount Involved</b>
<b><i>Litigation involving our Company</i></b>		
Criminal proceedings against our Company	-	-
Criminal proceedings by our Company	-	-

<b>Nature of Cases</b>	<b>Number of outstanding cases</b>	<b>Amount Involved</b>
Material civil litigation against our Company	-	-
Material civil litigation by our Company	-	-
Actions by statutory or regulatory Authorities	3	Not ascertainable
Direct and indirect tax proceedings	-	-
<b><i>Litigation involving our Promoters</i></b>		
Criminal proceedings against our Promoters	-	-
Criminal proceedings by our Promoters	-	-
Material civil litigation against our Promoters	-	-
Material civil litigation by our Promoters	-	-
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	-	-
<b><i>Litigation involving our Directors</i></b>		
Criminal proceedings against our Directors	-	-
Criminal proceedings by our Directors	-	-
Material civil litigation against our Directors	-	-
Material civil litigation by our Directors	-	-
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	-	-
<b><i>Litigation involving our Group Companies</i></b>		
Criminal proceedings against our Group Companies	-	-
Criminal proceedings by our Group Companies	-	-
Material civil litigation against our Group Companies	-	-
Material civil litigation by our Group Companies	-	-
Actions by statutory or regulatory authorities	-	-
Direct and indirect tax proceedings	-	-

For further details, see “***Outstanding Litigations and Defaults***” beginning on page 102 this Draft Letter of Offer.

### **Risk Factors**

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, see “***Risk Factors***” on page 20.

## SECTION II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. Prospective Investors should carefully consider all the information disclosed in this Draft Letter of Offer, including the risks and uncertainties described below and the “Financial Statements” on page 67, before making an investment in the Equity Shares. The risks described below are not the only risks relevant to us or the Equity Shares or the industries in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business, cash flows, prospects, results of operations and financial condition. In order to obtain a complete understanding about us, investors should read this section in conjunction with “Our Business”, “Industry Overview” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on pages 60, 54 and 95, respectively, as well as the other financial information included in this Draft Letter of Offer. If any of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business, cash flows, prospects, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and investors may lose all or part of the value of their investment. 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. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Issue. The following factors have been considered for determining the materiality: (1) some events may not be material individually but may be found material collectively; (2) some events may have material impact qualitatively instead of quantitatively; and (3) some events may not be material at present but may have material impact in future.*

*This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Letter of Offer. Any potential investor in, and purchaser of, the Equity Shares should pay particular attention to the fact that our Company is an Indian company and is subject to a legal and regulatory environment which, in some respects, may be different from that which prevails in other countries. For further information, see “Forward Looking Statements” on page 14.*

*Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements and Unaudited Financial Results included in this Draft Letter of Offer. For further information, see “Financial Statements” on page 67. In this section, unless the context otherwise requires, a reference to “our Company” is a reference to Sawaca Business Machines Limited on a standalone basis, while any reference to “we”, “us”, is a reference to Sawaca Business Machines Limited on a consolidated basis.*

### INTERNAL RISK FACTORS

#### **1. The Registered Office of our Company are not owned by us.**

We operate from our registered office situated at 45, Chinubhai Tower, Opp. Handloom House, Ashram Road, Ahmedabad-380 009, Gujarat, India, which is not owned by our Company. Mr. Satish Shah, one of the Promoters has provided his NOC and has permitted us, to use the said premises as our registered office. Any dispute or discontinuance to use the premises will lead us to re-locate to another premises. Our inability to identify the new premises may adversely affect the operations, finances, and profitability of our Company. For further details please refer to section titled ‘Our Business’ on page 60 of this Draft letter of offer.

#### **2. The Securities and Exchange Board of India has undertaken a disciplinary action against our Company in the preceding five years. Further, the Securities and Exchange Board of India has initiated an investigation against our Company, which is currently ongoing. Any adverse outcome in the investigation, could have a material impact on our business operations, financial condition and the reputation of our Company.**

The Securities and Exchange Board of India (“SEBI”) had undertaken a disciplinary action against our Company for violation of SAST Regulations for the violations of Regulation 29(2) read with Regulation 29(3) of SAST regulations and for this penalty for Rs. 1,00,000/- and same was paid on dated 19/05/2022 and its Directors, vide Adjudication Order No. ORDER/SM/DD/2022-23/16233-16237 dated 28.04.2022 namely, Satish R. Shah, Shetal S. Shah, Vishal S. Shah, Jyotsna S. Shah on account for violation of PIT Regulations, 1992 read with PIT

Regulations, 2015 and for the violations of 13(3), (4), (4A) read with Regulation 13(5) of PIT Regulations, 1992 read with Regulation 12(2) of PIT Regulations 2015 and each have Penalty for Rs. 1,00,000/- Total Rs. 4,00,000/- and same paid on 19/05/2022.

Also, few more SEBI matters are stated below:

Sr. No.	Forum	Case No. and type	Parties to Proceedings	Quantum (in Rs.)	Brief Particulars Current Status
1	City Sessions court, Mumbai	SEBI SPL CASE; 100098/2014 under Code of Criminal Procedure under Sections 190 and 200 of Cr. P.C. r/w 24-1 r/w27 of SEBI	SEBI Vs Sawaca Business Machines Limited; Satish Ramanlal Shah, Director; Shetal Satishbhai Shah, Director	-	<p>The securities and Exchange Board of India launched the prosecution (criminal complaint) for the purported violation of SEBI (Prohibition of Fraudulent and unfair trade practices relating to securities market) Regulations 1995 (PFUTP Regulations) originally filed before the learned additional chief metropolitan magistrate and subsequently transferred to SEBI Special Court and filed the discharge applications under Section 227 of Cr. P.C. against the SEBI special case no. 98 of 2014 and the same was disposed off by the SEBI special judge vide order dated August 21, 2019 by rejecting the discharge application.</p> <p>By order dated November 27, 2019 and the matter was stand over to January 20, 2020 due to covid.</p> <p>The criminal application is filed against the order to discharge from the SEBI Special case no.98 of 2014 and filed an application i.e. APL/1620/2019 and APL/1621/2019 dated November 21, 2019 for quashing at High Court of Bombay and taken stayed order by Hon'ble High Court against court case of City Civil Court, Mumbai.</p>
2	City Sessions court, Mumbai	SEBI SPL CASE; 100062/2014 under Code of Criminal Procedure under Sections 200 of Cr. P.C. r/w 23-9 and 4 Securities Contract Act	SEBI Vs Sawaca Business Communication Limited; Satish Ramanlal Shah, Director; Shetal Satishbhai Shah, Jyotsnaben Satishbhai Shah and Vishal Satishbhai Shah	-	<p>The Securities and Exchange Board of India launched the prosecution (criminal complaint) for the purported violation of SEBI (Prohibition of Fraudulent and unfair trade practices relating to securities market) Regulations 1995 (PFUTP Regulations) originally filed before the learned additional chief metropolitan magistrate and subsequently transferred to SEBI Special Court and filed the discharge applications under Section 227 of Cr. P.C. against the SEBI special case no. 62 of 2014 under Section 24(1) and 27 of the SEBI Act. SEBI issued a Show Cause notice dated 26/10/2003 to the accused no.1/Company and its directors to show cause for Section 11 (4) with Section 11B of the SEBI Act</p> <p>The criminal application is filed against the order to discharge from the SEBI Special case no.62 of 2014 and filed an application i.e. APL/1624/2019 and APL/1625/2019 dated November 22, 2019 and or quashing at High Court of Bombay and APL/1626/2019 dated November 22, 2019 by Shetal Satishbhai Shah, Jyotsnaben Satishbhai Shah and Vishal Satishbhai Shah taken stayed order by High Court of Bombay.</p>

Upon the occurrence of any of the aforementioned events, our Company may seek further legal recourse, which could be time consuming and costly and the outcome cannot be guaranteed. While any other aforementioned events have not occurred, however we cannot assure you that the occurrence of any such events would not adversely affect our business operations, financial conditions, reputation and image. For further details, please see “*Outstanding Litigation and Material Developments*” on page 102 and 107 of the Draft Letter of Offer.

**3. *We do business with our customers on purchase order basis and do not have long-term contracts with most of them.***

Our business is conducted on purchase order basis, depending on the requirements of the client preferences and demand. We do not have long-term contracts with our customers and there can be no assurance that we will continue to receive repeat orders from any of them. Further, even if we were to continue receiving orders from our clients, there can be no assurance that they will be on the same terms, and the new terms may be less favourable to us than those under the present terms.

**4. *Our IT business may not be protected by all intellectual property laws and does not have any copyright.***

Our IT business may not be adequately protected by all intellectual property laws. Rivals or even our employees, associates or any other person may copy or reproduce them, which would reduce our company’s ability to compete and effect our market share in this particular product software developed. If they copy our company’s software products, our company could lose out on sales-related revenue. A lack of intellectual property protection could prevent our company from licensing its software to others, which could result in a loss of revenue from operations. A business’s reputation could suffer if our Company becomes embroiled in legal disputes involving intellectual property rights. It could also lose the confidence of our clients. If our company does not have the necessary intellectual property protection, we may lose out on opportunities for partnerships or other forms of cooperation with other businesses.

**5. *Our Company requires significant amount of working capital for a continuing growth. Our inability to meet our working capital requirements may adversely affect our results of operations.***

Our business requires a significant amount of working capital, which is based on certain assumptions, and accordingly, any change of such assumptions would result in changes to our working capital requirements. As per our settled business terms, we require the end-use customers and our intermediaries to pay the full amount of the consideration only after they receive the product, as a result, significant amounts of our working capital are often required to finance the purchase of raw material and other day to day expenses.

Further, one of the objects of this Issue include funding of working capital requirements of our Company, which is based on management estimates and certain assumptions. For more information in relation to such management estimates and assumptions, please see “Objects of the Issue” on page 46. Our working capital requirements may be subject to change due to factors beyond our control including force majeure conditions, an increase in defaults by our customers, 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.

Any delay in processing our payments by the end-use customers or our intermediaries may increase our working capital requirement. Further, if a customer or an intermediary default in making payment for a product on which we have devoted significant resources, it could affect our profitability and liquidity and decrease the capital reserves that are otherwise available for other uses. We may file a claim for compensation of the loss that we incurred pursuant to such defaults but settlement of disputes generally takes time and financial and other resources, and the outcome is often uncertain. In general, we take provisions for bad debts, including those arising from such defaults based primarily on ageing and other factors such as special circumstances relating to special customers. There can be no assurance that such payments will be remitted by our clients to us on a timely basis or that we will be able to effectively manage the level of bad debt arising from defaults. All of these factors may result, or have resulted, in increase in the amount of receivables and short-term borrowings. Continued increase in working capital requirements may adversely affect our financial condition and results of operations. We may also have large cash flows, including among others, losses resulting from



environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and liability claims. Moreover, we may need to incur additional indebtedness in the future to satisfy our working capital needs.

**6. *Expansion into new market segments may subject us to various challenges, and our inability to successfully diversify our product offerings may adversely affect our growth and negatively impact our profitability.***

We may attempt to diversify and expand our business operations by adding additional products in our product portfolio catering to customers in newer sectors. We have limited experience and knowledge of carrying out such operations, and our foray into the same may be subject to high barriers to entry, including existing competition and market dynamics. Due to our limited experience, our entry into new business segments may not be successful, which could hamper our growth and damage our reputation. Venturing into a new product line may also require methods of operations and marketing and financial strategies different from those currently employed in our Company. We will be subject to the risks generally associated with new product introductions and applications, including unproven know-how, unreliable technology, inexperienced staff, delays in product development and possible failure of products to operate properly. We may also encounter other additional anticipated risks and significant competition in such markets. We cannot assure you that we will be able to successfully develop our new product lines, and may not be able to successfully develop or introduce new products on a timely basis or at all, or ensure that they are less costly than those of our competitors; or to offer customers payment and other commercial terms as favourable as those offered by our competitors. If our competitors outperform our business and develop superior products at a lesser cost in a timely manner, our growth and financial results could be adversely affected.

Furthermore, our new business or projects may turn out to be disruptive and may cause an interruption to our existing business as a result. We cannot assure you that the transition of our manufacturing facilities and resources to fulfil production under new product programs will not impact production rates or other operational efficiency measures at our facilities. We also cannot assure you that we will succeed in effectively implementing new technology in manufacturing new products or that we will recover our investments. Any failure in the development or implementation of our operations is likely to adversely affect our business, results of operations and cash flows.

**7. *Our business depends on our ability to attract and retain skilled sales personnel and competition for such personnel is intense. Failure to attract such personnel could materially and adversely affect our business, results of operation and financial condition.***

The industry in which we operate is dependent on our sales expertise and our success depends on our ability to recruit, train and retain skilled person who are experienced in our industry. In our industry, the level, trustworthiness and quality of sales personnel and customer service are key competitive factors and an inability to recruit, train and retain suitably qualified and skilled sales personnel could adversely impact our reputation, business prospects and results of operations. A significant increase in the attrition rate would increase our recruiting costs and decrease our operating efficiency, productivity and profit margins and could lead to a decline in demand for our products.

**8. *Undetected software design defects, errors or failures may result in loss of or delay in market acceptance of our products or in liabilities that could materially adversely affect our business, financial condition and results of operations.***

Our IT product solutions involve a high degree of technological complexity and have unique specifications which could contain design defects or software errors such as errors in coding or configuration that are difficult to detect and correct. Errors or defects may result in the loss of current customers and loss of, or delay in, revenues, loss of market share, loss of customer data, a failure to attract new customers or achieve market acceptance, diversion of development resources and increased support or service costs. We cannot assure you that, despite testing by us and our customers, errors will not be found in new software product development solutions, which could result in litigation and other claims for damages against us and thus could materially adversely affect our business, financial condition and results of operations. Generally, young generation get their names register on match making portal to find out the suitable match. Most of them are technology savvy and they are habituated to always use latest technology in their search for suitable match. We have to keep our portal technologically updated and make it users friendly. Our website should be kept always technologically updated to match with

rapidly changing technology. Our results of operations and financial condition depend on our ability to develop and introduce new products and services, as well as our ability to modify and upgrade our existing products and services. We cannot be sure that we will successfully identify new product and service opportunities, develop and introduce new products and services in a timely manner. Our inability to timely respond to upgraded technology, will affect our business and profitability adversely.

- 9. *We have not covered ourselves with any insurance coverage that can protect us against certain operational or natural risks and we may be subject to losses that might happen because of non – existence of insurance policies.***

We have not taken any insurance coverage for a number of the risks associated with our business and otherwise, such as insurance cover against loss or damage by fire, explosion, burglary, theft and robbery. To the extent that we suffer any loss or damage, not covered by insurance, our business and results of operations could be adversely affected.

- 10. *Our revenues are significantly dependent upon trading of a few products.***

Our business is spread within Gujarat, India only. Consequently, our income is significantly dependent on sales of our products and over the years, such sales have emerged as the single contributor to our revenue and business. Our continued reliance on trading of different types of materials for a significant portion of our revenue exposes us to risks, including the potential reduction in the demand in the future; increased competition from domestic players; the invention of superior and cost effective technology; fluctuations in the price and availability of the raw materials; changes in regulations and import duties; and the cyclical nature of our customers' businesses.

- 11. *Insufficient cash flows to meet required payments on our debts and working capital requirements could adversely affect our Company's operations and financial results.***

The business of our Company requires a significant amount of working capital to finance the purchase of raw materials and maintain the inventories. The working capital requirements of our Company are also affected by the credit lines that our Company extends to its customers and also risk on buyer in line with the industry practice. Moreover, our Company may need to raise term loans and working capital loans in the future to meet its capital expenditure and to satisfy its working capital requirements. There can be no assurance that our Company will

continue to be successful in arranging adequate working capital and term loans for its existing or expanded operations on acceptable terms or at all, which could adversely affect our Company's operations and financial results.

**12. *Any changes in regulations or applicable government incentives would adversely affect the Company's operations and growth prospects.***

Our Company is also subject to various regulations. Our Company's business and prospects could be adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that our Company will succeed in obtaining all requisite regulatory approvals in the future for its operations or that compliance issues will not be raised in respect of its operations, either of which would have a material adverse effect on the Company's operations and financial results.

**13. *Negative Publicity with respect to our products or the industry in which we operate could adversely affect our business, financial condition and results of operations.***

Our business is dependent on the trust that our customers have in the quality and authenticity of our products as we sell to them. Any negative publicity regarding our products, our Company, generally could adversely affect our reputation and our results of operations. Customer preferences could be affected by a variety of issues including non-acceptance of our products from specific regions and a decrease in the perceived value and customer satisfaction of the rough and polished diamonds compared to its price.

**14. *As on the date of this Draft Letter of Offer, no investor complaint is outstanding on SCORES***

As on the date of this Draft Letter of Offer, no investor complaint is outstanding on SCORES. But there is no assurance that in future the Company will be able to resolve each and every investor complaint received on SCORES. For detailed information of the no. of Investor Complaints received and resolved by the Company, kindly refer to page 117 of this Draft letter of letter.

**15. *We are highly dependent on our Promoters, Directors and key management personnel and the loss of such persons, or our inability to attract and retain such personnel in the future, could adversely affect our business, growth prospects, results of operations and cash flows.***

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our Promoter, our Directors and key managerial personnel. Further, our Company has not obtained any directors and officers liability insurance for our Directors and key managerial personnel. The loss of any of our Promoters, our Directors, senior management, external consultants or other key management personnel, or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business, growth prospects, results of operations and cash flows. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons.

**16. *We face competition in our business from organized and unorganized players, which may adversely affect our business operation and financial condition.***

The trading and IT sectors are highly fragmented and competitive. Our Company would not only compete with organized players but also a high percentage of unorganized players at local and national levels. Some of them may offer better quality products at competitive prices and may be capable of providing more personalized services to each client due to the smaller number of orders placed with them. Further, these unorganized player offer their services at highly competitive prices having well established presence in their local markets. Aggressive discounting by competitors, including liquidating excess inventory, may also adversely impact our performance in the short term.

In addition, there are minimal entry barriers in this sector and hence they may also face competition from new entrants. Some of our employees, who have disassociated themselves from the Company, may also compete with our Company.

- 17. 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.

There has been, on few occasions, inadvertent Non Compliances done by our Company as required under the provisions of SEBI LODR 2015. 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.

- 18. We are dependent on information technology systems in carrying out our business activities and it forms an integral part of our business. Further, if we are unable to adapt to technological changes and successfully implement new technologies or if we face failure of our information technology systems, we may not be able to compete effectively which may result in higher costs and would adversely affect our business and results of operations.***


We are dependent on information technology system in connection with carrying out our business activities and such systems form an integral part of our business. Any failure of our information technology systems could result in business interruptions, including the loss of our customers, loss of reputation and weakening of our competitive position, and could have a material adverse effect on our business, financial condition and results of operations. Efficient communication with the clients is the heart of our business. Though the clients get their registration online and have to come personally to office to submit their documents, for communications through mails and phone/calls, we are totally dependent on Telecommunications and information technology systems, networks and infrastructure, even for communication with the local representative spread over at National and International level, we require to have effective email communication. Even sharing of bio-data to the counterpart is being done through only emails. Therefore, any interruption in Telecommunications and information technology systems, networks and infrastructure will affect our business adversely.


Our information technology systems, specifically our software may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our business activities. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our business activities, which could adversely affect our operations. Breaches of our information technology systems may result in unauthorized access to confidential information. Such breaches of our information technology systems may require us to incur further expenditure to put in place advanced security systems to prevent any unauthorized access to our networks. While, the aforementioned events have not been materially occurred, future occurrence of any such events, could impact our business operations and results of operations.

Our future success depends in part on our ability to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis. Additionally, the government authorities may require adherence with certain technologies and we cannot assure you that we would be able to implement such technologies in a timely manner or at all. The cost of upgrading or implementing new technologies or upgrading our existing equipment or expanding our capacity could be significant, less cost effective and therefore could negatively impact our profitability, results of operations, financial condition as well as our future prospects.

- 19. Our Company is required to obtain certain licenses, approvals and registrations, which are required for our Company's operations and business. Not receiving these licenses, approvals and registrations in a timely manner or at all may lead to interruption of our Company's operations.**

We require certain statutory and regulatory approvals, licenses, registrations and permissions to operate our business, some of which are granted for a fixed period of time and need to be renewed from time to time. We cannot assure you that the relevant authorities will approve and provide us with such licenses, approvals and registrations for our new business or will renew such licenses, approvals and registrations, or if renewed would do so in a timely manner. We cannot assure you that in the near future there will not be any further legal actions taken against us by any other regulatory authorities. Further, these licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses, approvals and registrations. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension, or revocation of any of the licenses, approvals and registrations may result in the interruption of our Company's operations and may adversely affect our business.

- 20. Our Company name, logo  and our brand names are not registered. If we fail to obtain trademark registration for our brands and logo our brand building efforts may be hampered. Also, our Company is unable to protect its intellectual property, or if our Company infringes on the intellectual property rights of others, our business may be adversely affected.**

Our Company is currently using the logo which is not yet registered in the name of our Company neither we have made any application for the registration of the trademark with the respective authorities. While, our Company has applied for a registration under the Copyright Act, 1957, as amended for our logo, however the said registration shall not bestow upon us the rights and protection accorded under the Trademark Act, 1999, as amended. Our Company has created a presence with our un-registered brands "Sawaca" and others. Further, we have applied for registration of a Word Mark nextgenshaadi.com  under the provisions of the under the classes 42 of the Trademarks Act, 1999 on 10/05/2023. The said application is pending for registration. We have not registered any of our brands under the Trademark Act, 1999 and therefore, if we are unable to get the same registered with the trademark authorities then, our Company may not be able to successfully enforce or protect our intellectual property rights and obtain statutory protections available under the Trademarks Act, 1999, as otherwise available for registered trademarks in future could have a material adverse effect on our business and goodwill, which in turn could adversely affect our results of operations. While the aforementioned events have not occurred in the past, however occurrence of any such events could adversely affect our business operations.

There can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property, which could adversely affect our business, results of operations and financial condition. While the aforementioned events have not occurred in the past, however occurrence of any such events could adversely affect our business operations.

We cannot assure you that we will be successful in such a challenge nor can we guarantee that we will be able to register our name, logo or our brands under the Trademark Act, 1999, which in turn could result in significant monetary and loss of reputation. As a result, we may not be able to prevent infringement of our un-registered brands and a passing off action may not provide sufficient protection until such time that this registration is granted. While the aforementioned events have not occurred in the past, however occurrence of any such events could adversely affect our business operations.

- 21. Our Company has reported negative cash flow from operating and investing activities in the past. Any negative cash flows in the future would adversely affect our cash flow requirements, which may adversely affect our ability to operate our business and implement our growth plans, thereby affecting our financial condition.**

The following table sets forth our cash flow for the periods indicated:

(Rs. in Lakhs)

Particulars	FY 2022-2023 (Audited)
Net cash from (used in) Operating activities	28.97
Net cash from (used in) Investing activities	35.71
Net cash from (used in) Financing activities	(56.84)
<b>Net Cash Flow</b>	<b>7.84</b>

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow, it may adversely affect our business and financial operations. For further details, refer “*Standalone Statement of Cash Flows for the year ended March 31, 2023*” on page no. 74 in the section titled “*Financial Information*” on page no. 66 of this Draft Letter of Offer.

**22. Our Company has availed and may continue to avail in the future certain unsecured loans which maybe recalled by our lenders at any time.**

As of March 31, 2023, our Company has unsecured loans amounting to Rs. Lakhs and may continue to avail unsecured loans, which may be recalled at any time, with or without the existence of an event of default, on short or no notice. Such recalls on borrowed amounts may be contingent upon happening of an event beyond our control and there can be no assurance that we will be able to persuade our lender to give us extensions or to refrain from exercising such recalls, which may adversely affect our results of operations and cash flows. For details on our borrowings, please refer Note 11 on ‘borrowings’ on page no. 83 of the Draft Letter of Offer and see “*Management’s Discussion and Analysis of Financial Condition and Results of Operations- Financial Indebtedness*” on page no. 95 of the Draft Letter of Offer.

**23. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.**

We have entered into related party transactions with our Promoters, its group members/ entities, Directors and other associates. While we believe that all such transactions have been conducted on the arm’s length basis, however it is difficult to ascertain whether more favorable terms would have been achieved had such transactions been entered with unrelated parties. Furthermore, it is likely that we will continue to enter into related party transactions in the near future. For further details regarding the related party transactions, see the disclosure on related party transactions contained in the financial statements included in this Letter of Offer and, also see the section “Related Party Transactions” beginning on page no. 90 of this Letter of Offer.

**24. Our Company depends on the knowledge and experience of our Promoters, Mr. Satish Ramanlal Shah and Mr. Shetal Satishkumar Shah for our growth. The loss of their services may have a material adverse effect on our business, financial condition and results of operations.**

Our Company depends on the management skills and guidance of our Promoter for development of business strategies, monitoring its successful implementation and meeting future challenges.

Our Company has not adopted a business succession policy therefore; we cannot assure you that in the event of loss of our Promoters, any replacements would be effective or that we will be able to ensure efficient transition of management and power from our Promoter to the replacement appointed by our Company. We also cannot assure you that any replacement appointment in place of our Promoter would carry out the functions and the responsibilities entrusted by our Company in an efficient manner and would contribute successfully in the business and operations of our Company.

In addition to our Promoter and Directors, our Key Managerial Personnel and our Senior Management complement the vision of our Promoter and perform a crucial role in conducting our day-to-day operations and execution of our strategies. In the event we are unable to attract and retain managerial personnel or our Key Managerial Personnel and our Senior Management join our competitors or form competing companies, our ability to conduct efficient business operations may be impaired. The loss of the services of such personnel or our Promoter and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, financial condition and results of operations.

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

Our Company is engaged in trading and IT industry which involves the buying and selling of products such as raw materials, intermediates, and finished goods. This involves trading a variety of products including Aromatic chemicals, Various Metals subject to, among other laws and regulations promulgated by the regulators. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities. The costs of complying with these requirements could be significant and may have an impact on our financial condition. Therefore, if there is any failure by us to comply with the terms of the laws and regulations governing our operations we may be involved in litigation or other proceedings, or be held liable in any litigation or proceedings, incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business and results of operations. While the aforementioned events have not occurred in the past, future occurrence of any of these events could affect our financial condition, results of operations and prospects.

**26. *Increased losses due to fraud, employee negligence, theft or similar incidents may have an adverse impact on us.***

Our business and the industry in which we operate are vulnerable to the problem of pilferage by employees, damage, misappropriation of cash and inventory management and logistical errors. While, no incidents of pilferage, misappropriation of cash and inventory or any cases of theft, robbery, employee fraud, *etc.* have not been reported, any such instances in the future may lead to an increase in product losses and may also require us to install additional security and surveillance equipment and incur additional expenses towards inventory management and handling. We cannot assure you whether these measures will successfully prevent such losses. Further, there are inherent risks in cash management as part of our operations, which include theft and robbery, employee fraud and the risks involved in transferring cash to banks. Additionally, in case of losses due to theft, financial misappropriation, fire, breakage or damage caused by other casualties, we cannot assure you that we will be able to recover from our insurers the full amount of any such loss in a timely manner, or at all. While the aforementioned events have not materially occurred in the past, future occurrence of any of these events could affect our financial condition, results of operations and prospects.

**27. *Our business is based on the trust and confidence of our customers; any damage to that trust and confidence may materially and adversely affect our business, future financial performance and results of operations.***

We are dedicated to earning and maintaining the trust and confidence of our customers and we believe that the good reputation is essential to our business. The reputation of our Company could be adversely affected by any threatened and/or legal proceedings and/or any negative publicity or news articles in connection with our Company. As such, any damage to our reputation could substantially impair our ability to maintain or grow our business. If we fail to maintain brand recognition with our target customers due to any issues with our product offerings, deterioration in service quality, or otherwise, declines our market perception and customer acceptance of our brands may also decline.

**28. *Our inability to effectively implement our growth strategies or manage our growth could have an adverse effect on our business, results of operations and financial condition.***

We have experienced considerable growth and we have expanded our operations and product portfolio. Our Company in the year 2023 have developed matrimonial website/portal which functions from June 2023 in the name of [www.nextgenshaadi.com](http://www.nextgenshaadi.com) in recent past. The same is founded with one simple objective - to provide a superior matchmaking experience by expanding the opportunities available to meet potential life partners. Since then we intend to create a world renowned service that may touch the lives of millions of people all over the world.

We cannot assure you that our growth strategies will continue to be successful or that we will be able to continue to expand further, or at the same rate. We cannot assure you that we would be able to successfully implement our growth plans and strategies or that we will not face delays in our plans. Further, we also cannot assure you that our recently introduced products would bring the desired result or would be accepted by our customers as our existing products. In the event, our new line of product is unable to bode well with the customers or if we

are unable to justify the quality of our new products, it may have an adverse effect on our competitiveness, business operations and revenue.

Our inability to execute our growth strategies in a timely manner or within budget estimates or our inability to meet the expectations of our customers and other stakeholders could have an adverse effect on our business, results of operations and financial condition. Our future prospects will depend on our ability to grow our business and operations. The development of such future business could be affected by many factors, including general, political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates and price of equipment and raw materials. Further, in order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Failure to manage growth effectively could adversely affect our business and results of operations.

**29. *If we are unable to raise additional capital for our business, it may delay our Company's growth plan and have a material adverse effect on our business and financial condition.***

We will continue to incur significant expenditure in maintaining and growing our existing business operations. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash on hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, if we are unable to arrange adequate financing on timely basis, it could adversely affect our ability to complete expansion plans. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and regulatory framework that allows us to raise capital. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

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

Our Company has not paid any dividend since incorporation. However, our ability to pay dividends in the future will depend on number of factors, including our profit after tax for the fiscal year, utilization of the profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. Further, dividends distributed by us will attract dividend distribution tax at rates applicable from time to time. There can be no assurance that we will generate sufficient income to cover the operating expenses and pay dividends to the shareholders. We cannot assure you that we will be able to pay dividends in the near or medium term or future, and the future dividend policy will depend on the capital requirements and financing arrangements for the business plans, financial condition and results of operations.

**31. *We are dependent on our Promoter, our senior management, directors and key personnel of our Company for success whose loss could seriously impair the ability to continue to manage and expand business efficiently.***

Our Promoter, Directors, senior management and key managerial personnel collectively have vast years of experience in the industry and are difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. For further details of our Directors and key managerial personnel, please refer to Section "Our Management" on page 65 of this Draft Letter of Offer. Our success largely depends on the continued services and performance of our management and other key personnel. The loss of service of the Promoters and other senior management could seriously impair the ability to continue to manage and expand the business efficiently.



Further, the loss of any of the senior management or other key personnel may adversely affect the operations, finances and profitability of our Company. Any failure or inability of our Company to efficiently retain and manage its human resources would adversely affect our ability to implement new plans and expand our business.

**32. *Our Promoter and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

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

**33. *Our funding requirements and deployment of the issue proceeds are based on management estimates and have not been independently appraised by any bank or financial institution.***

Our funding requirements and the deployment of the proceeds of the Issue are based on management estimates and our current business plan. The fund requirements and intended use of proceeds have not been appraised by bank or financial institution and are based on our estimates. In view of the competitive and dynamic nature of our business, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates and other external factors, which may not be within the control of our management. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our Board. In addition, schedule of implementation as described herein are based on management's current expectations and are subject to change due to various factors some of which may not be in our control.

**34. *Any variation in the utilization of the Net Proceeds as disclosed in this Draft Letter of Offer shall be subject to certain compliance requirements, including prior Shareholders' approval.***

Our Company intends to deploy and utilize Net Proceeds raised pursuant to the Rights Issue in the manner set out in the section titled "**Objects of the Issue**" on page no. 46 in the Draft Letter of Offer. In accordance with SEBI LODR Regulations and other applicable provisions, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Draft Letter of Offer without obtaining the approval of shareholders of our Company through a special resolution. In the event of any such, we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations and it may also lead to delay in deployment of funds as per the schedule of implementation as disclosed in objects section titled "**Objects of the Issue**" on page no. 46 in the Draft Letter of Offer. In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Rights Issue, if any, even if such variation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by redeploying the unutilized portion of Net Proceeds, if any, which may adversely affect our business and results of operations.

**35. *Our Company's management will have flexibility in utilizing the Net Proceeds. There is no monitoring agency appointed by our Company and the deployment of funds is at the discretion of our Management and our Board of Directors, though it shall be monitored by our Audit Committee.***

The deployment of the funds towards the objects of the issue is entirely at the discretion of the Board of Directors and is not subject to monitoring by external independent agency. As per SEBI (ICDR) Regulations, 2018, as amended, appointment of monitoring agency is required only for Issue size above Rs. 10,000.00 lakhs. Hence, we have not appointed any monitoring agency to monitor the utilization of Issue proceeds. However, the audit committee of our Board will monitor the utilization of Issue proceeds in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, our Company shall inform about material deviations in the utilization of Net Issue Proceeds to the BSE Limited and shall also simultaneously make the material deviations / adverse comments of the audit committee public. Any inability on our part to effectively utilize the Issue proceeds could adversely affect our financials.

**36. *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.***

We have not commissioned an industry report, 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. 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.

## **ISSUE SPECIFIC RISK FACTORS**

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

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

**38. *Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.

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

The Equity Shares that the Investors 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. Investors can start trading the Equity Shares allotted to them only after receipt of the listing and trading approval in respect thereof. Since the Equity Shares are currently traded on the Stock Exchange, investors will be subject to market risk from the date they pay for the Issue Shares to the date when trading approval is granted for them. Further, we cannot assure you that the Equity Shares allocated to an Investor will be credited to the Investor’s demat account or that trading in the Equity Shares will commence in a timely manner or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

**40. *Investors will not have the option of getting the Allotment of Rights Equity Shares in physical form and the Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form (“Physical Shareholders”) may lapse in case they fail to furnish the details of their demat account to the Registrar.***

In accordance with 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 dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to

enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of the Equity Shares and except the pending transfers). For details, refer chapter titled “*Terms of the Issue – Procedure for Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page 115 of this Draft of Letter of Offer.

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

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

**42. *Your ability to acquire and sell the Issue Shares offered in the Issue is restricted by the distribution, solicitation and transfer restrictions set forth in this Draft Letter of Offer.***

No actions have been taken to permit an offering of the Issue Shares in the Issue in any jurisdiction except India. As such, our Issue Shares have not and will not be registered under the U.S. Securities Act, any state securities laws or the law of any jurisdiction other than India. Further, your ability to acquire Issue Shares is restricted by the distribution and solicitation restrictions set forth in this Draft Letter of Offer. For further information, please refer to the chapters entitled ‘*Notice to Investors*’, ‘*Other Regulatory and Statutory Disclosures*’ and ‘*Restrictions on Foreign Ownership of Indian Securities*’ on pages 10, 108 and 142 respectively. You are required to inform yourself about and observe these restrictions. Our representatives, our agents and us will not be obligated to recognize any acquisition, transfer or resale of the Issue Shares made other than in compliance with applicable law.

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

Under the Companies Act, any company incorporated in India must offer its holders of equity shares preemptive 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.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares of an Indian company are generally taxable in India. Any gain realized on the sale of listed equity shares on a

stock exchange held for more than 12 months will not be subject to long-term capital gains tax in India if Securities Transaction Tax (STT) is 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, except in the case of such acquisitions where STT could not have been paid, as notified by the GoI under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, Finance Act, 2018, taxes such long term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares may be partially or completely exempt from taxation in India in cases where such exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on gains made upon the sale of the Equity Shares.

**45. *Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.***

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Prices of listed securities are subject to volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

**46. *The Issue Price of our Rights Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.***

The Issue Price of Rights Equity Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of the Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investors will be able to sell their Equity Shares at or above the Issue Price. The factors that could affect our share price are:

- (a) quarterly variations in the rate of growth of our financial indicators such as earnings per share;
- (b) changes in revenue or earnings estimates or publication of research reports by analysts;
- (c) speculation in the press or investment community;
- (d) general market conditions; and,
- (e) domestic and international economic, legal and regulatory factors unrelated to our performance.

**47. *There is no guarantee that the Rights Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner or at all and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, permission for listing of the Rights Equity Shares will not be granted until after those Rights Equity Shares have been issued and allotted. In addition, we are required to deliver the Draft Letter of Offer to the Stock Exchanges under the applicable provisions of the Companies Act and the SEBI ICDR Regulations. The trading approvals shall be granted subject to the submission of all other relevant documents authorizing the issuing of Rights Equity Shares. There could be a failure or delay in listing the Rights Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict investors' ability to dispose of their Equity Shares. Further, a closure of, or trading stoppage on the Stock Exchanges could adversely affect the trading price of the Equity Shares.

## **EXTERNAL RISK FACTORS**

**48. *Political instability or changes in the government or government policies could impact the liberalization of the Indian economy.***

The performance and growth of our Company is dependent on the health of the Indian economy and more generally the global economy. The economy could be adversely affected by various factors such as political or

regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well. As a result, our business and the market price and liquidity of the Equity Shares may be affected by such economic and / or political changes. While the current government is expected to continue the liberalization of India's economic and financial sectors and deregulation policies, there can be no absolute assurance that such policies will be continued. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India generally and specifically have an adverse effect on the operations of our Company.

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

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

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

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

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

**51. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business and financial condition.***

Our business and financial performance could be adversely affected by unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavorable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and / or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial condition.

**52. *General economic conditions in India and globally could adversely affect our business, results of operations and financial condition.***

Our business, prospects, results of operations and financial condition depend significantly on worldwide economic conditions and the health of the Indian economy. Various factors may lead to a slowdown in the Indian or world economy which in turn may adversely impact our business, prospects, results of operations and financial condition. Our Company mainly derives revenue from operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, volatility in currency exchange rates, volatility in commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our Company's employee costs and decrease our operating margins, which could have an adverse effect on our business, prospects, results of operations and financial condition.

Further the Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, also have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our Company's business. A slowdown in the Indian economy could adversely affect the policy of the Government of India towards the industry in which our Company operates, which may in turn, adversely affect our financial condition. A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, results of operations and financial condition as well as the market price of the Equity Shares.

**53. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition. India's physical infrastructure is in a developing phase, as compared to that of many developed nations.***

Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could have an adverse effect on our results of operations and financial condition.

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

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

***55. 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.***

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.

## SECTION III – INTRODUCTION

### THE ISSUE

This Issue has been authorized through a resolution passed by our Board at its meeting held on May 29, 2023 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.

The following is a summary of this Issue and should be read in conjunction with and is qualified in its entirety by, the information detailed in “*Terms of the Issue*” on page 115 of this Draft Letter of Offer.

PARTICULARS	SCHEME DETAILS
<b>Equity Shares proposed to be issued</b>	Up to [●] Rights Equity Shares
<b>Rights Entitlements</b>	[●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.
<b>Record Date</b>	[●]
<b>Face value per Equity Share</b>	Re. 1.00 per equity share
<b>Issue Price per Rights Equity Share</b>	Rs. [●] per equity share (including a premium of [●] per equity share)
<b>Issue Size</b>	Up to 50.00 Crores *  * Assuming full subscription. Subject to finalization of the Basis of Allotments.
<b>Voting Rights and Dividend</b>	The Equity Shares issued pursuant to this Issue shall rank pari pasu in all respects with the Equity Shares of our Company.
<b>Equity Shares issued, subscribed and paid-up prior to the Issue</b>	11,44,09,900 Equity Shares
<b>Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Equity Shares) and having made fully paid-up</b>	[●] Equity Shares
<b>Use of Issue Proceeds</b>	For details, see “Objects of the Issue” on page 46 of the Draft Letter of Offer
<b>Terms of the Issue</b>	For details, see “Terms of the Issue” on page 115 of the Draft Letter of Offer
<b>Security Code</b>	ISIN: <b>INE248B01023</b> ; BSE Script Code & Id: <b>531893 &amp; SAWABUSI</b>

For details in relation fractional entitlements, see "*Terms of the Issue-Fractional Entitlements*" beginning on page 115 of this Draft Letter of Offer.

#### **Payment Schedule of Rights Equity Share is as follows:**

The Issue Price of [●] per Rights Equity Share (including premium of [●] per Rights Equity Share) shall be payable on application.



## GENERAL INFORMATION

Our Company was incorporated as “Sawaca Finance Limited” at Ahmedabad, Gujarat, as a public company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated December 20, 1994, issued by Registrar of Companies, Gujarat. The name of our Company has been changed from Sawaca Finance Limited to Sawaca Business Machines Limited with effect from December 16, 1999, by the Registrar of Companies, Ahmedabad, Gujarat. The Corporate Identification Number of our Company is L74110GJ1994PLC023926.

### Registered Office

**CIN** : L74110GJ1994PLC023926  
**Registration Number** : 023926  
**Address** : 45, Chinubhai Tower, Opp. Handloom House Ashram Road Ahmedabad-380009, Gujarat, India  
**Tel No.** : +91 79 2658 3309  
**Email Id** : [sawacabusiness@yahoo.com](mailto:sawacabusiness@yahoo.com)  
**Website** : [www.sawacabusiness.com](http://www.sawacabusiness.com)  
**Contact Person** : Mr. Saurabh Balkrishna Shah, Company Secretary & Compliance Officer

**Corporate Office**-The Company does not have a separate corporate office. Hence, the registered office and corporate office is one and same.

### Address of the ROC

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

**Address** : ROC Bhavan, Opp Rupalben Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad-380013  
**Tel No.** : +91 79 27437597  
**Fax No.** : +91 79 27438371  
**Email Id** : [roc.ahmedabad@mca.gov.in](mailto:roc.ahmedabad@mca.gov.in)

### DESIGNATED STOCK EXCHANGE

**BSE Limited** located at P. J. Towers, Dalal Street, Fort, Mumbai 400 001, Maharashtra, India is the Designated Stock Exchange for the proposed Rights Issues of the Company.

### OUR BOARD OF DIRECTORS

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

Name and Designation	Age	DIN	PAN Card No.	Address
Mr. Shetal Satishkumar Shah Chairman & Managing Director	48	02148909	ANYPS3796C	19/B, Keshavbag Colony, Ramnagar, Sabarmati, Ahmedabad – 380005 Gujarat, India
Mr. Satish Ramanlal Shah Non-Executive Director	71	05103862	ACBPS8940G	19/B, Keshavbag Colony, Ramnagar, Sabarmati, Ahmedabad – 380005, Gujarat, India
Mrs. Lilaben Kishor Bhai Agaja Non-Executive - Independent Director	43	07124191	AKLPA8454F	463-7, Gajanand Society NA-3, Nr. Ranchhodnagar, Giradharnagar, Ahmedabad-380016 Gujarat India
Mr. Vijay Chhotalal Shah Non-Executive -Independent Director	57	07445515	BERPS9611D	4, Sumanglam Flats, Ramnagar Ahmedabad - 380005, Gujarat India

For detailed profile of our Board of Directors, refer to chapter titled '*Our Management*' on page no. 65 of this Draft Letter of Offer.

#### **CHIEF FINANCIAL OFFICER & MANAGING DIRECTOR**

**Name** : **MR. SHETAL SATISHKUMAR SHAH**  
**Address** : 45, Chinubhai Tower, Opp. Handloom House Ashram Road Ahmedabad-380 009, Gujarat, India  
**Tel No.** : +91 79 2658 3309  
**Email Id** : [sawacabusiness@yahoo.com](mailto:sawacabusiness@yahoo.com)  
**Website** : [www.sawacabusiness.com](http://www.sawacabusiness.com)

#### **COMPANY SECRETARY & COMPLIANCE OFFICER**

**Name** : **MR. SAURABH BALKRISHNA SHAH**  
**Address** : 45, Chinubhai Tower, Opp. Handloom House Ashram Road Ahmedabad-380 009, Gujarat, India  
**Tel No.** : +91 79 2658 3309  
**Email Id** : [saurbhshah09@gmail.com](mailto:saurbhshah09@gmail.com)  
**Website** : [www.sawacabusiness.com](http://www.sawacabusiness.com)

#### **Investor Grievances**

Investors are advised to contact the Company Secretary and Compliance Officer or Registrar to the Issue for any pre-Issue or post-Issue related problems such as non-receipt of Abridged Letter of Offer / CAF / 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, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the CAF, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process as well as for non- ASBA process, see "Terms of the Issue" on page 115.

#### **PEER REVIEW AND STATUTORY AUDITORS**

**Name** : M/s. M A A K & ASSOCIATES  
**Address** : 601-604, Ratnanjali Square, Nr. Gloria Restaurant, Prenatirth Deraser Road, Prahlad Nagar, Ahmedabad-380015, Gujarat  
**Tel No.** : +91 9979745599/ 079-4032-3758  
**Email Id** : [marmik@maakadvisors.com](mailto:marmik@maakadvisors.com)/ [info@maakadvisors.com](mailto:info@maakadvisors.com)  
**Contact Person** : Mr. Marmik G. Shah  
**Membership No.** : 133926  
**Firm Registration No.** : 135024W  
**Peer Review No.** : 013190 (Valid from 15-06-2021 till 30-06-2024)

#### **INTERNAL AUDITOR OF OUR COMPANY**

**Name** : M/s. VSSB & Associates  
**Address** : 108, Sunrise Mall, Nr. Mansi Cross Roads, Judges Bungalow Road, Vastrapur, Ahmedabad – 380015, Gujarat, India  
**Tel No.** : +91 79 48011304  
**Email Id** : [cashridhar@gmail.com](mailto:cashridhar@gmail.com)  
**Contact Person** : Shridhar Shah  
**Membership No.** : 138132  
**Firm Registration No.** : 121356W

## REGISTRAR TO THE ISSUE / THE COMPANY

**Name** : **BIGSHARE SERVICES PRIVATE LIMITED**  
**Address** : Office No S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre,  
Mahakali caves Road, Andheri (East) Mumbai - 400093, Maharashtra,  
India  
**Tel No.** : +91 – 22 – 6263 8200/22  
**Email Id** : [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)  
**Investor Grievance Email** : [Investor@Bigshareonline.Com](mailto:Investor@Bigshareonline.Com)  
**Contact Person** : Mr. Mohan Devadiga  
**Website** : [www.bigshareonline.com](http://www.bigshareonline.com)  
**SEBI Registration No.** : INR000001385

## BANKER TO THE ISSUE/ REFUND BANK

**Name** : [●]  
**Address** : [●]  
**Tel No.** : [●]  
**Email Id** : [●]  
**Contact Person** : [●]  
**Website** : [●]

## Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

## Registered Brokers

In accordance with SEBI Circular No. CIR/CFD/14/2012 dated October 04, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Applicants can submit Application Forms with the Registered Brokers at the Broker Centers, CDPs at Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone numbers, are available at the websites of the NSE at [www.nseindia.com](http://www.nseindia.com) and BSE at [www.bseindia.com](http://www.bseindia.com) respectively, as updated from time to time.

## Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the websites of Stock Exchanges at [https://www1.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](https://www1.nseindia.com/products/content/equities/ipos/asba_procedures.htm) and <https://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6>, as updated from time to time.

## Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of Stock Exchanges.

## Credit Rating

As the proposed Issue is of Rights Equity Shares, the appointment of a credit rating agency is not required.

## Debenture Trustee

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

## Monitoring Agency

Since the size of the Issue is less than Rs. 10,000 Lakh, our Company is not required to comply with the provisions of the SEBI ICDR Regulations including the provisions relating to appointment of monitoring agency.

### **Appraising Entity**

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

### **Expert Opinion**

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

Our Company has received written consent dated May 01, 2023 from M/s. M A A K & Associates, Chartered Accountants to include their name as required under Section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Letter of Offer and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) Audited Standalone Financial Statements and (ii) the statement of special tax benefits available to the Company and its shareholders dated May 01, 2023, included in this Draft Letter of Offer and such consent has not been withdrawn as on the date of this Draft Letter of Offer. However, the term “expert” shall not be construed to mean an “Expert” as defined under the U.S. Securities Act.

### **Changes in Auditors during the last three years**

The Re-appointment of M/S M A A K & Associates, Chartered Accountants as Peer Review and Statutory Auditors of our Company for a period of 5 years w.e.f. April 01, 2020 was recommended and approved by the Board of Directors by passing resolution at the Board of Directors meeting held on August 25, 2020 and approved by the Shareholder via Video Conference meeting held on September 30, 2020. Except as mentioned above, there has been no change in the Statutory Auditor of our Company in last three years immediately preceding the date of this Letter of Offer.

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

### **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. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rs.10,00,00,000/- to Rs.50,00,00,000/- Since the size of this Issue falls below this threshold, the Letter of Offer has not been filed with SEBI and is being filed with the Stock Exchanges for obtaining their in-principle approval. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges. The Letter of Offer has not been filed with the SEBI for its observations as the size of the issue is up to Rs. 5000.00 lakhs which does not require issuer to file Letter of Offer with SEBI. Issuer has filed Letter of Offer with BSE for obtaining in-principle approval.

### **Minimum Subscription**

The objects of the Issue involve investments in the Business Operations i.e. Incremental working capital requirements and general corporate purposes, hence the minimum subscription of 90.00% (Ninety percent) of the Issue Size, is applicable. our Company shall refund the entire subscription amount received within 4 (four) days from the Issue closing date in accordance with SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021. Further, the Promoter has undertaken that, he shall subscribe to the full extent of his Rights Entitlements and that he shall not renounce his Rights Entitlements subject to the aggregate shareholding of our Promoter and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI (LODR) Regulations.

### **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:

PARTICULARS	SCHEDULE
Last Date for Credit of Rights Entitlements	: [●]
Issue Opening Date	: [●]
Last Date for On Market Renunciation of Rights Entitlements#	: [●]
Issue Closing Date*	: [●]
Finalization of Basis of Allotment (on or about)	: [●]
Date of Allotment (on or about)	: [●]
Date of Credit (on or about)	: [●]
Date of Listing (on or about)	: [●]

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

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

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

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be liable for any loss on account of non- submission of Applications on or before the Issue Closing Date. For details on submitting Application Forms, see “**Terms of the Issue**” beginning on page 115 of the Draft Letter of Allotment.

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

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at [www.bigshareonline.com](http://www.bigshareonline.com) after keying in their respective details along with other security control measures implemented there at. For further details, see “**Terms of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders**” on page 115.

## CAPITAL STRUCTURE

The share capital of our Company as of the date of this Draft Letter of Offer (before and after the Issue) is set forth below:

(Amount in Rs.)		
Particulars	Aggregate Value At Nominal Value	Aggregate Value At Issue Price
<b>Authorized Share Capital</b>		
62,00,00,000 Equity Shares of Re. 1.00/- each	62,00,00,000	-
<b>Issued, Subscribed And Paid Up Share Capital Before The Issue</b>		
11,44,09,900 Equity Shares of Re. 1.00/- each	11,44,09,900	-
<b>Present Issue In Terms Of This Draft Letter Of Offer <sup>(1)</sup></b>		
[●] Equity Shares of face value Re. 1.00 /- each for Cash price of Rs. [●] per Share including premium of Rs. [●] per share	[●]	[●]
<b>Issued, Subscribed And Paid Up Share Capital After The Issue</b>		
[●] Equity Shares of Re. 1.00 /- each <sup>(3)</sup>		[●]
<b>Securities Premium Account</b>		
Before the Issue <sup>(2)</sup>	Nil	
After the Issue <sup>(3)</sup>	[●]	

(1) The Issue has been authorized by the Board of Directors of our Company under Section 62(1)(a) and other applicable provisions of the Companies Act, 2013 at their meeting held on May 23, 2023. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Board at its meeting held on [●].

(2) As on March 31, 2023.

(3) Assuming full subscription for and Allotment of Equity Shares. Subject to finalization of Basis of Allotment, Allotment and deduction of Issue related expenses.

### Notes to Capital Structure

- 1) There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Letter of Offer.
- 2) None of the Promoters or members of Promoter Group have acquired any Equity Shares in the last (1) one year immediately preceding the date of filing of this Draft Letter of Offer:
- 3) No Equity Shares held by our Promoter or Promoter Group have been pledged or encumbered as of the date of this Draft Letter of Offer.
- 4) As of the date of this Draft Letter of Offer, none of the other Equity Shares held by our Promoter or Promoter Group are under lock-in.
- 5) **Intention and extent of participation by our Promoters and Promoter Group**

Our Promoters and Promoter Group vide their letters dated June 21, 2023 (the “**Subscription Letters**”) have agreed that they may: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters, member(s) of the Promoter Group of our Company; and (b) subscribe to, either individually or jointly

and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue; (c) subscribe to, either individually or jointly and/ or severally with any other Shareholder for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue; and (d) the eligible members of our Promoter Group reserve the right to subscribe either itself and/or through third party(ies) by renouncing their Rights Entitlement in the Issue, including in an event of under-subscription in this Issue, subject to the post issue aggregate shareholding of our Promoter and members of our Promoter Group not resulting in the minimum public shareholding of the issuer falling below the level prescribed in LODR/ SCRR.

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 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 Takeover Regulations.

- 6) The ex-rights price of the Equity Shares as per Regulation 10(4)(b) of the SEBI SAST Regulations is Rs. [●].
- 7) At any given time, there shall be only one denomination of the Equity Shares of our Company.
- 8) Except as disclosed in this Draft Letter of Offer, all Equity Shares are fully paid up and there are no partly paid up Equity Shares as on the date of this Draft Letter of Offer. Further, the Equity Shares to be allotted pursuant to the Issue, shall be fully paid up. For further details on the terms of Issue, please see section titled “*Terms of the Issue*” beginning on page 115 of the Draft Letter of Offer.
- 9) **Shareholding pattern of our Company as per the last quarterly filing with the Stock Exchanges in compliance with the SEBI Listing Regulations:**
  - a. The shareholding pattern of our Company as on March 31, 2023 can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/sawaca-business-machines-ltd/sawacabusi/531893/shareholding-pattern/>;
  - b. The statement showing holding of Equity Shares of the person belonging to the category “**Promoter and Promoter Group**” including details of lock- in, pledge of and encumbrance thereon, as on March 31, 2023 can be accessed on the website of the BSE at: [https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531893&qtrid=117.00&QtrName=March%202023](https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531893&qtrid=117.00&QtrName=March%202023;);
  - c. The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “**Public**” including Equity Shareholders holding more than 1% of the total number of Equity Shares as on March 31, 2023 can be accessed on the website of the BSE at: [https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531893&qtrid=117.00&QtrName=March%202023](https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531893&qtrid=117.00&QtrName=March%202023;);
  - d. The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “**Non-Promoter- Non-Public**” including Equity Shareholders holding more than 1% of the total number of Equity Shares as on March 31, 2023 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpNonProPublic.aspx?scripcd=531893&qtrid=117.00&QtrName=March%202023>.
- 10) **Details of the Shareholders holding more than 1% of the issued and paid-up equity share capital as on March 31, 2023 is as follows:**

<b>Sr. No.</b>	<b>Name of Shareholders</b>	<b>Category of Shareholders</b>	<b>No. of Equity Shares held</b>	<b>% of total share capital</b>
1	Jyotsana Satishkumar Shah	Promoter (Individual)	21,01,000	1.83
2	Shetal Satishkumar Shah	Promoter (Individual)	16,90,698	1.47
3	Islammuddin Khan	Public (Individual)	28,53,536	2.49
4	Muhsina Abdul Mubash	Public (Individual)	34,87,000	3.04
5	Deputy Director (PMLA) Directorate of Enforcement Ahmedabad	Public (Bodies Corporate)	16,14,118	1.41



## OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds of the Issue, after deducting Issue related expenses (“Net Proceeds”) towards the following objects:

1. Incremental working capital requirements
2. To meet General corporate purposes  
(Collectively, referred to herein as the “Objects”).

The objects set out in the Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

### Detail of Issue Proceeds

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

Particulars	Estimated Amount (in Lakhs)
<b>Gross Proceeds to be raised through the Issue*</b>	[●]
Less: Issue related expenses	[●]
<b>Net Proceeds to be raised through the issue</b>	[●]
Utilization of the net proceeds	
(a) Incremental working capital requirements	3700.00
(b) General Corporate Purpose**	[●]
<b>Net Proceeds</b>	[●]

\*Assuming full subscription and allotment with respect to the Rights Equity Shares.

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

### Utilization of Net Proceeds

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

Sr. No.	Particulars	Amount to be financed from Net Proceeds of the Issue (Rs. in Lakhs)	Estimated deployment in FY 2023-24 (Rs. in Lakhs)	Estimated deployment in FY 2024-25 (Rs. in Lakhs)
1.	Incremental Working Capital	3700.00	0.00	3700.00
2.	General Corporate Purpose**	[●]	[●]	[●]
	<b>Net Proceeds*</b>	[●]	[●]	[●]

\*Assuming full subscription and allotment with respect to the Rights Equity Shares.

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

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

In case of any increase in the actual utilization of funds earmarked for any of the objects of the Issue or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met by means available to us, including by way of incremental debt and/or internal accruals. If the actual utilization towards any of the objects is lower than the proposed deployment, such balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds from the Issue in accordance with applicable law.

### Means of Finance

Our Company proposes to meet the entire requirement of funds for the 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 for the aforesaid object, excluding the amount to be raised from the Issue and existing identifiable internal accruals.

### Details of utilization of Net Proceeds

#### 1. Incremental working capital requirements

Our business is working capital intensive. We finance our working capital requirement from our internal accruals, and bank finance. Considering the existing and future growth, the incremental working capital needs of our Company, as assessed based on the internal workings of our Company is expected to reach ₹ 3700.00 Lakhs.

We intend to meet our working capital requirements to the extent of ₹ 3700.00 Lakhs from the Net Proceeds of this Issue and the balance will be met from internal accruals at an appropriate time as per the requirement.

#### Basis of estimation of working capital

Particulars	Projected amount (in lakhs)
<b><i>(A) Current Assets</i></b>	
Inventories	0.00
Trade Receivables	3821.74
Cash and cash equivalents	265.24
Advance to Suppliers	1000.00
Others	180.45
<b><i>Total Current Assets (A)</i></b>	<b><i>5267.43</i></b>
<b><i>(B) Current Liabilities</i></b>	
Short term borrowings	11.264
Trade Payables	976.36
Other current liabilities & provisions	578.77
<b><i>Total Current Liabilities (B)</i></b>	<b><i>1555.13</i></b>
<b><i>Net Working Capital (A-B)</i></b>	<b><i>3701.04</i></b>
<b><i>Working capital Gap</i></b>	<b><i>3701.04</i></b>
<b><i>Working capital funding through Rights Issue excl. of issue expenses</i></b>	<b><i>3700.00</i></b>
<b><i>Internal accruals</i></b>	<b><i>1.04</i></b>

## Detailed Assessment of Working Capital:

The details of our Company's composition of working capital as at March 31, 2024 and March 31, 2025 based on the Financial Statements. Further, the source of funding of the same are as set out in the table below:

(Rs. in

Lakhs)

Particulars	2019-20 (Aud.)	2020-21 (Aud.)	2021-22 (Aud)	2022-23 (Aud)	2023-24 (Proj.)	2024-25 (Proj.)
1. Income						
(i) Sales-Domestic	75.86	266.74	292.84	268.23	348.70	6973.98
(ii) Other Operating Income	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Other Income	100.67	100.67	89.18	96.48	98.24	125.24
<b>TOTAL</b>	<b>176.53</b>	<b>367.41</b>	<b>382.02</b>	<b>364.71</b>	<b>446.94</b>	<b>7099.22</b>
2. Net Income	176.53	367.41	382.02	364.71	446.94	7099.22
3. Percentage of rise / fall in Net income	0.00	108.13	3.98	-4.53	22.55	1488.41
4. Cost of Sales						
(i) Purchase	106.51	176.10	242.58	209.68	244.09	4881.79
(ii) Power and Fuel	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Labourr	0.00	0.00	0.00	0.00	0.00	0.00
(iv) Other Manufacturing Expenses	0.00	0.00	0.00	0.00	0.00	0.00
(v) Depreciation	0.00	1.04	12.96	11.43	14.86	19.32
<b>(vi) Sub-total (i to vi)</b>	<b>106.51</b>	<b>177.14</b>	<b>255.54</b>	<b>221.11</b>	<b>258.95</b>	<b>4901.10</b>
(vii) Cost of Production	0.00	0.00	0.00	0.00	0.00	0.00
(viii) Add : Op. stocks of F.G.	47.90	81.79	0.00	0.00	0.00	0.00
<b>Sub-Total</b>	<b>47.90</b>	<b>81.79</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
(ix) Deduct : Closing stocks of F.G.	81.79	0.00	0.00	0.00	0.00	0.00
(x) Cost of Sales	72.62	258.93	255.54	221.11	258.95	4901.10
5. Selling, General and Adm. Expenses	76.73	78.99	67.03	81.29	139.48	136.63
<b>6. Subtotal (4 + 5)</b>	<b>149.35</b>	<b>337.92</b>	<b>322.57</b>	<b>302.40</b>	<b>398.43</b>	<b>5037.74</b>
7. Operating Profit before Interest (3 - 6)	3.24	7.81	37.30	47.12	89.75	2072.88
8. Other Financial Charges.	0.00	0.00	0.00	0.00	0.00	0.00
<b>Total Financial Charges</b>	<b>0.00</b>	<b>0.00</b>	<b>2.31</b>	<b>2.21</b>	<b>4.47</b>	<b>5.35</b>
9. Operating Profit after Interest ( 7 – 8 )	3.24	7.81	34.99	44.91	85.28	2067.53

10. Profit before Tax / Loss	27.18	29.49	57.14	60.10	44.04	2056.13
11. Statutory Liabilities	7.10	7.65	16.52	5.53	11.09	517.53
<b>12. Net Profit [10 – 11]</b>	<b>20.08</b>	<b>21.84</b>	<b>40.62</b>	<b>54.57</b>	<b>32.96</b>	<b>1538.60</b>
13. Retained Profit	20.08	21.84	40.62	54.57	32.96	1538.60
14. Retained Profit / Net Profit (% age)	100.00	100.00	100.00	100.00	100.00	100.00
<b>Current Liabilities:</b>						
01 Short Term Borrowings from Banks						
(i) From other Bank (Secured)	0.00	0.00	6.71	8.92	10.24	11.26
(ii) From related parties	0.00	0.00	0.00	0.00	0.00	0.00
<b>Sub - Total (A)</b>	<b>0.00</b>	<b>0.00</b>	<b>6.71</b>	<b>8.92</b>	<b>10.24</b>	<b>11.26</b>
02 Sundry Creditors	104.10	42.62	254.70	103.10	122.04	976.36
03 Statutory Liabilities	3.17	13.55	21.62	15.29	11.09	517.53
04 Advance from customers	0.00	0.00	0.00	0.00	0.00	0.00
05 Other C.L. & Provisions (Specify Major Items)	7.10	7.65	1.51	2.76	3.54	61.24
<b>Sub - Total (B)</b>	<b>114.37</b>	<b>63.82</b>	<b>277.83</b>	<b>121.15</b>	<b>136.67</b>	<b>1555.13</b>
<b>06 Total Current Liabilities</b>	<b>114.37</b>	<b>63.82</b>	<b>284.54</b>	<b>130.07</b>	<b>146.91</b>	<b>1566.39</b>
07 Unsecured Loans from Banks / Directors	0.00	0.00			0.00	861.23
08 Secured borrowings	0.00	14.00	25.30	16.38	12.24	10.35
09 Other Term Liabilities (Q.E.)	0.00	0.00	0.00	0.00	0.00	0.00
<b>10 Total Term Liabilities (Total of 07 to 09)</b>	<b>0.00</b>	<b>14.00</b>	<b>25.30</b>	<b>16.38</b>	<b>12.24</b>	<b>871.58</b>
<b>11 Total outside Liabilities (06 + 10)</b>	<b>114.37</b>	<b>77.82</b>	<b>309.84</b>	<b>146.45</b>	<b>159.15</b>	<b>2437.97</b>
12 Paid-Up Capital	1040.09	1040.09	1040.09	1144.10	1144.10	1144.10
13 Reserves and Surplus	154.83	174.88	196.73	92.77	92.77	92.77
14 Surplus (+) or Deficit (-) in Profit and Loss	20.08	21.84	40.62	54.57	87.53	1626.13

account						
<b>15 Net Worth (Total of 12 to 14)</b>	<b>1215.00</b>	<b>1236.81</b>	<b>1277.44</b>	<b>1291.44</b>	<b>1324.40</b>	<b>2863.00</b>
<b>16 Total Liabilities (11 + 15)</b>	<b>1329.37</b>	<b>1314.63</b>	<b>1587.28</b>	<b>1437.89</b>	<b>1483.55</b>	<b>5300.97</b>
17 Cash and Bank Balances	11.08	15.14	4.53	12.37	21.54	265.24
18 (I) Receivables other than deferred & Exports including B.P./B.D. by Bank	2.43	41.39	298.07	84.56	121.40	3821.74
(iii) Finished Goods	81.79	0.00	0.00	0.00	0.00	0.00
19 Advances to suppliers of Raw mate. stores/spares	0.00	0.00	0.00	0.00	0.00	1000.00
20 Other Current Assets						
(i) Current Investment	0.00	0.00	0.00	0.00	0.00	0.00
(ii) Loans & advances	0.00	0.00	0.00	0.00	0.00	0.00
(iii) Others	25.04	10.56	12.07	9.24	8.00	180.45
<b>21 Total Current Assets</b>	<b>120.34</b>	<b>67.09</b>	<b>314.67</b>	<b>106.17</b>	<b>150.94</b>	<b>5267.43</b>
22 Gross Block (incl. work in progress)	0.10	18.75	34.38	24.69	24.15	20.54
23 Depreciation to-date	0.00	0.00	0.00	0.00	0.00	0.00
<b>24 Net Block (22 - 23)</b>	<b>0.10</b>	<b>18.75</b>	<b>34.38</b>	<b>24.69</b>	<b>24.15</b>	<b>20.54</b>
(a) Investment in group Cos.	0.00	0.00	0.00	0.00	0.00	0.00
(b) Others	0.00	0.00	1.34	11.11	12.54	13.00
(c) Loans & advances	1208.89	1228.78	1236.89	1295.92	1295.92	0.00
<b>25 Total Other Non-Current Assets (a + b)</b>	<b>1208.89</b>	<b>1228.78</b>	<b>1238.23</b>	<b>1307.03</b>	<b>1308.46</b>	<b>13.00</b>
<b>26 Total Assets (Total of 21, 24 &amp; 25)</b>	<b>1329.33</b>	<b>1314.62</b>	<b>1587.28</b>	<b>1437.89</b>	<b>1483.55</b>	<b>5300.97</b>
27 Tangible Net Worth	1214.96	1236.80	1277.44	1291.44	1324.40	2863.00
28 Net Working Capital	5.97	3.27	30.13	-23.90	4.03	3701.04
29 Current Ratio C.R. (Excluding Term Loan Instalment)	1.05	1.05	1.11	0.82	1.03	3.36
<b>30 Total outside Liabilities / Tangible Net Worth</b>	<b>0.09</b>	<b>0.06</b>	<b>0.24</b>	<b>0.11</b>	<b>0.12</b>	<b>0.85</b>

(TOL / TNW)						
31 Additional working capital requirement	NA	NA	NA	NA	NA	NA
32 Sourced by right issue	NA	NA	NA	NA	NA	3701.04
33 Internal accrual	NA	NA	NA	NA	NA	NA

### Assumptions for working capital requirements:

Particulars	No. of outstanding or holding level for the (in Months)						Justification for Holding
	2019-20	2020-21	2021-22	2022-23	2023-24 (Projected)	2024-25 (Projected)	
Inventory	326	58	0	0	0	0	In financial year ending 2020, 2021, 2022 and 2023 our Inventory holding period was 326 days, 58 days, 0 days and 0 days respectively. We are estimating to maintain the Inventory holding period at levels of 0 days for financial year ending 2024 and 2025 as per our projected financials since we wish to procure and hold only on demand basis.
Trade Receivables	12	30	212	260	108	103	In financial year ending 2020, 2021, 2022 and 2023 our receivables' holding period was 12 days, 30 days, 212 days and 260 days respectively. We are estimating to maintain the receivables holding period at levels of 108 days and 103 days for financial year ending 2024 and 2025 as per our projected financials and market condition. We are estimating the reduction in Trade Receivables holding period in FY 23-24 and FY 24-25 on account of better realization from its Debtors and increase in turnover.
Trade Payables	143	152	224	311	168	41	In financial year ending 2020, 2021, 2022 and 2023 our payables' holding period was 143 days, 152 days, 224 days and 311 days respectively. We are estimating to maintain the payables holding period at levels of 168 days and 41 days for financial year ending 2024 and 2025 as per our projected financials and market condition. We are estimating to maintain the Creditor holding period at levels of 41 days for Financial year 2024-25 to avail better pricing and reducing the cost of purchase.

## 2. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating to Rs. [●] Lakhs towards general corporate purposes, subject to such utilization not exceeding 25% of the Issue Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, meeting of exigencies which our Company may face in course of any business, brand building and other marketing expenses and any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to

revise its business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds and increasing or decreasing expenditure for a particular object i.e., the utilization of Net Proceeds. In case of a shortfall in the Net Proceeds, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the next Fiscal.

### Issue Related Expenses

The expenses for this Issue include issue management fees, registrar fees, legal advisor fees, monitoring agency fees, printing and distribution expenses, advertisement expenses, depository charges and listing fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs. [●] Lakhs.

<b>(Rs. in Lakhs)</b>			
<b>Particulars</b>	<b>Estimates expenses (Rs. In Lakhs)</b>	<b>As a % of total estimated Issue related expenses</b>	<b>As a % of Issue size * #</b>
Fees of Intermediaries such as Banker to the Issue, Registrar to the Issue, Legal Advisor,	[●]	[●]	[●]

Particulars	Estimates expenses (Rs. In Lakhs)	As a % of total estimated Issue related expenses	As a % of Issue size * #
Advisors, Auditor's Fees, etc. including out of pocket expenses			
Advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	[●]	[●]	[●]
<b>Total estimated Issue expenses</b> *^	[●]	[●]	[●]

\*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 Rights Issue.

^Excluding taxes

#Assuming full subscription

### Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

### Interim use of Net 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 will temporarily keep the Net Proceeds in deposits in one or more scheduled commercial banks (as included in the second schedule to the Reserve Bank of India Act, 1934) or in any such other manner as permitted under the SEBI ICDR Regulations or as may be permitted by the SEBI.

In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

### Monitoring of Utilization of Funds

As the size of the Issue does not exceed Rs. 10,000 lakhs, there is no requirement for the appointment of a monitoring agency. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds. Our Company will disclose the utilization of the Issue Proceeds, including interim use, under a separate head along with details, for all such Issue Proceeds that have not been utilized. Our Company will indicate investments, if any, of unutilized Issue Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to the listing.

We will also on an annual basis, prepare a statement of the funds which have been utilized for purposes other than those stated in this Draft Letter of Offer, if any, and place it before the Audit Committee and the Board. Such disclosure will be made only until all the Issue Proceeds have been utilized in full. The statement shall be certified by our Statutory Auditor. Further, in accordance with Regulation 32 of the SEBI Listing Regulations, we will furnish to the Stock Exchange on a quarterly basis, a statement including deviations and variations, if any, in the utilization of the Issue Proceeds from the Objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

### Variation in Objects

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013, our Company shall not vary the Objects of the Issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act 2013. Pursuant to the Companies Act 2013, the Promoters or controlling shareholders will be required to provide an exit opportunity to the shareholders who do not agree to such proposal to vary the Objects of the Issue at the fair market value of the Equity Shares as on the date



of the resolution of our Board recommending such variation in the terms of the contracts or the objects referred to in the Draft Letter of Offer, in accordance with such terms and conditions as may be specified on this behalf by SEBI.

**Appraising Agency**

None of the Objects for which the Net Proceeds will be utilized, require appraisal from any agency, in accordance with applicable law.

**Strategic or Financial Partners**

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

**Key Industry Regulations for the Objects of the Issue**

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

**Other Confirmations**

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, the Directors, associates or Key Management Personnel, except as stated above and in the normal course of business and in compliance with applicable.

## STATEMENT OF SPECIAL TAX BENEFITS



### STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,  
**The Board of Directors**  
**Sawaca Business Machines Limited,**  
45, Chinubhai Tower, Opp. Handloom  
House, Ashram Road, Ahmedabad-380 009,  
Gujarat, India

Dear Sir,

**Sub: Statement of possible special tax benefits available to Sawaca Business Machines Limited ("the Company") and its shareholders under direct and indirect tax laws**

We refer to the proposed Rights Issue of equity shares (the "Offer") of the Company. We enclose herewith the annexure showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the direct and indirect tax laws, including the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 (collectively the "GST Act"), the Customs Act, 1962 and the Customs Tariff Act, 1975, (collectively the "Taxation Laws") including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws, as presently in force and applicable to the assessment year 2023-2024 relevant to the financial year 2022-23 for inclusion in the Red Herring Prospectus ("RHP") for the proposed offer of equity shares, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations").

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of taxation laws. Hence, the ability of the Company or its shareholders to derive these tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

- The Company or its Shareholders will continue to obtain these benefits in future;
- The conditions prescribed for availing the benefits have been/would be met;



601- 604, Ratnanjali Square, Nr. Gloria Restaurant, Prematirth Derasar Road, Prahlad Nagar, Ahmedabad - 380015.

🌐 : [www.maakadvisors.com](http://www.maakadvisors.com)

☎ : 079-4032-3758

✉ : [info@maakadvisors.com](mailto:info@maakadvisors.com)

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

We hereby give our consent to include enclosed statement regarding the tax benefits available to the Company and to its shareholders in the LoO for the proposed public offer of equity shares which the Company intends to submit to the Securities and Exchange Board of India provided that the below statement of limitation is included in the offer document.

#### LIMITATIONS

*Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the existing tax laws in force in India and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement.*

*This statement has been prepared solely in connection with the offering of Equity shares by the Company under the Securities and Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the Issue).*

**For M A A K & Associates**  
**Chartered Accountants**  
**Firm's Registration No. – 135024W**

  
**CA Marmik Shah**  
**(Partner)**  
**M. No. 133926**  
**UDIN - 23133926BGWERG8578**



**Place : Ahmedabad**  
**Date : 01/05/2023**

**ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS**

**Direct Taxation**

Outlined below are the special tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ('the Act'), as amended by Finance Act, 2022 i.e., applicable for Financial Year 2022-23 relevant to the Assessment Year 2023-24, presently in force in India

**A. SPECIAL TAX BENEFITS TO THE COMPANY**

Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for a rate of tax of 22% (plus applicable surcharge and education cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified incentives/deductions or set-off of losses, depreciation etc. and claiming depreciation determined in the prescribed manner. In case a company opts for section 115BAA, provisions of Minimum Alternate Tax would not be applicable and earlier year MAT credit will not be available for set-off. The option needs to be exercised on or before the due date of filing the tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year.

The Company has represented to us that it has not applied section 115BAA for the assessment year 2023-24.

**B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS**

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

**Indirect Taxation**

Outlined below are the special tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017/ Integrated Goods and Services Tax Act, 2017 read with Rules, Circulars, and Notifications ("GST law"), the Customs Act, 1962, Customs Tariff Act, 1975 ("Customs law") and Foreign Trade Policy 2015-2020 ("FTP") (collectively referred as "Indirect Tax").

**A. SPECIAL TAX BENEFITS TO THE COMPANY**

There are no special tax benefits available to the Company under GST law.

**B. SPECIAL TAX BENEFITS TO THE SHAREHOLDERS**

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



## SECTION IV: ABOUT OUR COMPANY

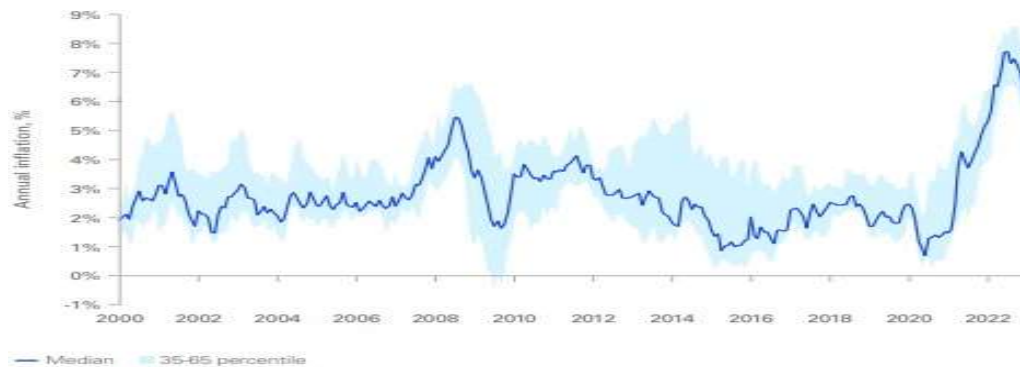
### INDUSTRY OVERVIEW

*The information contained in 'Industry Overview' in this section is derived from publicly available sources. Neither we, nor any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

*Shareholders should note that this is only a summary of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, shareholders should read this entire Draft Letter of Offer, including the information in the sections "Risk Factors" and "Financial Information" on pages 20 and 66, respectively of this 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 an investment in the Equity Shares, please see the section 'Risk Factors' on page 20 of this Draft Letter of Offer.*

### GLOBAL ECONOMY OVERVIEW

The outlook for the global economy took a positive turn early in the year. Inflationary pressures began to ease, with global energy prices back at levels last seen prior to the invasion of Ukraine. In addition, base effects from the rise in energy prices following the invasion are now coming off, putting further downward pressure on inflation for the rest of this year. Prices of other commodities as well as global food prices have also eased. However, domestic inflationary pressures remain relatively elevated in a number of economies, in particular those with tighter labor markets, although even there inflation probably already passed its peak around the second half of last year (see Chart 1), with headline inflation expected to continue falling this year, and potentially reaching central banks' targets by 2024.



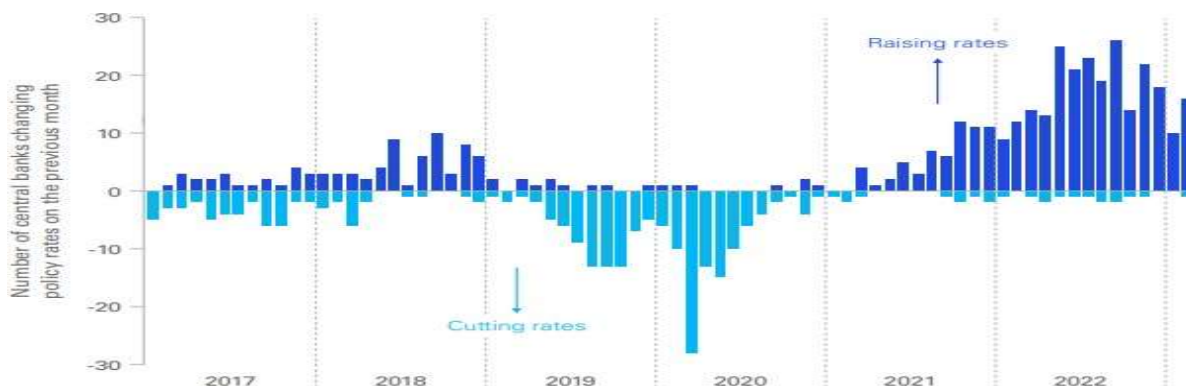
Source: Refinitiv Datastream, KPMG analysis.

Note: The chart excludes Australia and the EU, as EU countries are covered individually.

While the outlook for inflation has improved significantly, many central banks remained cautious at the start of the year. The concern was that the bout in inflation, as a result of the reopening of economies after Covid-19 restrictions followed by a commodity shock due to the invasion of Ukraine, has been embedded in inflation expectations and therefore pricing behaviors of firms and wage expectations of employees. The worry is that inflation could remain sticky, with core inflation (which excludes items such as food and energy) stubbornly high and price rises widespread across the economy due to a relatively tight economic environment in some countries.

Recent tensions in the banking system, which were triggered by the collapse of Silicon Valley Bank and Signature Bank in the U.S. may complicate matters for central banks. The uncertainty it unleashed will inevitably tighten credit conditions while exposing markets' fragility following an unprecedented period of monetary tightening. Last year saw a sharp rise in policy interest rates, with most central banks raising them significantly during the year (see Chart 2).

While the tightening cycle almost reached its course in some economies, other central banks – notably the Fed and ECB – were expected to tighten further. However, latest developments in the banking sector and bond markets could see rates peak sooner and at lower levels.



Source: Bank for International Settlements, KPMG analysis.

Despite the resilience of the labor market and the improving inflation conditions, we expect global economic growth to be relatively modest over the next two years, and to stay below its long-term average (see Chart 4). Global growth is expected to be driven by the recovery of the Chinese economy and a relatively strong growth in some of the emerging markets, while the Eurozone and U.S. economies are expected to contribute less to global growth over the next two years.

Risks to our forecasts are broadly skewed to the downside given the volatility in financial markets. The global economy has been through a series of significant shocks over the past three years – the Covid-19 pandemic and the Russia Ukraine conflict – and saw a major expansion to government debt and a significant hike in policy interest rates by central banks. The ramifications of some of that may not have surfaced yet and we are still to see their full impact and how they interact.

(Source: <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2023/03/kpmg-global-economic-outlook-h1-2023-report.pdf>)

## INDIAN ECONOMY OVERVIEW

India's economy grew faster during the first half of FY 23 than other economies, driven by strong demand and investment. Inflationary pressures have been moderating since October, with CPI inflation tempering to an eleven-month low in November. On top of that, it has fallen below the RBI's upper target band for the first time in 2022, mainly driven by the decline in food inflation. Furthermore, inflation expectations have also moderated in the November round of the RBI's Households' Inflation Expectations Survey. This bodes well for augmenting consumption in rural and urban regions in the upcoming months. Improvement in business and consumer sentiment is also likely to bolster discretionary spending. The real investment rate during Q2 of FY 23 prevailing at a high level of 34.6% demonstrates the Government's continued commitment towards asset creation.

The country has transitioned to a modern economy, wherein it has become more globally integrated and exports a fifth of its output, compared to one-sixteenth at the time of independence. India also benefits from the demographic transition with the help of a lower infant mortality rate and a steady increase in the literacy rate. Therefore, with more equitable income distribution, better employment levels, and globally comparable social amenity provision, India's per capita GDP may expand in the next 25 years as it did in the previous 75 years.

The real GDP in Q3 of 2022-23 registered a YoY growth of 4.4 per cent. Sequentially, the growth in Q3 over Q2 at 3.6% is the same as Q2 over Q1, indicating the sustenance of growth momentum in the first nine months of the year. These estimates reaffirm the ability of the Indian economy to grow on the strength of its domestic demand even as a rise in global uncertainties slows global output. India's Real GDP growth in 2022-23 is projected at 7% by NSO, MoSPI in its 2nd Advance Estimates (AE), the same as in the 1st AE.

The outlay for capital expenditure in 2022-23 (BE) increased sharply by 35.4% from Rs. 5.5 lakh crore (US\$ 66.6 billion) in the previous year (2021-22) to Rs. 7.5 lakh crore (US\$ 90 billion), of which approximately 67% has been spent from April to December 2022 states the Economic Survey 2022-23. The resilient growth of the Indian economy in the first half of FY 23 has been the fastest among major economies, thereby strengthening macroeconomic stability. India registered a broad-based expansion of 9.7% in the first half of FY 23, supported by robust domestic demand and upbeat investment activity.

In January 2023, the following key frequency indicators highlighted improved performances:

- Private consumption stood at 59.5% of the nominal GDP in Q2 of FY23 the highest among the second quarters of all the years since 2013-14, supported by a rebound in contact-intensive services such as trade, hotel, and transport, which registered sequential growth of 16% in real terms in Q2 of FY23 compared to the previous quarter.
- The growth in the agriculture sector continues to remain buoyant, with healthy progress in Rabi sowing, with the area sown increased by 4.37% from 594.62 lakh hectares in 2021-22 to 620.62 lakh hectares in 2022-23 (as of 23-12-2022). To further boost production and support farmers' income, higher Minimum Support Prices (MSPs) have been announced for the upcoming Rabi Marketing Season (RMS 2023-24) in the range of 2.0 to 9.1%.
- CPI inflation eased slightly in March 2023 to 5.6% from 6.4% in February 2023, with a decline in both food and core inflation.
- PMI Services witnessed an uptick and expanded to 57.3 in March 2023.
- The consumption of petroleum products during April-Mar 2023 with a volume of 222.3 MMT reported a growth of 10.2% compared to the volume of 201.7 MMT during the same period of the previous year.
- The Index of Industrial (Production IIP) from April-February 2023 stood at 137.1.
- In FY23 (from April-February 2023), the combined index of eight core industries stood at 144.6.
- Cargo traffic handled at major ports stood at 712.4 million tonnes during April-February 2023.
- Railway freight traffic growth stood at 1,512.1 MT from April-March 2023.
- During April-March 2023, air freight movement increased by 0.4% as compared to Apr-Mar 2022. reaching 3.2 million tons compared to the previous year, indicating that the increase in air freight and traffic activity has been maintained.
- 96.1 crore e-way bills were raised during April-March 2023.
- India registered a broad-based expansion of 9.7% during the first half of FY 23, supported by robust domestic demand and upbeat investment activity. Sectoral analysis reveals that growth was driven by demand from the services sector, enhanced agriculture exports, and robust construction activity aided by increased infrastructure investment. Private consumption reached its highest among all second quarters during the past 11 years at 58.4% of GDP. The investment rate also rose to be the highest among all the second quarters since 2012-13 at 34.6% of GDP, hinting at the beginnings of an investment cycle.
- Domestic economic activity remains robust even as a global economic slowdown materialises, as evident in the GST collections of Rs. 1.6 lakh crore (US\$ 19.5 billion) in January and March 2023. GST collections have now remained above the Rs. 1.4 lakh crore (US\$ 17.1 billion) mark for 12 successive months.
- In April 2023, the Indian basket of crude oil reached US\$ 84.3 a barrel, compared to US\$ 78.54 in March 2023.
- During April-March 2023, UPI volume stood at 83.75 billion transactions worth Rs. 139.2 trillion (US\$ 1,700.9 billion).
- Merchandise exports during April-March 2023 stood at US\$ 446.9 billion.
- Average daily absorptions under the liquidity adjustment facility (LAF) moderated to Rs. 1.4 lakh crore (US\$ 17.1 billion) during February-March 2023 from an average of Rs. 1.6 lakh crore (US\$ 19.5 billion) in December-January 2023.
- As of April 21, 2023, reserve money stood at Rs. 4,421,292 crore (US\$ 540.4 billion).
- As of March 24, 2023, currency in circulation (CIC) registered Rs. 3,455,403 crore (US\$ 422.3 billion).
- Rupee strength reached Rs. 82.3/US\$, as of March 2023.

- During April-January 2023, India received Net Foreign Direct Investments worth US\$ 26.5 billion.
- As of April 14, 2023, India’s foreign exchange reserves stood at US\$ 586.4 billion.
- According to RBI:
  - Bank credit stood at Rs. 134.5 trillion (US\$ 1.64 trillion) as of February 24, 2023.
  - Credit to non-food industries stood at Rs. 134.1 trillion (US\$ 1.63 trillion) as of February 24, 2023.

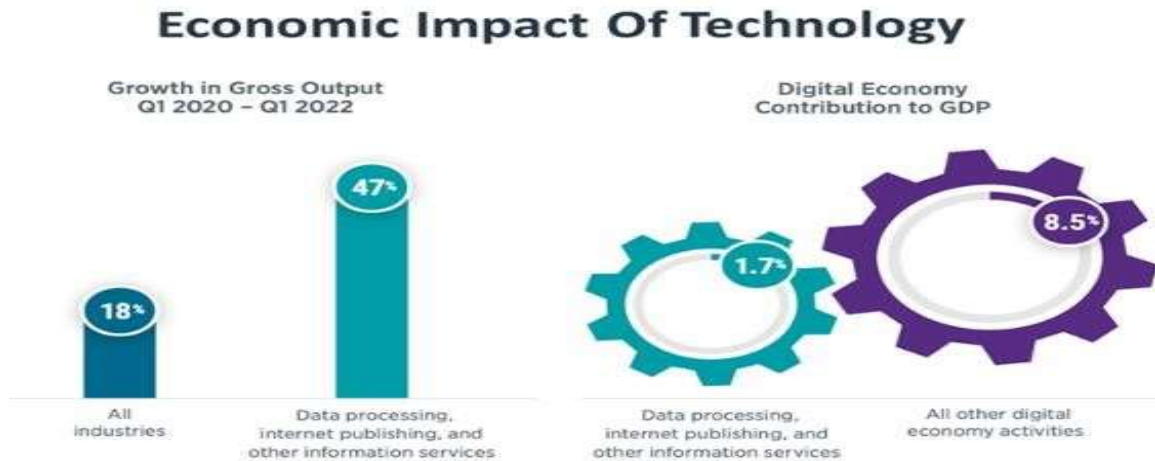
The Union Budget FY24 focuses on four key areas: (i) Sustaining Growth in agriculture, industry, and services besides the green economy; (ii) Inclusive Growth of women, children, and deprived and disadvantaged sections of the society for broad-based development of the economy; (iii) Stimulating Growth through capital expenditure, employment generation, and exports; and (iv) Financing Growth by strengthening the banking and in general, the financial sector.

In addition, steady growth momentum in service activity continues with expansion in PMI Services during Oct-Nov, attributing to the growth in output and accommodative demand conditions, leading to a sustained upturn in sales. The growth impetus in rail freight and port traffic remains upbeat, with further improvement in the domestic aviation sector. Strong growth in fuel demand, domestic vehicle sales, and high UPI transactions also reflect healthy demand conditions.

(Source: <https://www.ibef.org/economy/monthly-economic-report>)

### IT INDUSTRY OVERVIEW

The importance of technology in our modern world means that the technology industry is a true force to be reckoned with. The sheer size of the industry makes it one of the dominant sectors in the global economy, and the rapid growth and rate of change within the industry make it a central player in developing business standards and regulations. The impact of technology goes far beyond the core tech industry, though. While there are myriad opportunities directly related to digital product development or service delivery, there are countless more opportunities opening up around the world as technology influences every business and every industry vertical.



Source: U.S. Department of Commerce Bureau of Economic Analysis

Finally, the amount organizations are spending on IT demonstrates the rapidly changing nature of technology. Gartner estimates that 2023 global IT spending will reach \$4.6 trillion in 2023, a jump of 5.1% over 2022 spending. The categories included in Gartner’s estimate are traditional IT components: Communications services, IT services, devices, software and data center systems. As expected, the service categories are the largest pieces, as most organizations have built a foundational layer of computing and are now crafting new solutions on top of that foundation. In addition to these traditional categories, emerging technology is driving additional spending. Data from IDC, which CompTIA (Computing Technology Industry Association) has used in previous years, shows roughly the same level of spending in the traditional categories. IDC, though, adds a category of “new technologies,” which includes technology such as internet of things (IoT), robotics and mixed reality. Spending on new technologies is expected to hit \$1.36 trillion in 2023, adding nearly 30% to the expected spending on traditional items. One final note



on spending projections: The current economic chaos, including inflation and relative strength of global currencies, is impacting forecasting models as much as it is driving uncertainty for businesses. Actual spending may fluctuate more in 2023 than in previous years.

All in all, the impact of technology today goes far beyond the technology itself. Technology is deeply ingrained into business activity and daily life. There is no question that there are some negative elements, especially as technology applications reach massive scale and trigger unintended consequences. However, there is also no question that there are many positive outcomes, and a progressive approach to technology is a critical factor for sustained success.



(Source: <https://connect.comptia.org/content/research/it-industry-trends-analysis>)

## METAL TRADE INDUSTRY

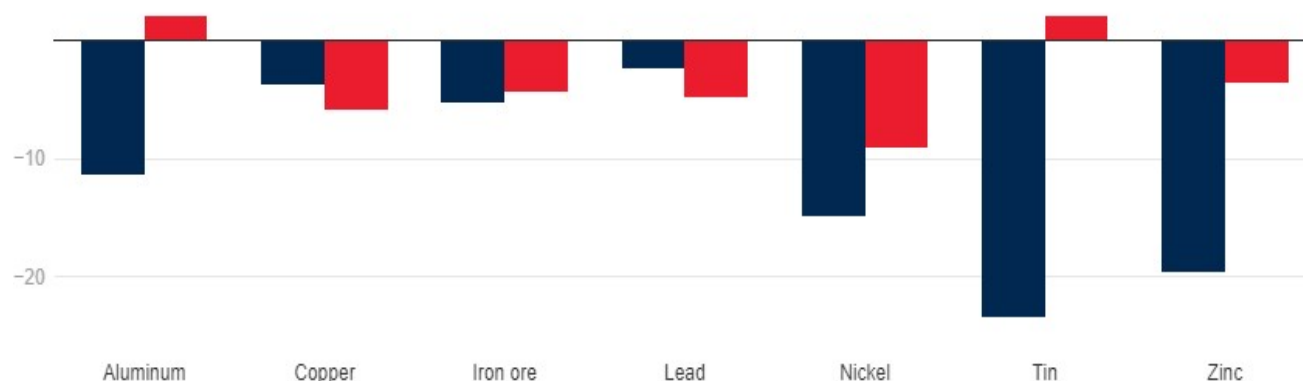
Metal supply is set to recover following disruptions in 2022. The supply outlook for 2023 is more favorable due to lower energy prices and as temporary production and supply bottlenecks are resolved. Coal prices dropped by 52% from their peak in August 2022 to April 2023, while Europe and U.S. natural gas prices fell by 81% and 75%, respectively, during the same period. On the supply side, most aluminum and zinc smelters in Europe have restarted operations, and new supply capacity is expected to come online this year for several metals, including aluminum in China, copper in South America, and nickel in China and Indonesia. The current improved environment follows various supply disruptions for several metals last year, caused by logistical problems, plant maintenance, power shortages, social unrest, adverse weather conditions, and high energy prices.

Slower global activity and a services-oriented recovery in China are expected to dampen metal demand. The surge in metal prices at the start of the year reflected optimism for a robust recovery in China as well as improved global growth prospects. However, this optimism faded in 2023Q1 as China's growth was mainly driven by consumer spending in the services sector—a trend that is expected to persist for the remainder of 2023. Although China's property sector has begun to stabilize, its recovery remains subdued due to high debt levels. Persistent high inflation, tight monetary policy, and concerns about credit constraints following recent banking sector stress in advanced economies will likely dampen consumer demand.

## Market Price Forecast 2023-24

Percent change (y/y)

■ 2023f ■ 2024f



Note: f = forecast. The chart displays the percent change in base metals and iron ore price forecasts for 2023 and 2024.

The price outlook faces several upside risks. A stronger-than-expected recovery of China’s real estate sector could boost prices for metals used in construction—such as aluminum, copper, iron ore, and zinc. Disruptions at mines due to weather, technical operating issues, labor disputes, and power/water constraints, could adversely affect raw material supplies for metals. Trade restrictions could tighten supplies, including export taxes or outright export bans. Other policy interventions, such as further sanctions on Russia and China’s rapidly approaching aluminum production cap, could also limit supply. In the longer term, however, the energy transition could significantly lift the demand for some metals, notably lithium, copper, and nickel.

<https://blogs.worldbank.org/opendata/metal-prices-forecast-decline-supply-improves>

## BUSINESS OVERVIEW

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Letter of Offer, including the information contained in the section titled '**Risk Factors**', beginning on page no. 20 of this Draft Letter of Offer.

This section should be read in conjunction with, and is qualified in its entirety by, the more detailed information about our Company and its financial statements, including the notes thereto, in the section titled '**Risk Factors**' and the chapters titled '**Financial Statement**' and '**Management Discussion and Analysis of Financial Conditions and Results of Operations**' beginning on page no. 20, 67 and 95 respectively, of this Draft Letter of Offer.

Unless the context otherwise requires, in relation to business operations, in this section of this Draft Letter of Offer, all references to "we", "us", "our" and "our Company" are to Sawaca Business Machines Limited and Group Entities as the case may be.

### Overview

Our Company, started Scrap trading business a couple years back and has created a niche in the scrap trading industry within a couple of years of establishment and has met client expectations in terms of premium grade of metal scrap. Currently, our Company is involved in two distinct segments. The first segment is the Trading segment, where our Company engages in wholesale trading of various finished goods. In this segment, our Company operates primarily on a bill-to-ship basis, ensuring the procurement of orders and guaranteeing timely delivery to customers. The Trading segment focuses on efficiently managing the supply chain to meet customer demands and provide a seamless trading experience. Our Company is expanding its business activities into the Metal Trading and Cotton Trading sectors. This strategic move allows the company to diversify its portfolio and seize opportunities within these industries. In Metal Trading, our Company is engaged in buying and selling various metals, including iron, steel, aluminium, copper, and other base metals. By entering the Metal Trading market, our Company aims to leverage industry knowledge and capitalize on the demand for these essential materials. People have been using perfumery compounds and scented essential oils for thousands of years in lesser or greater amounts depending on the fashion whims. To meet the growing requirements of perfumery compounds and essential oils, our Company has started trading business of Mixture of Aromatic Chemicals, Base Industrial Perfumery Compounds and Essential Oil.

The Perfumery Industrial Products that are mixture of Aromatic Chemicals, base industrial perfumery compounds are mainly used in Incense sticks, Toiletries, Soaps, Perfumes etc. Our product range mainly includes Aromatic Chemical like Geraniol, Arsinon, D Lemonene, Musk 101 etc. We also deal in Essential Oil such Orange oil, Patcholi oil and various Industrial Perfumery Compounds.

### Brief on our Audited Financial Statements:

	(Rs. In Lakhs)
Particulars	FY 2022-23 (Audited)
Equity Share Capital	1,144.10
Net Worth	1,291.43
<b>Total Income</b>	<b>364.72</b>
<b>PAT</b>	<b>54.57</b>
EBITDA	37.61
Basic & Diluted EPS	0.05
Net asset value per Equity Share	1.13

### Information Technology Service segment

The second segment is the Information Technology Service segment. Within this segment, our Company offers a range of technical support services, software development services, and resource deployment for identified projects and specific tasks. The Information Technology Service segment caters to the growing demand for technology-related solutions, providing expertise and support to clients across various industries. Our Company is engaged in the business of Information Technology Consulting & Support Services from past few years. We also have developed matrimonial website/portal which functions from June 2023 in the name of www.nextgenshaadi.com in recent past. The same is

founded with one simple objective - to provide a superior matchmaking experience by expanding the opportunities available to meet potential life partners. Since then we intend to create a world renowned service that may touch the lives of millions of people all over the world. Company is embarking on an exciting journey of business expansion, introducing new ventures to its portfolio. The company recognizes the evolving needs of the next generation in our society and is launching a Matrimonial Web Portal and Mobile App called "nextgenshaadi.com." This platform aims to provide a modern and efficient way for individuals to find their life partners, catering specifically to the preferences and requirements of the next generation.

We shall differentiate ourselves from other players in India by following a micro-market strategy whereby we will offer a range of targeted and customized products and services that are tailored to meet the requirements of customers based on their linguistic, religious, caste and community preferences as well as personalized matchmaking services through nextgenshaadi.com and our Assisted Service package. We will leverage technology and analytics across all stages of the matchmaking process to drive acquisition of profiles, assist members in completing their profiles, validate profiles based on rules designed to remove inappropriate content in near real-time, identify appropriate channels of service for members and assist members in choosing the right packages, thereby helping in value creation and monetization. We believe that such technology and analytics are secure, scalable and analyze large volumes of data.

## **OUR STRENGTHS**

### ***1. Existing distribution and sales networks in domestic market and our geographical benefit***

Our Company is having good channel for distribution to the retailers as well as end use customers. We believe that we have excellent domestic market within the state of Gujarat and Company is looking forward for expansion of its geographical market as there is lots of opportunities in India in future.

### ***2. Robust Technology and Analytics***

In our venture of Absolute Matrimony, we leverage technology and analytics across all stages of the matchmaking process such as acquisition and registration of profiles, validation, mutual discovery process and member contact. Technology and analytics are used extensively to drive acquisition of profiles, assist members in completing their profiles, validate profiles based on rules designed to remove inappropriate content in near real-time, identify appropriate channels of service for members and assist members in choosing the right packages, thereby helping in value creation and monetization. We have built an excellent SEO (Search Engine Optimization) through these years, even without involving any external agency yet. Our mobile application has been hosted on AMAZON servers, to increase scalability and ensure the best security. We have integrated payment gateway (on mobile and site both) and can accept multiple currency from different countries.

### ***3. Raw Material Procurement***

Our raw material sourcing capabilities are supported by our dedicated purchasing team and business networks. We believe that we have efficient supply chain to procure optimally priced raw materials. In addition, continuous usage of data and personal visits our purchase team enables "smart purchasing" and "bulk purchasing" of raw materials at competitive prices, resulting in better yields. Thus, it enables us to achieve price flexibility and build healthy relationships with our suppliers.

### ***4. Diversified Customer Base***

We believe that in short span of time, we have established ourselves as a preferred and reliable partner for our customers. By leveraging our dynamic capabilities, we trade our products that suit diverse customer requirements to achieve customer satisfaction with competitive prices and consistent quality and ensuring timely delivery. Our suppliers are carefully screened for experience, quality, and professionalism so that our clients have a smooth transaction. We intend to add new customers and expand our clientele in high-growth markets by leveraging our core competencies and undertaking promotional activities.

### ***5. Professional and Experienced Management Team***

We are an organization that is driven by a qualified and dedicated management team, which is led by our Board of Directors. Our management culture is collaborative and function-oriented, and we believe this to be critical to our competitive advantage. We have a strong team of professionals to manage the core functional areas, such as finance, procurement, logistics, sales and marketing, and human resources.

## **OUR STRATEGY**

### **1. *Enhancing our brand image***

Brand recognition plays very important role in our service. As on date, our brand recognition is mostly due to word of mouth from our satisfied clients. Even if the match is not done through our Company, our personal efforts ensure positive feedback from our clients, which gives a brand stability to our Company in this market. By creating more networks and collaborating with the more marriage bureaus, we are targeting to expand our brand recognition not only in the Indian market but also in the International Market. In matrimony services, personalised services for the millionaires are mainly focused on the confidentiality of their data and ensuring complete discretion of the users.

### **2. *Continue Investments in IT Segment i.e. Mobile Platform etc.***

To increase our footprint on the mobile platform, specifically for the brand of Absolute Matrimony, we are developing mobile apps across mobile platforms including iOS, Android and Windows and intend to continue to expand our mobile offerings for Absolute Matrimony. In, Absolute Matrimony, we aim to provide our users with a rich mobile experience. Furthermore, all features and functionalities available on our websites will similarly be made available on our mobile sites and mobile apps. The process of registration and data serving is the same across all platforms. In Ultra Rich families, people want to keep their details confidential, hence, on mobile app also the members can only register through mobile app, the bio data's will exchange only via Mail or by personal meeting only.

## **BUSINESS PROCESS**

### **1. Procurement**

- a. Raw materials are procured from the Vendor, directly.

### **2. Receiving goods / Unloading**

- a. Preparing to receive goods
- b. Unload the good

### **3. Arrival quality check**

- a. Check the product quality, mainly damage, etc.
- b. Intimating the client about the receipt of the goods along with the condition of the goods

### **5. Storage**

- a. Maintaining stock register

### **6. Sales**

- a. The products are sold either directly in the customers at their premises.
- b. Based on the quality of the product and through negotiations, the rates are finalised.
- c. Mostly in all cases, the transport responsibility is borne by the Company.

## **MARKETING STRATEGY**

During the expansion stage, our Company will begin entering a new market using products have already developed. Increasing our company's reach has long-term implications for finding new customers and creating greater visibility and even stability for products. There are a variety of different channels could use, such as selling products through digital advertising and selling online. Expanding into a new market using the right channels is critical for engaging new customers effectively and being successful with the new initiative. Recognize that traditional metrics, like website traffic, may not be an authentic representation of success. Our brand audience consists of potential buyers throughout various markets, including potential buyers, those who already buy from our company and people who may be

interested in new products. Our principal approach, as of now, is based on word-of-mouth marketing from our satisfied clients. Even if the match is not done via our Company, our personal efforts ensure positive feedback. Our second line of marketing is by distributing envelopes to members of high society. This is done by collaborating with the exclusive clubs / organizations of the city and advertising through their in-house magazines.

## **COMPETITION**

The market is highly competitive and fragmented. We compete with a variety of competitors in our trading business and with information technology companies, as well as service providers. Some of our competitors have great financial, workforce, marketing, sales and other resources. However, none of these companies is involved exclusively in a business similar to business of the Company and comparable to the scale of operations. We believe that the principal competitive factors include product quality, reliability, and price that are able to comprehensively address varying requirements of different customer segments and specific customer needs. We believe that our ability to compete effectively is primarily dependent on ensuring consistent product quality and timely delivery at competitive prices, thereby strengthening our brand over the years. We believe that our cost effective and integrated offerings, our focus on customer satisfaction and our reliability combined with our quality consciousness provides us with competitive advantage in our business. In today's dynamic business environment which is filled with rapid change of technology, government policies, mounting competitive threats and constant new entrants into the market, makes it challenging to sustain and handle the intricacies and provide competitive solutions to the clients. We face competition from domestic Companies. We foresee this competition to continue to grow as the demand for software development solutions increases. Further we believe that our competition also depends on several factors which include currency fluctuations, changing business framework, information technology policies, difficulty to retain skilled staff etc. Matrimony industry specifically for the rich families is very unique & confidential industry, we face competition from various domestic and international players. The industry is largely unorganized and fragmented with many small and medium sized companies and entities. Most of our competitors in the regional level are from the unorganized sector of the matrimony bureau. We intend to continue competing vigorously to capture more market share and manage our growth in an optimal way by doing tie ups with the small matrimonies in different counties.

## **SAFETY, HEALTH AND ENVIRONMENT**

We are committed to complying with a few applicable health, safety and environmental regulations and other requirements in our operations. Our Company equips laborers with safety equipment and material that covers them from the risk of potential health hazards.

## **UTILITIES AND INFRASTRUCTURE**

Our registered office are well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly.

## **INSURANCE**

In our routine business, we do not require to take any insurance for our business as on the date of the filling of Draft Prospectus. Although we believe in maintained of all insurance policies which are required for the Companies Operation. We ensure that, we will apply for the insurance, as soon as we found any requirement for the same.

## **PLANT & MACHINERY**

As on date of Draft Letter of Offer, Our Company does not possess any plant & machinery.

## **COLLABORATIONS**

We have not entered into any technical or financial or any other collaboration agreement as on the date of filing the Draft Letter of Offer.

## **IMPORT-EXPORT OBLIGATIONS**

There are no Import-Export Obligations as on date of filing this Draft Letter of Offer.

## MANPOWER

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for our business. All our employees are permanent employees and on the payroll of our Company. The table below shows the functional breakdown of our employees as on May 31, 2023:



Function / Department	Number of Employees
Marketing	1
Accounts and Finance	1
IT	1
Administration	1
Management Support Team	3
<b>Total</b>	<b>7</b>

## OUR PROPERTIES

Our registered office is located in 45, Chinubhai Tower, Opp. Handloom House, Ashram Road, Ahmedabad-380 009, Gujarat, India. We do not have a separate corporate office. Our registered office is owned by Mr. Satish R. Shah and our Company has obtained an NOC dated 01-08-2022 from it for using the said premises as the registered office address for our company.

## INTELLECTUAL PROPERTY

As on the date of this Draft Letter of Offer, except mentioned below, our company confirms that it has not made any other applications nor has it registered any other type of intellectual property including trademarks/copyrights/patents etc.

Sr. No	Logo	Class	Trademark Type	Owner of Trademark	Application No.	Date of Application	Status
1		42	Device	Sawaca Business Machines Limited	5931421	10-05-2023	Send To Vienna Codification
2.		Not Registered					

## OUR MANAGEMENT

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than (3) three Directors and not more than (15) fifteen Directors, unless otherwise determined by our Company through a special resolution. As on the date of this Draft Letter of Offer, our Board comprises of 1 (One) Executive Director, 1 (One) Non-Executive Non-Independent Director and 2 (Two) Independent Directors including 1 (One) Independent woman Director. The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act and the SEBI Listing Regulations.

### Our Board of Directors

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

Name, Designation/Occupation, Address, Din No., Date of Birth, Occupation, Nationality	Date Of Appointment/ Re-appointment & Term	Other Directorships
<b>Mr. Shetal Satishkumar Shah</b> S/o. Mr. Satishkumar Ramanlal Shah <b>Date of Birth:</b> June 02, 1975 <b>Age:</b> 47 years <b>Designation:</b> Chairperson, Managing Director & CFO <b>Address:</b> 19/B, Keshavbag Colony, Ramnagar, Sabarmati, Ahmedabad – 380005, Gujarat <b>DIN:</b> 02148909 <b>Occupation:</b> Business <b>Nationality:</b> Indian	Appointed as Managing Director and CFO w.e.f. 01/04/2015 for a term of 5 years  Reappointed As CFO w.e.f. 22/07/2022 for a term of 5 Years	NIL
<b>Mr. Satish Ramanlal Shah</b> S/o. Mr. Ramanlal Himatlal Shah <b>Date of Birth:</b> October 01, 1952 <b>Age:</b> 70 years <b>Designation:</b> Non-Executive Director <b>Address:</b> 19/B, Keshavbag Colony, Ramnagar, Sabarmati, Ahmedabad – 380005, Gujarat <b>DIN:</b> 05103862 <b>Occupation:</b> Business <b>Nationality:</b> Indian	Appointed as Non-Executive Director on w.e.f. 25/08/2022 and is liable to retire by rotation	NIL
<b>Mrs. Lilaben Kishor Bhai Agaja</b> D/o. Mr. Kantibhai Mohanbhai Agaja <b>Date of Birth:</b> February 02, 1980 <b>Age:</b> 43 years <b>Designation:</b> Non- Executive Independent Director <b>Address:</b> 463-7, Gajanand Society NA-3, Nr. Ranchhodnagar, Giradharnagar, Ahmedabad-380016 Gujarat India <b>DIN:</b> 07124191 <b>Occupation:</b> Business <b>Nationality:</b> Indian	Appointed as Non-Executive Independent Director w.e.f. 27/03/2015.	NIL
<b>Mr. Vijay Chhotalal Shah</b> S/o. Mr. Chhotalal Maganlal Shah <b>Date of Birth:</b> January 31, 1966 <b>Age:</b> 57 years <b>Designation:</b> Non-Executive Independent Director	Appointed as Non-Executive Independent Director w.e.f. 26/02/2016	NIL



Name, Designation/Occupation, Address, Din No., Date of Birth, Occupation, Nationality	Date Of Appointment/ Re-appointment & Term	Other Directorships
<b>Address:</b> 4 Sumanglam Flat, Ramnagar, Ahmedabad – 380005, Gujarat <b>DIN:</b> 07445515 <b>Occupation:</b> Business <b>Nationality:</b> Indian		

### Confirmations

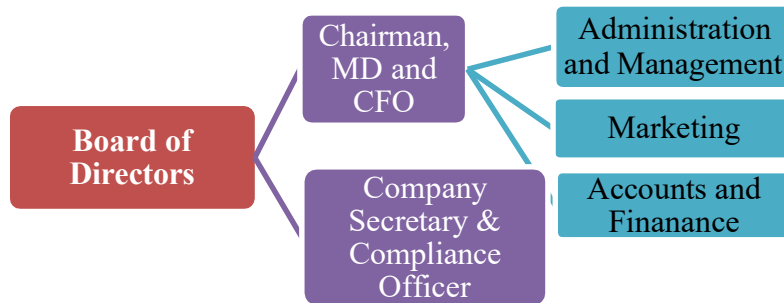
- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is categorized or are on the RBI List of wilful defaulters.
- None of the Directors is categorized or are on the RBI List of fraudulent borrowers.
- None of our Directors are declared Fugitive Economic Offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.
- None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Letter of Offer, whose shares have been or were suspended from being traded on the Stock Exchange(s), during the term of their directorship in such company:
- None of our Directors is or was a director of any listed companies whose shares have been or were delisted from the Stock Exchange(s), during the term of their directorship in such company in the past 10 years.
- None of the Promoters, Persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

For details on legal cases, please refer to the chapter titles “*Outstanding Litigations And Material Information and Developments*” beginning on page 102 of this Draft Letter of Offer.

### Our Key Management Personnel and Senior Management Personnel

Name	Designation	Date of Appointment/ Re-Appointment (as the case may be)
<b>Key Management Personnel</b>		
Mr. Shetal Satishkumar. Shah	Chairman, MD & CFO	22/07/2022
Mr. Saurabh Balkrishna Shah	CS & Compliance Officer	15/04/2023

### Organization Structure of our Company



## SECTION V: FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Number
1.	Audited Standalone Financial Statements of our Company as at and for the financial year ended March 31, 2023	68-92

#### **Material changes and commitments, if any, affecting our financial position**

There are no material changes and commitments, which are likely to affect our financial position since March 31, 2023 till date of this Draft Letter of Offer. We have not given Restated Financials because we fall under Part B of SEBI (ICDR), 2018.

**[THE REMAINDER OF THIS PAGE HAS INTENTIONALLY BEEN LEFT BLANK]**

**INDEPENDENT AUDITORS' REPORT on Audited Standalone Quarterly financial Result and Year to Date Results SAWACA BUSINESS MACHINES LIMITED Pursuant to the Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)**

**TO THE BOARD OF DIRECTORS OF SAWACA BUSINESS MACHINES LIMITED**

**Opinion**

We have audited the accompanying standalone annual financial results of **Sawaca Business Machines Limited** ("the Company"), for the quarter ended 31<sup>st</sup> March, 2023 and the year to date results for the period from 1<sup>st</sup> April, 2022 to 31<sup>st</sup> March, 2023, attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 and Regulation 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ("Listing Regulations") including relevant circulars issued by the Securities and Exchange Board of India (SEBI) from time to time.

In our opinion and to the best of our information and according to the explanations given to us, the statement:

- i. Is presented in accordance with the requirements of the listing Regulations in this regard; and
- ii. Gives a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31<sup>st</sup> March 2023, its Profit (including other comprehensive income) for the year ended on 31<sup>st</sup> March, 2023 and Loss (including other comprehensive income) for the quarter ended on 31<sup>st</sup> March, 2023, changes in equity and its cash flows for the year ended on that date.

**Basis of Opinion**

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibility under those Standards are further described in Auditor's Responsibility for the Audit of the standalone financial statements section of our report. We are independent of the company in accordance of with code of ethics issued by ICAI together with the independence requirement that are relevant to our audit of standalone financial statement under the provisions of the Act and the rule 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 stand alone financial statement.

601-604, Ratnanjali Square, Nr. Gloria Restaurant, Prematirth Derasar Road, Prahlad Nagar, Ahmedabad - 380015.

🌐 : [www.maakadvisors.com](http://www.maakadvisors.com)

☎ : 079-4032-3758

✉ : [info@maakadvisors.com](mailto:info@maakadvisors.com)



## **Management's and Those Charged with Governance Responsibilities for the Statement**

This Statement has been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors is responsible for the preparation and presentation of the Statement that gives a true and fair view of the net profit / loss and other comprehensive income and other financial information of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the Listing Regulations including SEBI Circular. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the Statement, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibility**

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

As a 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 risk of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedure responsive to those risk, and obtain evidence that is sufficient and appropriate to



provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud for one resulting from error, as fraud may involve collusion, forgery, intentional, omission, misrepresentation, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedure 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 control 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 the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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



**Other Matter**

The Statement includes the financial results for the quarter ended 31<sup>st</sup> March 2023, being the balancing figures between the audited figures in respect of the full financial year and the published audited year-to-date figures up to the third quarter of the current financial year, which were subject to audit by us.

Date : 29/05/2023  
Place : Ahmedabad

**FOR M A A K & ASSOCIATES**  
(Chartered Accountants)  
Reg No. :135024W



Marmik G. Shah  
(Partner)  
M.No. : 133926  
UDIN : 23133926BGWESP1121

**Sawaca Business Machines Limited**  
CIN:- L65910GJ1994PLC023926  
Standalone Balance Sheet as at March 31,2023

Rs. In Lakhs

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	24.69	34.38
Right of use assets		-	-
Capital work-in-progress		-	-
Investment property		-	-
<b>Non-current financial assets</b>			
Investments		-	-
Trade receivables		-	-
Loans		-	-
Other financial assets	5	1295.92	1236.89
Deferred tax assets (net)	10	11.11	1.34
Other non-current assets		-	-
Income tax assets (net)		-	-
		1,331.72	1,272.61
<b>Current assets</b>			
Inventories		-	-
<b>Financial assets</b>			
(i) Investments		-	-
(ii) Trade receivables	4	84.56	298.07
Customers' bills discounted		-	-
(iii) Cash and cash equivalents	6	12.37	4.54
(iv) Bank balance other than cash and cash equivalents		-	-
(v) Loans		-	-
(vi) Other financial assets	5	0.77	0.74
Other current assets	7	8.47	11.33
		106.17	314.68
<b>Total assets</b>		1,437.89	1,587.29
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	8	1,144.10	1,040.09
Other equity	9	147.35	237.35
<b>Total equity</b>		1,291.45	1,277.44
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	11	16.38	25.30
(i) Other financial Liabilities		-	-
Provisions		-	-
Deferred tax liabilities (net)		-	-
Other non-current liabilities		-	-
		16.38	25.30
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
(i) Borrowings	11	8.92	6.71
Bill discounting with banks		-	-
(ii) Trade payables	12	102.65	254.70
(iii) Other financial liabilities	13	2.31	1.23
Provisions	14	0.90	0.30
Other current liabilities	15	0.45	5.19
Liabilities for current tax (net)		14.84	16.42
Other Provisions		-	-
		130.07	284.55
<b>Total liabilities</b>		146.44	309.85
<b>Total equity and liabilities</b>		1,437.89	1,587.29

For, MAAK and Associates  
Firm Registration No. : 135024W  
Chartered Accountants

CA Marmik Shah  
Partner  
Membership No. : 133926  
UDIN : 23133926BGWETC1216

Date : 29/05/2023  
Place : Ahmedabad

For and on behalf of Board of Directors of  
Sawaca Business Machines Limited

Shetal Shah  
Managing Director  
DIN:02148909

Satish Shah  
Director  
DIN:05103862

Date : 29/05/2023  
Place : Ahmedabad

**Sawaca Business Machines Limited**  
CIN:- L65910GJ1994PLC023926  
Standalone Statement of Profit and Loss for the year ended on March 31, 2023

Rs. In Lakhs

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from operations	16	268.23	292.84
Other income	17	96.48	89.18
<b>Total income</b>		<b>364.71</b>	<b>382.02</b>
<b>Expenses</b>			
Cost of material consumed	18	209.68	242.58
Employee benefits expense	19	22.95	32.07
Depreciation and amortization expense	3	11.43	12.96
Finance costs	20	2.21	2.31
Legal/Professional expenses	21	20.62	8.82
Other Expense	22	37.72	26.14
<b>Total expense</b>		<b>304.61</b>	<b>324.88</b>
<b>Profit before exceptional items and tax</b>		<b>60.10</b>	<b>57.14</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>60.10</b>	<b>57.14</b>
<b>Tax expense/(credit)</b>			
Current Tax		14.84	16.42
Adjustment of tax relating to earlier periods		0.45	1.57
Deferred tax		(9.77)	(1.47)
Less: MAT credit entitlement		-	-
<b>Total tax expense</b>		<b>5.53</b>	<b>16.52</b>
<b>Profit for the period/year</b>		<b>54.57</b>	<b>40.62</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains (losses) on Shares of Securities and shares		-	-
Income Tax effect		-	-
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
<b>Other comprehensive Income for the period/year</b>		-	-
<b>Total comprehensive Income for the period/year</b>		<b>54.57</b>	<b>40.62</b>
<b>Basic and diluted earnings per equity shares (in Rs.) face value of Rs. 1 each (refer note no. 24)</b>		<b>0.05</b>	<b>0.36</b>
The accompanying notes form an integral part of financials statements			

For, MAAK and Associates  
Firm Registration No. : 135024W  
Chartered Accountants  
  
CA Marmik shah  
Partner  
Membership No. : 133926  
UDIN :23133926BGWETC1216



Date : 29/05/2023  
Place : Ahmedabad

For and on behalf of Board of Directors of  
Sawaca Business Machines Limited

  
Manoj K. Shah  
Managing Director  
DIN: 02133926BGWETC1216

Date : 29/05/2023  
Place : Ahmedabad



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 <sup>ST</sup> MARCH, 2023		
(RS. In Lakh)		
Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Cash flow from operating activities</b>		
Net profit before tax	59.64	53.58
Adjustments for Depreciation		
Sundry balances / Excess Liabilities written back	0.32	(0.51)
Provision	0.60	0.30
Depreciation	11.43	12.96
Bad Debt	-	-
Interest income	-96.48	-
Provision for tax	-	-
<b>Operating profit before working capital changes</b>	<b>(24.48)</b>	<b>68.33</b>
Adjustments for:-		
Movements in working capital :-		
(Increase)/ decrease in Current Asset:	216.35	(258.54)
Increase/ (decrease) in other current liabilities	(156.70)	203.89
<b>Cash generated from operations</b>	<b>35.17</b>	<b>15.68</b>
Income tax paid	(6.20)	(7.53)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>28.97</b>	<b>8.15</b>
<b>Cash flow from investing activities</b>		
Increase in Fixed Asset	(1.75)	(28.58)
Increase in Loans & Advances	(560.20)	(8.19)
Repayment of Loans and Advances	301.18	-
Interest income	96.48	-
<b>Net cash inflow / (outflow) from investing activities</b>	<b>35.71</b>	<b>(36.77)</b>
<b>Cash inflow/(outflow) from financing activities</b>		
Repayment of short-term borrowings Proceeds from other long term liabilities Financial expenses	(30.84)	18.01
<b>Net cash inflow / (outflow) used in financing activities</b>	<b>(30.84)</b>	<b>18.01</b>
<b>Net cash inflow / (outflow)</b>	<b>7.84</b>	<b>(10.61)</b>
<b>Net changes in cash and cash equivalents</b>	<b>7.84</b>	<b>(10.61)</b>
Opening Cash and cash equivalents	4.54	15.15
<b>Closing Cash and cash equivalents</b>	<b>12.37</b>	<b>4.54</b>
For, MAAK and Associates Firm Registration No. : 135024W Chartered Accountants  CA Marmik shah Partner Membership No. : 133926 UDIN :23133926BGWETC1216 Date : 29/05/2023 Place : Ahmedabad	For and on behalf of Board of Directors of Sawaca Business Machines Limited  Shetal Shah Managing Director DIN:02148 Date : 29/05/2023 Place : Ahmedabad	

**Sawaca Business Machines Limited**  
**CIN:- L65910GJ1994PLC023926**  
**Standalone Statement of Profit and Loss for the year ended on March 31, 2023**

Rs. In Lakhs

Particulars	Notes	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Income</b>			
Revenue from operations	16	268.23	292.84
Other income	17	96.48	89.18
<b>Total income</b>		<b>364.71</b>	<b>382.02</b>
<b>Expenses</b>			
Cost of material consumed	18	209.88	242.38
Employee benefits expense	19	22.95	32.07
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Finance costs	20	2.21	2.31
Legal/Professional expenses	21	20.62	8.82
Other Expense	22	37.72	26.14
<b>Total expense</b>		<b>304.61</b>	<b>324.88</b>
<b>Profit before exceptional items and tax</b>		<b>60.10</b>	<b>57.14</b>
Exceptional items		-	-
<b>Profit before tax</b>		<b>60.10</b>	<b>57.14</b>
<b>Tax expense(credit)</b>			
Current Tax		14.84	16.42
Adjustment of tax relating to earlier periods		0.45	1.57
Deferred tax		(9.77)	(1.47)
Less: MAT credit entitlement		-	-
<b>Total tax expense</b>		<b>5.53</b>	<b>16.53</b>
<b>Profit for the period/year</b>		<b>54.57</b>	<b>40.62</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>			
Re-measurement gains (losses) on Shares of Securities and shares		-	-
Income Tax effect		-	-
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods</b>			
<b>Other comprehensive Income for the period/year</b>			
		-	-
<b>Total comprehensive Income for the period/year</b>		<b>54.57</b>	<b>40.62</b>
<b>Basic and diluted earnings per equity shares (in Rs.) face value of Rs. 1 each (refer note no. 24)</b>		<b>0.05</b>	<b>0.36</b>
<b>The accompanying notes form an integral part of financials statements</b>			

For, MAAK and Associates

Firm Registration No. : 135024W

Chartered Accountants

CA Marmik shah

Partner

Membership No. : 133926

UDIN :23133926BGWETC1216

Date : 29/05/2023

Place : Ahmedabad

For and on behalf of Board of Directors of

Sawaca Business Machines Limited

Shel Shah

Managing Director

DIN:0214... DIN:05103862

Date : 29/05/2023

Place : Ahmedabad

**Sawaca Business Machines Limited**  
**CIN:- L65910GJ1994PLC023926**  
**Standalone Statement of Changes in Equity for the year ended March 31, 2023**

Rs. In Lakhs

Particulars	Equity share capital	Retained earning	Total
<b>Balance as at March 31, 2021</b>	1,040.09	196.73	1,236.82
Profit for the year	-	40.62	40.62
Other comprehensive income	-	-	-
Dividend Distributed	-	-	-
<b>Total comprehensive income for the year</b>	1,040.09	237.35	1,277.44
Share issue during the year			
<b>Balance as at March 31, 2022</b>	1,040.09	237.35	1,277.44
Profit for the year	-	54.57	54.57
Change in equity	-	-	-
Issue related expense	-	(40.56)	(40.56)
Bonus issue	104.01	(104.01)	-
Other comprehensive income	-	-	-
Dividend Distributed	-	-	-
<b>Balance as at March 31, 2023</b>	1,144.10	147.35	1,291.44

The accompanying notes form an integral part of financial statements

For, MAAK and Associates

Firm Registration No. : 135024W

Chartered Accountants




CA Marmik shah

Partner

Membership No. : 133926

UDIN : 23133926BGWETC1216

Date : 29/05/2023

Place : Ahmedabad

For and on Behalf of the Board of Directors of  
Sawaca Business Machines Limited



Shetal Shah Satish Shah

Managing Director Director

DIN:02148909 DIN:05103862

Date : 29/05/2023

Place : Ahmedabad

## Notes to Financial Statements for the year ended March 31, 2023

### 1 Corporate Information

The standalone financial statements comprise of financial statements of Sawara Business Machines Limited for the year ended March 31, 2023. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The Company's shares are listed on BSE, a recognised stock exchange, in India. The registered office of the company is located at 43, Chintamani tower, Opp. Handloom House, Ahram Road, Ahmedabad - 380009. The company is engaged in the business of sale of various chemical products and scarp material. These Financial Statements have been approved for issue by the Board of Directors at their meeting held on May 29, 2023.

### 2 Basis of preparation

#### i Statement of Compliance with IND AS

The standalone financial statements for the year ended March 31, 2023 of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended time to time.

#### ii Accounting Convention and Basis of measurement

The standalone financial statements have been prepared on a historical cost basis, on the accrual basis of accounting, except for certain financial assets and liabilities measured at fair value (rebit accounting policy regarding financial instruments).

### 3 Summary of Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements unless otherwise stated.

#### i Property, Plant and Equipment (PPE)

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and related less accumulated depreciation and impairment loss, if any. Such cost include purchase price, borrowing cost and any cost directly attributable to bringing assets to its location and working condition or its intended use.

Depreciation on Tangible Assets, PPE is charged on WDV method as per the useful life prescribed in Part C of Schedule II of the Companies Act, 2013 and in the manner specified therein. The residual values, useful lives and methods of depreciation of property plant and equipment are reviewed at each financial year end and adjusted prospectively, if any.

Depreciation on fixed assets added/ disposed off/ discarded during the year is provided on a pro-rata basis with reference to the month of addition/disposal/discarding.

#### ii Inventories

Net Realizable value is the estimated selling price in the ordinary course of business, less estimated cost of completion and estimated costs necessary to make sale.

#### iii Finance Cost

Borrowing Costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A Qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the Statement of Profit and Loss for the period for which they are incurred.

#### iv Revenue Recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and. However, Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

#### Sale of

##### products

Revenue from the sale of products is recognised when the significant risks and rewards of ownership of the products have passed to the buyer, usually on delivery of the products. Revenue from the sale of products is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### Sale of

##### Service

Revenue from services rendered is recognised as and when services are rendered and related costs are incurred in accordance with the agreement.

#### Interest

##### Income

For all financial assets measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the present value of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms

### v Employee Benefit

#### Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

#### Post-Employment

The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related services.

The gratuity liability is paid in terms of insurance premium and the company does not have any liability since the contribution in terms of premium is paid.

### vi Foreign currencies

Company has not made any foreign transaction during the year.

vii **Taxes on Income**

Tax on Income comprises current tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

**Current tax**

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Management periodically evaluates positions taken in the

**Deferred tax**

Deferred tax is recognized for the future tax consequences of deductible temporary differences between the carrying values of assets and liabilities and their respective tax bases at the reporting date, using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax liability are generally recorded for all temporary timing differences.

viii **Provisions, contingent liability and contingent Assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in case of:

- a) a present obligation arising from past events, when it is not probable that an outflow of resources will be require to settle the obligation ; and
- b) a present obligation arising from past events, when no reliable estimate is possible,

Contingent assets are disclosed when an inflow of economic benefits is probable.

ix **Earning per share**

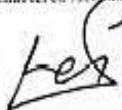
Basic Earning per share is calculated by dividing the Net Profit after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the profit after tax, as adjusted for dividend, interest and other charges to expenses or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basis EPS and the weighted average number of equity shares which would have been issued on the conversion of all dilutive potential equity shares.

For, MAAK and Associates

Firm Registration No. : 135024W

Chartered Accountants



CA Marmik shah

Partner

Membership No. : 133926

UDIN :23133926BGWETC1216

Date : 29/05/2023

Place : Ahmedabad



For and on Behalf of the Board of Directors of

Sawaca Business Machines Limited.



Shetal Shah Satish Shah

Managing Director Director

DIN:02148909 DIN:05103862

Date : 29/05/2023

Place : Ahmedabad

Sawaca Business Machines Limited

Notes to Financial Statements for the year ended March 31, 2023

(All amounts in rupees in Lakhs , unless otherwise stated)

3 Property, plant and equipment, Capital work-in-progress, Other intangible assets and Right of use assets as at March 31, 2023

Particulars	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	Opening balance as at April 01, 2022	Addition	Deduction/ Adjustments	Closing balance as at March 31, 2023	Opening balance as at April 01, 2022	Charge for the for the year	On deduction	Closing balance as at March 31, 2023	As at March 31, 2023	As at March 31, 2022
<b>Property, plant and equipment</b>										
Computers and data processing units	1.36	-	-	1.36	1.02	0.22	-	1.23	0.13	0.34
Motor vehicle	44.23	-	-	44.23	11.99	10.07	-	22.06	22.17	32.24
Office Equipment	1.96	1.75	-	3.71	0.78	0.99	-	1.77	1.94	1.18
Furniture and Fittings	0.83	-	-	0.83	0.21	0.16	-	0.37	0.46	0.62
<b>Total</b>	<b>48.38</b>	<b>1.75</b>	<b>-</b>	<b>50.13</b>	<b>14.00</b>	<b>11.43</b>	<b>-</b>	<b>25.44</b>	<b>24.69</b>	<b>34.38</b>
<b>Previous Year</b>	<b>19.80</b>	<b>28.58</b>	<b>-</b>	<b>48.38</b>	<b>1.04</b>	<b>12.96</b>	<b>-</b>	<b>14.00</b>	<b>34.38</b>	<b>18.76</b>

**Sawaca Business Machines Limited**  
**CIN:- L65910GJ1994PLC023926**  
**Notes to Standalone Financials statements for the year ended on March 31,2023**

Rs. In Lakhs

	As at March 31, 2023	As at March 31, 2022
<b>4 Trade receivables</b>		
<b>Non Current</b>		
<b>Unsecured considered good unless stated otherwise</b>		
Trade Receivables		-
Receivables from related parties		-
<b>Current</b>		
<b>Unsecured considered good unless stated otherwise</b>		
- from related parties	84.56	298.07
- from others		
Considered doubtful	-	-
Provision for doubtful debts	-	-
	<b>84.56</b>	<b>298.07</b>
<b>Notes:</b>		
a) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person; nor any trade or other receivable are due from firms or private companies in which any director is a partner, a director or a member.		
b) Trade receivable ageing as follow :		

**Trade receivables ageing schedule for March 31, 2023**

Sr No	Particulars	Outstanding for following periods from due date of payment						Total
		No Due	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
1	Undisputed Trade receivables - Considered good	-	65.35	19.21	-	-	-	84.56
2	Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-	-
3	Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
4	Disputed Trade receivables - Considered good	-	-	-	-	-	-	-
5	Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-	-
6	Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
7	Allowances for expected credit loss due to increase in credit risk	-	-	-	-	-	-	-
	<b>Total</b>	-	65.35	19.21	-	-	-	84.56

**Trade receivables ageing schedule for March 31, 2022**

Sr No	Particulars	Outstanding for following periods from due date of payment						Total
		No Due	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
1	Undisputed Trade receivables - Considered good	-	277.34	20.28	0.45	-	-	298.07
2	Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-	-
3	Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
4	Disputed Trade receivables - Considered good	-	-	-	-	-	-	-
5	Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-	-
6	Disputed Trade receivables - credit impaired	-	-	-	-	-	-	-
7	Allowances for expected credit loss due to increase in credit risk	-	-	-	-	-	-	-
	<b>Total</b>	-	277.34	20.28	0.45	-	-	298.07

		Rs. In Lakhs	
		As at March 31, 2023	As at March 31, 2022
<b>5</b>	<b>Other financial assets</b>		
	<b><u>Non-current</u></b>		
	<b>Unsecured, considered good</b>		
	Loans given at Amortised cost	1,295.92	1,236.89
		<b>1,295.92</b>	<b>1,236.89</b>
	<b><u>Current</u></b>		
	<b>Unsecured, considered good</b>		
	Security deposits	0.65	0.65
	Other Financial assets	0.12	0.09
		<b>0.77</b>	<b>0.74</b>
<b>6</b>	<b>Cash and cash equivalents</b>		
	<b>Balances with banks:</b>		
	Balance in current account	7.16	2.75
	Deposits with original maturity of less than three months	-	-
	In Current Account (earmarked for Unpaid Dividend) /share application Refund	-	-
	Cheque in hand	-	-
	<b>Cash on hand</b>	5.21	1.79
		<b>12.37</b>	<b>4.54</b>
<b>7</b>	<b>Other current assets</b>		
	<b>Unsecured, considered good</b>		
	Balance with government authorities	8.37	11.33
	Other asset	0.10	-
		<b>8.47</b>	<b>11.33</b>



8 Share capital	As at		As at	
	March 31, 2023		March 31, 2022	
<b>Authorised</b>				
62,00,00,000 Equity Shares of Rs.1 each ( 1,10,00,000 Equity Shares of Rs.10 each as at March 31, 2022 )			6,200.00	1,100.00
			<u>6,200.00</u>	<u>1,100.00</u>
<b>Issued, subscribed and fully paid up shares</b>				
11,44,10,000 Equity Shares of Rs.1 each ( 1,04,00,900 Equity Shares of Rs.10 each as at March 31, 2022 )			1,144.10	1,040.09
			<u>1,144.10</u>	<u>1,040.09</u>
<b>Notes:</b>				
<b>(a) Reconciliation of the number of the shares outstanding as the beginning and end of the year:</b>				
Particulars	As at March 31, 2023 Number	Rs. In Lakhs	As at March 31, 2022 Number	Rs. In Lakhs
At the beginning of the year	1,04,00,900.00	10,40,09,000.00	1,04,00,900.00	10,40,09,000.00
Share split during the year (refer note below)	10,40,09,000.00	10,40,09,000.00	-	-
Change during the year	1,04,00,900.00	1,04,00,900.00	-	-
<b>At the end of the year</b>	<b>11,44,09,900.00</b>	<b>11,44,09,900.00</b>	<b>1,04,00,900.00</b>	<b>10,40,09,000.00</b>
<b>Notes:</b>				
The Company has Sub-divided its 1,04,00,900 equity shares of face value of Rs. 10/- each fully paid up into 10,40,09,000 equity shares of face value of Rs. 1/- each fully paid up w.e.f. 27th May 2022 as recommended by the Board of Directors and approved by the Shareholders of the Company. Earnings per Share have been calculated/restated, as applicable, for all the period(s) presented after considering the new number of equity shares post such sub-division in line with the provisions of the applicable Ind AS and to make figures of EPS comparable with previous periods/year.				
<b>(b) Terms/rights attached to equity shares:</b>				
The Company has only one class of equity shares having par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.				
<b>(c) Details of shareholder holding more than 5% shares in the Company</b>				
Particulars	As at March 31, 2023		As at March 31, 2022	
	No.	% Holding	No.	% Holding
Satish Ramanlal Shah	-	-	15,93,189.00	15.20
<b>Total</b>	<b>-</b>	<b>0.00%</b>	<b>15,93,189</b>	<b>1529.00%</b>
<b>(d) Details of shareholding of Promoters as at March 31, 2023</b>				
Particulars	Class of share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year
Satish R Shah	Equity shares of Rs. 10 each fully paid	15,93,189.00	(12,38,110.00)	3,55,079.00
Yatin G Shah	Equity shares of Rs. 10 each fully paid	96,308.00	(96,308.00)	-
Vishal S Shah	Equity shares of Rs. 10 each fully paid	50,000.00	3,00,000.00	5,50,000.00
Jyotsana S Shah	Equity shares of Rs. 10 each fully paid	1,91,000.00	19,10,000.00	21,01,000.00
Shetal S Shah	Equity shares of Rs. 10 each fully paid	5,10,600.00	11,80,098.00	16,90,698.00
<b>Total</b>	<b>-</b>	<b>24,41,097.00</b>	<b>23,55,680.00</b>	<b>46,96,777.00</b>
<b>(e) Details of shareholding of Promoters as at March 31, 2022</b>				
Particulars	Class of share	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year
Satish R Shah	Equity shares of Rs. 1 each fully paid	15,93,189.00	-	15,93,189.00
Yatin G Shah	Equity shares of Rs. 1 each fully paid	96,308.00	-	96,308.00
Vishal S Shah	Equity shares of Rs. 1 each fully paid	6,50,000.00	(6,00,000.00)	50,000.00
Jyotsana S Shah	Equity shares of Rs. 1 each fully paid	1,91,000.00	-	1,91,000.00
Shetal S Shah	Equity shares of Rs. 1 each fully paid	9,60,600.00	(3,50,000.00)	5,10,600.00
<b>Total</b>	<b>-</b>	<b>33,91,097.00</b>	<b>(9,50,000.00)</b>	<b>24,41,097.00</b>
<b>(f) The Company allotted 1,04,00,900 bonus equity shares of 1 each as fully paid-up bonus equity shares, in the proportion of 10 (Ten) equity share of Rs. 1/- each for every 100 (Hundred) existing equity shares of 1/- each to the eligible members whose names appeared in the register of members/list of beneficial owners as on 27th May 2022, i.e. record date. Accordingly, earnings per share of comparative periods presented has been calculated based on number of shares outstanding in respective periods, as increased for issuance of bonus shares.</b>				

		Rs. In Lakhs	
		As at March 31, 2023	As at March 31, 2022
<b>9</b>	<b>Other equity</b>		
	Equity component of convertible preference shares	-	-
	<b>Share premium</b>		
	Preference premium	-	-
	Equity premium	-	-
	<b>Other reserves</b>		
	Debenture Redemption Reserve	-	-
	Capital Redemption Reserve	-	-
	Preference Share Capital, Redemption Premium Reserve	-	-
	Other Comprehensive Income	-	-
	Capital Reserve	-	-
	<b>Retained earnings</b>		
	Opening Balance	237.35	196.73
	Add : Profit for the year	54.57	40.62
	Less : Dividend Declared/Distributed	-	-
	Less : Adjustment to opening balance	-	-
	Less: Bonus Issue	(104.01)	-
	Less: Issue related expense	(40.56)	-
	<b>Share Based Payment Reserve</b>	-	-
	<b>Other comprehensive income</b>		
	Actuarial Gain on Gratuity	-	-
	Fair Valuation of Investments	-	-
	Closing balance	147.35	237.35
		As at March 31, 2023	As at March 31, 2022
<b>10</b>	<b>Deferred tax liabilities/Assets (net)</b>		
	Deferred tax Asset	11.11	1.34
	Less : MAT Credit Entitlement	-	-
		11.11	1.34
		As at March 31, 2023	As at March 31, 2022
<b>11</b>	<b>Borrowings</b>		
	<b>Long term borrowings</b>		
	<b>Non-current</b>		
	<b>Term loans from banks</b>		
	<b>HDFC Bank car</b>	10.73	16.28
	( Secured, by way of mortgage of Car Repayable by July, 2026 by monthly installment of Rs 46,198		
	<b>ICICI bank car loan</b>	5.65	9.02
	( Secured, by way of mortgage of Car Repayable by March, 2026 by monthly installment of Rs 28,130		
		16.38	25.30
	<b>Current maturity of long term borrowings</b>		
	<b>Term loans from banks</b>		
	<b>HDFC Bank car</b>	5.54	4.13
	( Secured, by way of mortgage of Car Repayable by July, 2026 by monthly installment of Rs 46,198		
	<b>ICICI bank car loan</b>	3.38	2.58
	( Secured, by way of mortgage of Car Repayable by March, 2026 by monthly installment of Rs 28,130		
	<b>Total current borrowing</b>	8.92	6.71
	<b>Total borrowings</b>	25.30	32.01

		Rs. In Lakhs					
		As at March 31, 2023					As at March 31, 2022
12	<b>Trade payables</b>						
	Total outstanding dues of micro enterprises and small enterprises	-					-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	102.65					254.70
		102.65					254.70
<b>Notes:</b>							
(1) Due to related parties included in above trade payables							
(2) Trade payable ageing as follow :							
<b>Trade and other payable ageing as on March 31, 2023</b>							
Sr No	Particulars	Outstanding for following periods from due date of Payment					
		Not Due	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
1	MSME	-	-	-	-	-	-
2	Others	-	95.10	5.15	2.40	-	102.65
3	Disputed dues - MSME	-	-	-	-	-	-
4	Disputed dues - Others	-	-	-	-	-	-
	<b>Total</b>	-	95.10	5.15	2.40	-	102.65
<b>Trade and other payable ageing as on March 31, 2022</b>							
Sr No	Particulars	Outstanding for following periods from due date of Payment					
		Not Due	Less than 1 year	1-2 years	2-3 Years	More than 3 years	Total
1	MSME	-	-	-	-	-	-
2	Others	-	252.30	2.40	-	-	254.70
3	Disputed dues - MSME	-	-	-	-	-	-
4	Disputed dues - Others	-	-	-	-	-	-
	<b>Total</b>	-	252.30	2.40	-	-	254.70

		Rs. In Lakhs	
		As at March 31, 2023	As at March 31, 2022
13	<b>Other financial Liabilities</b>		
	<b>Non-current</b>		
	Financial liabilities carried at amortized cost	-	-
	Security deposits	-	-
	<b>Sub-total</b>	-	-
	<b>Current</b>		
	<b>Financial liabilities carried at amortized cost</b>		
	Creditors For Expenses	2.31	1.23
	<b>Sub-total</b>	2.31	1.23
	<b>Total</b>	2.31	1.23
		As at March 31, 2023	As at March 31, 2022
14	<b>Provisions</b>		
	<b>Provision for Expense</b>		
	Provision For Audit Fees	0.30	-
	Provision For Internal Audit Fees	0.60	0.30
	<b>Total</b>	0.90	0.30
		As at March 31, 2023	As at March 31, 2022
15	<b>Other current liabilities</b>		
	Statutory dues payable	0.45	5.19
	<b>Sub-total</b>	0.45	5.19

**Sawaca Business Machines Limited**  
**CIN:- L65910GJ1994PLC023926**  
**Notes to Standalone Financials statements for the year ended on March 31,2023**

		Rs. In Lakhs	
		For the year ended March 31, 2023	For the year ended March 31, 2022
<b>16</b>	<b>Revenue from operations</b>		
	Trading of Goods	223.23	252.84
	Sale of Services	45.00	40.00
		<u>268.23</u>	<u>292.84</u>
<b>17</b>	<b>Other Income</b>		
	Interest Income	96.48	89.18
		<u>96.48</u>	<u>89.18</u>
<b>18</b>	<b>Cost of material consumed</b>		
	Opening Inventory	-	-
	Purchase & Direct Expenses	209.68	242.58
	Adjustment	-	-
	Closing Inventory	-	-
		<u>209.68</u>	<u>242.58</u>
<b>19</b>	<b>Employee benefit expense</b>		
	Salaries to Employees	18.46	30.36
	Staff welfare expenses	0.29	0.31
	Direct Salary For Software	4.20	1.40
		<u>22.95</u>	<u>32.07</u>
<b>20</b>	<b>Finance costs</b>		
	Interest on loan	2.21	2.08
	Loan Processing Fees	-	0.23
		<u>2.21</u>	<u>2.31</u>
<b>21</b>	<b>Legal/Professional expenses</b>		
	Corporate Action Fees	6.20	-
	Custodial Fees	2.20	1.25
	Depository Charges	0.20	0.20
	Legal Fees	0.15	2.73
	Listing Fees	3.00	3.00
	Professional Fees	4.13	0.68
	R.O.C & Legal Expenses	3.92	-
	Vakil Fees	0.23	0.17
	Audit Fees	0.30	0.50
	Internal Audit Fees	0.30	0.30
		<u>20.62</u>	<u>8.82</u>

22 Other Expense	For the year ended March 31, 2023	For the year ended March 31, 2022
Bank And Other Finance Charges	0.04	0.04
Service Charge	17.50	5.00
Advertisement Exp.	0.93	5.67
Balance Return Off	0.32	(0.60)
Business Promotion Exp.	1.96	0.46
Demate & Other Charges	0.11	-
Electric Expenses	0.27	0.24
Gst Paid	0.04	0.05
Marketing Exp.	10.02	-
Motor Car Insurance	0.45	0.15
Office Expenses	1.50	1.71
Postage & Couriers Exp.	0.14	0.25
Office Rent	2.40	2.40
Stationery & Ptg. Exp.	0.15	0.13
Subscription Exp.	0.14	-
T.D.S. On Interest Exp.	0.08	0.20
Conveyence Exp. [Staff]	0.15	-
Travelling Exp.	0.49	2.70
Vehicle Repairing & Petrol Exp.	0.92	0.83
Website Expenses	0.11	0.60
Freight Exp.	-	0.60
Hotel Expenses	-	5.07
Kasar A/C.	-	0.09
Vat A/C. [Paid]	-	0.55
	-	-
	<u>37.72</u>	<u>26.14</u>
<b>a) Profit and loss section</b>		
	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Current income tax:</b>		
Current income tax charge	14.84	16.43
Adjustment in respect of current income tax of previous years	0.45	1.57
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(9.77)	(1.47)
<b>Tax expense reported in the Statement of profit and loss</b>	<u>5.53</u>	<u>16.51</u>
<b>b) Balance sheet section</b>		
	For the year ended March 31, 2023	For the year ended March 31, 2022
Current Tax liabilities	14.84	16.42
	<u>14.84</u>	<u>16.42</u>

**Notes to Financial Statements for the year ended March 31, 2023**  
(All amounts in rupees in Lakhs , unless otherwise stated)

**23 Contingent liabilities & capital commitment not provided for**

**23.1 Contingencies**

Particulars	As at March 31, 2023	As at March 31, 2022
Claims against the company not acknowledged as debts:	-	-
Service tax	-	-

**23.2 Capital Commitments**

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	-	-

**24 Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share used in the basic and diluted EPS computation:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit/(Loss) after tax	54.57	40.62
Nominal value of equity share (Amount in Rs.)	1	10
Total number of equity shares	11,44,09,900	1,14,40,990
Weighted average number of equity shares for basic and diluted EPS (nominal value of equity share Rs. 10)	11,44,09,900	1,14,40,990
<b>Earnings per equity share (Amount in Rs.)</b>		
Basic and diluted earnings per share	0.05	0.36

**Note:**

1. The Company has Sub-divided its 1,04,00,900 equity shares of face value of Rs. 10/- each fully paid up into 10,40,09,000 equity shares of face value of Rs. 1/- each fully paid up we.f. 27th may 2022 as recommended by the Board of Directors and approved by the Shareholders of the Company. Earnings per Share have been calculated/restated, as applicable, for all the period(s) presented after considering the new number of equity shares post such sub-division in line with the provisions of the applicable ind AS and to make figures of EPS comparable with previous periods/year.

2. The Company allotted 1,04,00,900 bonus equity shares of 1 each as fully paid-up bonus equity shares, in the proportion of 10 (Ten) equity share of Rs. 1/- each for every 100 (Hundred) existing equity shares of 1/- each to the eligible members whose names appeared in the register of members/list of beneficial owners as on 27th May 2022, i.e. record date. Accordingly, earnings per share of comparative periods presented has been calculated based on number of shares outstanding in respective periods, as increased for issuance of bonus shares.

25 Audited Standalone Segment Information for the Year ended on 31st March 2023			
Sr. No	Particulars	Year ended on	
		31-03-2023 (Audited)	31-03-2022 (Audited)
1	<b>Segment Revenue :</b> (Net Sales / Revenue from Operations)		
	1 Trading	319.72	252.84
	2 Information Technology Consulting & Support Service	45.00	40.00
	Less: Inter Segment Revenue		-
	<b>Net Sales/Income From Operations</b>	<b>364.72</b>	<b>292.84</b>
2	<b>Segment Results (Operating Results):</b>		
	1 Trading	(80.16)	(67.71)
	2 INFORMATION TECHNOLOGY CONSULTING & SUPPORT SERVICE	23.30	33.60
	<b>Total Segment Operating Results</b>	<b>-56.86</b>	<b>-33.61</b>
	Add : Interest and Dividend Income	96.48	89.18
	Add : Un-allocable income net of un-allocable expenses	20.02	-
	<b>Net Profit Before Tax and Exceptional Items</b>	<b>59.64</b>	<b>55.57</b>
<b>Notes for Segment Information</b>			
a	Segments have been identified in accordance with Indian Accounting Standards ("Ind AS") 108 on Operating Segments, considering the risk/return profiles of the business, their organisational structure and internal reporting system.		
b	The trading segment includes wholesale trading of various items of finished goods, which includes trading mainly on bill to ship to basis and the role of the company is mainly to procure the order and assure the delivery to the customer.		
c	The Information technology service segment includes various technical support services, software development services, deployment of resources for the identified projects for indetified tasks.		
d	The Company is engaged mainly in trading of goods & information technology. Most of the assets, liabilities of the aforesaid reportable segments are interchangeable or not practically allocable.		



**Notes to Financial Statements for the year ended March 31, 2023**  
(All amounts in rupees in Lakhs , unless otherwise stated)

**26 Related party transactions**

As per the Indian Accounting Standard on "Related Party Disclosures" (Ind AS 24), the related parties of the Company are as follows :

**Name of related parties and their relationship :**

**1) Proprietorship Firm of Director :**

Veede Enterprise

**2) Key managerial person (KMP) :**

1) Mr. Satish Shah

2) Mr. Shetal Shah

<b>Nature of transactions with related Parties</b>	<b>Year ended March 31, 2023</b>	<b>Year ended March 31, 2022</b>
<b>Key managerial personnel</b>		
<b>Remuneration (including perquisites &amp; incentive)</b>		
Mr. Shetal Shah	6.60	6.60
Mr. Vishal Shah	-	4.20
Mr. Satish Shah	1.65	6.60
<b>Rent paid</b>		
Mr. Satish Shah	2.40	2.40
<b>Reimbursement</b>		
Mr. Satish Shah	0.13	-
<b>Sales</b>		
Veede Enterprise - Proprietorship firm of Vishal Shah	-	20.28
<b>Outstanding balances at the end of the year</b>		
	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>Key managerial personnel</b>		
<b>Remuneration payable (including perquisites and incentive)</b>		
Mr. Shetal Shah	0.55	-
Mr. Satish Shah	-	-
<b>Rent</b>		
Mr. Satish Shah	0.80	-
<b>Reimbursement</b>		
Mr. Satish Shah	0.13	-
<b>Trade receivable</b>		
Veede Enterprise	-	20.73

**Sawaca Business Machines Limited**  
**Notes to Financial Statements for the year ended March 31, 2023**  
**(All amounts in rupees in Lakhs, unless otherwise stated)**

**27 Corporate social responsibility (CSR) expenditure**

Particulars	For the year ended March 31, 2023			For the year ended March 31, 2022		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
a) The gross amount required to be spent by the company on the corporate	-	-	-	-	-	-
b) Amount approved by the board to be spent during the year	-	-	-	-	-	-
c) Amount spent during the year						
i) Construction/acquisition of asset	-	-	-	-	-	-
ii) On purposes other than (i) above	-	-	-	-	-	-
d) Details related to spent/unspent obligations:						
i) Contribution to public trust	-	-	-	-	-	-
ii) Contribution to charitable trust	-	-	-	-	-	-
iii) Contribution to others	-	-	-	-	-	-
iv) Unspent amount in relation to:						
- Ongoing project	-	-	-	-	-	-
- Other than ongoing project	-	-	-	-	-	-
Total	-	-	-	-	-	-
e) reason for shortfall		Not applicable			Not applicable	
f) details of related party transactions, e.g., contribution to a trust		Not applicable			Not applicable	
g) where a provision is made with respect to a liability incurred by entering		Not applicable			Not applicable	

**h) Details of CSR expenditure under section 135(5) of the Act in respect of other than ongoing projects**

Particulars	For the year ended March 31, 2023
Balance as at April 01, 2022	-
Amount deposited in a specified fund of schedule VII of the Act within 6 months	-
Amount required to be spent during the year	-
Amount spent during the year	-
Balance unspent as at March 31, 2023	-

Particulars	For the year ended March 31, 2022
Balance as at April 01, 2021	-
Amount deposited in a specified fund of schedule VII of the Act within 6 months	-
Amount required to be spent during the year	-
Amount spent during the year	-
Balance unspent as at March 31, 2022	-

**Note:**

Amount required to be spent by the company has been computed based on the signed financial statements of the respective years.

**28 Details of dues to micro and small enterprises as per MSMED Act, 2006**

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated August 25, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneur Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' (the MSMED Act).

Accordingly, the disclosure in respect of the amounts payable to such Enterprises as at March 31, 2022 has been made in the Financial Statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any Supplier as at the Balance Sheet date.

The details as required by MSMED Act are given below:

Particulars	As at March 31, 2023	As at March 31, 2022
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year.		
<b>Principal and interest amount</b>		
Trade payable	-	-
Capital payable	-	-
The amount of interest paid by the buyer under the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the year (where the principal has been paid but interest under the MSMED Act not paid):	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-
The amount of further interest due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006.	-	-

On basis of information and records available with the Company, the above disclosures are made in respect of amount due to the micro and small enterprises, which have been registered with the relevant competent authorities. This has been relied upon by the auditors.

29 Ratios to be disclosed					
					In Lakhs
Particulars	Numerator	Denominator	Ratio as at 31st March, 2023	Ratio as at 31st March, 2022	Variations
(a) Current Ratio	Current Assets	Current Liabilities	0.82	1.11	-35.49%
(b) Debt-Equity Ratio	Current borrowings + Non-Current Borrowings+ lease payments	Shareholder's Equity	0.02	0.03	27.91%
(c) Debt Service Coverage Ratio	Earning for Debt Service = Net Profit after taxes + Non-cash operating expenses + Interest + other adjustments	Debt service = Interest & Lease Payments + Principal Repayments	2.10	1.60	-23.93%
(d) Return on Equity Ratio (refer note 1 below)	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.04	0.03	-23.94%
(e) Inventory turnover ratio	Cost of material consumed	Average Inventory	-	-	0.00%
(f) Trade Receivables turnover ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	1.40	1.73	23.05%
(g) Trade payables turnover ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	1.17	1.03	39.04%
(h) Net capital turnover ratio	Net sales = Total sales - sales return	Average working capital = Current assets – Current liabilities	86.22	17.48	-79.73%
(i) Net profit ratio	Net Profit after tax	Net sales = Total sales - sales return	0.15	0.14	-7.28%
(j) Return on Capital employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability+Lease Payments	0.05	0.05	-4.41%

Reasons for change more than 25% in above ratios	
Particulars	Reasons for % change from March 31, 2021 to March 31, 2023
Current ratio	The Change is due to high recovery from debtor in FY 22-23.
Debt- Equity Ratio	The change is due to issue of bonus share in FY 22-23.
Trade Payable Turnover Ratio	The change is mainly due to payment to creditors.
Net Capital Turnover Ratio	There is decrease in net capital turnover ratio due to decrease in average working capital during the year.

## ACCOUNTING RATIOS

### Statements of Accounting Ratios

The following tables present certain accounting and other ratios compared on the basis of amounts derived from the Audited Financial Statements for FY 2022-23 for details, see “*Financial Statements*” on page no. 67 of the Draft Letter of Offer.

*(Amount in Rs., unless otherwise specified)*

Sr. No.	Particulars	Based on Audited Standalone Financial Statements	
		FY 2022-23	FY 2021-22
		<b>EPS</b>	<b>Adjusted EPS</b>
A.	Net worth *	12,91,43,000	12,77,44,000
B.	Net Profit after Tax	54,57,000	40,62,000
C.	No. of Shares outstanding at the end of the year	11,44,09,900	1,04,00,900
	Weighted average number of shares outstanding	11,44,09,900	1,04,00,900
D.	- for basic earnings per share	11,44,09,900	1,04,00,900
E.	- for diluted earnings per share	11,44,09,900	1,04,00,900
F.	<b>Basic earnings per share (B/D)</b>	0.05	0.39
G.	<b>Restated diluted earnings per share (B/E)</b>	0.05	0.39
H.	<b>Return on net worth (%) (B/A)</b>	<b>4.23%</b>	<b>3.18%</b>
	Net Asset Value per share of Re. 1 each	<b>1.13</b>	<b>12.28</b>
I.	<b>- based on weighted average number of shares (A/D)</b>	<b>1.13</b>	<b>12.28</b>
J.	<b>- assuming actual number of equity shares with fully diluted capital in prior years (A/E)</b>	<b>1.13</b>	<b>12.28</b>
K.	<b>EBITDA</b>	<b>73.28</b>	<b>72.18</b>
L.	Face value	1.0	1.0

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

- 1) Basic Earnings Per Share =  $\frac{\text{Net Profit after Tax as per standalone statement}}{\text{Weighted average number of equity shares outstanding during the Period /year}}$
- 2) Diluted Earnings Per Share =  $\frac{\text{Net Profit after Tax as per standalone statement}}{\text{Weighted average number of equity shares outstanding during the Period /year for the effects of all dilutive potential equity shares}}$
- 3) Return on net worth (%) =  $\frac{\text{Net Profit after Tax as per standalone statement}}{\text{Net worth}}$
- 4) Net Asset Value per share =  $\frac{\text{Net Worth}}{\text{Number of Equity Shares subscribed and fully paid outstanding as at the end of the period / year.}}$

B. Earnings per share (EPS) calculation are in accordance with Ind - AS 33 - Earning per share.

C. Weighted average number of shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.

D. "EBITDA" means earnings before interest, tax, depreciation and amortization. It has been calculated as follows: Profit before tax (before share of profit of Associate & Joint Venture) – other income + finance cost + depreciation and amortization expense.

## CAPITALIZATION STATEMENT

Particulars	Pre Issue as on as on March 31, 2023	(Rs. In Lakhs) Post Issue *
<b>Borrowing</b>		
Short - Term Debt	-	[•]
Long - Term Debt	25.30	[•]
<b>Total Debt</b>	<b>25.30</b>	[•]
<b>Shareholders' Funds</b>		
<b>Share Capital</b>		
- Equity	1144.10	[•]
Less: Calls - in – arrears	-	[•]
<b>Share Application money</b>		
- Preference	-	[•]
Reserves & Surplus Including Premium	147.33	[•]
<b>Total Shareholders' Funds</b>	<b>1291.43</b>	[•]
<b>Long - Term Debt / Shareholders Fund</b>	<b>0.020</b>	[•]
<b>Short - Term Debt / Shareholders Fund</b>	-	[•]

\*To be updated in the Letter of Offer

### Notes:

1. Non-current borrowings are considered as borrowings other than short term borrowings and include current maturities of long term borrowings.
2. The amounts disclosed above are based on the Financial Information of the Company.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our Audited Standalone Financial statements for the Fiscal 2022-2023 included in this Draft Letter of Offer. Our audited financial statements for Fiscal 2022-2023 are prepared in accordance with Companies Act, Ind AS and SEBI Regulations. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Standalone Financial statements for the Fiscal 2022-2023.*

*This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in the sections titled “Risk Factors” and “Forward- Looking Statements” on pages 20 and 14 respectively.*

*Our financial year ends on March 31 of each year, so all references to a particular “financial year” and “Fiscal” are to the twelve (12) month period ended March 31 of that year. References to the “Company”, “we”, “us” and “our” in this chapter refer to Sawaca Business Machines Limited on a Standalone basis, as applicable in the relevant period, unless otherwise stated.*

### Overview of the Company

Our Company, started Scrap trading business a couple years back and has created a niche in the scrap trading industry within a couple of years of establishment and has met client expectations in terms of premium grade of metal scrap. Currently, our Company is involved in two distinct segments. The first segment is the Trading segment, where our Company engages in wholesale trading of various finished goods. In this segment, our Company operates primarily on a bill-to-ship basis, ensuring the procurement of orders and guaranteeing timely delivery to customers. The Trading segment focuses on efficiently managing the supply chain to meet customer demands and provide a seamless trading experience. Our Company is expanding its business activities into the Metal Trading and Cotton Trading sectors. This strategic move allows the company to diversify its portfolio and seize opportunities within these industries. In Metal Trading, our Company is engaged in buying and selling various metals, including iron, steel, aluminium, copper, and other base metals. By entering the Metal Trading market, our Company aims to leverage industry knowledge and capitalize on the demand for these essential materials. People have been using perfumery compounds and scented essential oils for thousands of years in lesser or greater amounts depending on the fashion whims. To meet the growing requirements of perfumery compounds and essential oils, our Company has started trading business of Mixture of Aromatic Chemicals, Base Industrial Perfumery Compounds and Essential Oil.

The Perfumery Industrial Products that are mixture of Aromatic Chemicals, base industrial perfumery compounds are mainly used in Incense sticks, Toiletries, Soaps, Perfumes etc. Our product range mainly includes Aromatic Chemical like Geraniol, Arsinon, D Lemonene, Musk 101 etc. We also deal in Essential Oil such Orange oil, Patcholi oil and various Industrial Perfumery Compounds.

For further details, see “**Business Overview**” on page 60

### Significant Developments Subsequent since the last balance sheet date, i.e. March 31, 2023

Except as stated and disclosed in this Draft Letter of Offer, to our knowledge, no circumstances have arisen since last balance sheet of the Company, i.e., March 31, 2023, which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

### 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. The following are certain factors that had, and we expect will continue to have, a significant effect on our financial condition and results of operations:

- Increasing competition in the Industry;
- Change in prices, demand and supply of Trading and IT industry;
- Changes in government regulations, tax regimes, laws and regulations that apply to the industry;
- Changes in fiscal, economic or political conditions in India;
- Changes in the SEBI and RBI regulations, interest rates and tax laws in India.

### **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 “*Financial Information*” on page 66 of this Letter of Offer.

### **Change In Accounting Policies**

Except as mentioned in chapter “*Financial Information*” on page 66 of this Draft Letter of Offer, there has been no change in accounting policies for the period which has been included in this Letter of Offer.

### **Revenue and Expenses**

**Our revenue and expenses are reported in the following manner:**

#### **Total Revenue**

Our Total Revenue comprises of revenue from operations and other income.

- **Revenue from operations** – Our revenue from operations consists of Trading of Goods and Sale of Service. For detailed breakup, see chapter titled “Our Business” on page 60 of this Draft Letter of Offer.
- **Other Income** – Other income primarily comprises of income which includes Interest Income, as well as, miscellaneous income.

#### **Expenses**

Our expenses comprise of

- 
- **Change in Inventories** - Consists of changes in work-in-progress and finished products, if any. The Cost of material consumed comprises of opening stock of raw material and semi-finished goods; add purchase of raw material and semi-finished goods; less closing stock of raw material and semi-finished goods.
- **Employee benefit expenses** – Employee benefit expense consists of salaries, wages, gratuity, bonus, commission, contribution to provident fund & other funds, and staff welfare & training expenses (if any).
- **Finance costs** – Finance cost comprises interest expense and other finance costs. Interest expense, generally, comprises interest on secured loans.
- **Depreciation and amortization expenses** – Depreciation and amortization expense comprises of depreciation on, office equipment, furniture & fixtures, vehicles, computers, servers & network, and amortization of intangible assets.
- **Other expenses** – Other expenses comprises of Legal & Professional Charges, Bank Charges, Security Expenses, payment to Auditor, Listing fees, repair & maintenance expenses, freight, insurance & clearing charges and miscellaneous expenses.
- **Tax expenses**

Tax expense comprises of current tax and deferred tax. 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 asset is recognized based on the difference between taxable profit and book profit due to the effect of timing differences. 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.

## OUR RESULTS OF OPERATION

The following table sets forth certain information with respect to our results of operations for the period ended March 31, 2023 as compared to period ended March 31, 2022:

*(Rs. unless otherwise specified)*

Particulars	As on March 31 (Audited Financial Statements)			
	2023	% of Total Income	2022	% of Total Income
Revenue from Operations	268.23	73.55	292.84	76.65
Other Income	96.48	26.45	89.18	23.34
<b>Total Revenue</b>	<b>364.72</b>	<b>100</b>	<b>382.02</b>	<b>100</b>
Cost of Material Consumed	209.68	57.49	242.58	63.49
Purchase of Stock in trade	-	-	-	-
Changes in Inventories of Stock-in-Trade	-	-	-	-
Employee Benefit Expense	22.95	6.29	32.07	8.39
Other Expenses	58.35	15.99	34.96	9.55
Financial Costs	2.21	0.60	2.31	0.60
Depreciation and Amortization Expense	11.43	3.13	12.96	3.39
<b>Total Expenses</b>	<b>304.63</b>	<b>83.52</b>	<b>324.88</b>	<b>85.04</b>
<b>Profit Before Exceptional and Extra Ordinary items and Tax</b>	<b>60.10</b>	<b>16.47</b>	<b>57.14</b>	<b>14.95</b>
Exceptional Item	-	-	-	-
<b>Profit Before Tax</b>	<b>60.10</b>	<b>16.47</b>	<b>57.14</b>	<b>16.47</b>
Tax expense:				
- Current Tax	14.84	4.06	16.42	4.29
- Prior Period Tax	0.45	0.12	1.57	0.41
- Deferred tax	(9.77)	(2.67)	(1.47)	(0.38)
<b>Net Tax expenses</b>	<b>5.53</b>	<b>1.51</b>	<b>16.52</b>	<b>4.32</b>
<b>Profit / (Loss) for the period from continuing operation(A)</b>	<b>54.57</b>	<b>14.96</b>	<b>40.62</b>	<b>10.63</b>
Profit/ (Loss) from discontinuing operation(B)	-	-	-	-
Total other comprehensive Income for the period	-	-	-	-
<b>Profit/ (Loss) from continuing and discontinuing operation(C)=(A)+(B)</b>	<b>54.57</b>	<b>14.96</b>	<b>40.62</b>	<b>10.63</b>



## **COMPARISON OF FY 2023 WITH FY 2022**

### **Revenue from Operations –**

Our revenue from operations for the year ended March 31, 2023 was ₹ 268.23 Lakhs as compared to ₹ 292.84 Lakhs for the year ended March 31, 2022, representing a decrease of 8.40%. This decrease primarily due to decrease in trading operations.

### **Other income –**

Other income for the Year ended March 31, 2023 was ₹ 96.48 Lakhs as compared to ₹ 89.18 Lakhs for the Year ended March 31, 2022. This income includes other activities and interest income.

### **Expenses –**

Our total expenditure other than finance costs, depreciation and amortization expense for the year ended March 31, 2023 was ₹ 290.99 Lakhs as compared to ₹ 309.61 Lakhs for the year ended March 31, 2022, representing an decrease of 6.01 %. Total expenditure comprises of: Cost of material consumed, Employee benefit expense and legal/and professional Expense.

### **Cost of Material Consumed –**

The Cost of Material Consumed for the year ended March 31, 2023 was ₹ 209.68 Lakhs as compared to ₹ 242.58 Lakhs for the year ended March 31, 2022.

### **Employee benefit expense –**

Employee benefit expense for the year ended March 31, 2023 was ₹ 22.95 Lakhs as compared to ₹ 32.07 Lakhs for the year ended March 31, 2022, representing a decrease of 28.43%. This was due to decrease in salaries, wages, bonus and other allowances, contribution to provident and other funds on account of reduction in employee strength due to resignation.

### **Finance cost –**

Finance cost for the year ended March 31, 2023 was ₹ 2.21 Lakhs as compared to ₹ 2.31 Lakhs for the year ended March 31, 2022, representing an decrease of 4.33%. This is due to finance costs decrease because of interest and other charges.

### **Depreciation and amortization expense-**

Depreciation and amortization expense for the year ended March 31, 2023 was ₹ 11.43 Lakhs as compared to ₹ 12.96 Lakhs for the year ended March 31, 2022, representing an increase of 13.38%. This was due to increase of Assets.

### **Other expenses-**

Other expenses for the year ended March 31, 2023 was ₹ 58.35 Lakhs as compared to ₹ 34.96 Lakhs for the year ended March 31, 2022, representing an increase of 66.90%. This increase pertains to increase in rates and taxes, rent, travel and conveyance printing and stationary, and others.

### **Tax expenses-**

Total tax expense for the year ended March 31, 2023 was ₹5.53 Lakhs as compared to ₹16.52 Lakhs for the year ended March 31, 2022. The decrease in tax expense is due to Deferred Tax Credit.

### **Profit/(Loss) for the year –**

The profit/(loss) after tax for the year ended March 31, 2023 was 54.57 Lakhs as compared to 40.62 Lakhs for the year ended March 31, 2022.

### Liquidity and Capital Resources

The table below summaries of our Cash Flow from our Audited Standalone Financial Information for the financial year ended March 31, 2023:

*(Rs. in Lakhs, unless otherwise specified)*

Particulars	FY 2022-23 (Audited)
Net cash generated from / (used in) operating activities	28.97
Net cash generated from / (used in) Investing Activities	35.71
Net cash generated from / (used in) from financing activities	(56.84)
Net Increase / (decrease) in Cash & Cash Equivalents	7.84
Cash and cash equivalents at the beginning of the year	4.54
Cash and cash equivalents at the end of the year	12.37

For details regarding our Cash Flow for FY 2022-23, please refer to chapter “**Financial Information**” on page 66 of this Draft Letter of Offer.

### FY 2022-23

**Cash used in Operating Activities:** Cash flow is generated mainly from the operating activities of the company has been used for income tax payment during the year.

**Net Cash used in Investing Activities:** Cash used for the purchase of Fixed Assets and interest income.

**Net Cash flow generated in Financing Activities:** Cash flow is generated mainly from proceeds from short term borrowings proceeds from other long term liabilities.

### Financial Indebtedness

The table below summaries of our borrowings from our Audited Standalone Financial Information for the financial year ended March 31, 2023:

*(Rs. in Lakhs, unless otherwise specified)*

Category of Borrowings	FY 2022-23 (Audited)
<b>Non-current liabilities</b>	
Borrowings	16.38
<b>Current liabilities</b>	
Borrowings	8.92
<b>Total</b>	<b>25.30</b>

For details on our borrowings for FY 2022-23, please refer to chapter “**Financial Information**” on page 67 of this Draft Letter of Offer.

### Contingent Liabilities

There are no contingent liabilities

For details regarding our contingent liabilities for FY 2023, please refer to chapter “**Financial Information**” on page 66 of this Draft Letter of Offer.

### Reservations, Qualifications and Adverse Remarks

There have been no reservations, qualifications and adverse remarks however there are some key audit matters.

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the standalone financial statements of the current period. The same has been addressed in chapter titled “Financial Statements” beginning on page 67 of this Draft Letter of Offer.

### **Related Party Transactions**

For details of our related party transactions, see “Note 26- Related Party Transactions” on page nos. 90 of this Draft Letter of Offer.

### **Off-Balance Sheet Items**

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

### **Quantitative and Qualitative Disclosure about Market Risk**

#### **Commodity price risk**

Commodity price risk is the possibility of impact from changes in the prices of raw materials and components used therein. The costs for these materials and components are subject to fluctuation based on commodity prices. The costs of various components sourced from third party manufacturers may also fluctuate based on their availability from suppliers.

#### **Credit risk**

We are exposed to credit risk from our operating and financial activities. We manage credit risk in relation to our customers by ensuring that our marketing department follows our establish policies, procedures and controls, and by reviewing the creditworthiness of our customers on an on-going basis. We estimate expected credit loss on the basis of past experience and data, and provide for doubtful debts accordingly.

#### **Liquidity risk**

We may experience liquidity risk due to the accumulation of receivables due from our clients which expose us to the risk of not being able to meet our obligations. The senior management team of our Company oversees our processes and policies are formulated to minimize such risk.

#### **Equity price risk**

Our Company has invested in the equity shares of our Subsidiaries as a part of our overall business strategy and growth policy. Accordingly, we are exposed to risk because of fluctuations to the prices of the equity shares. We manage our exposure to this risk by placing limits on the individual and total equity investment carried out by us in our Subsidiaries based on their respective business plans.

### **Qualitative Disclosure about Market Risk**

#### **1. Unusual or infrequent events or transactions**

Except as described in this Draft Letter of Offer, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

#### **2. Significant economic changes that materially affected or are likely to affect income from continuing Operations**

Other than as described in the section titled “Risk Factors” beginning on page no. 20 of this Draft Letter of Offer respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

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

Other than as described in the section titled “*Risk Factors*” beginning on page no. 20 of this Draft Letter of Offer, in our opinion there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**4. Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known**

Other than as described in the section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” beginning on pages 20 and 95 respectively of this Draft Letter of Offer, 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.

**5. Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices**

Increases in our revenues are by and large linked to increases in the volume of activities carried out by the Company.

**6. Total turnover of each major industry segment in which the issuer company operated**

Our Company is in the business of real estate. For details on revenue break-up from each segment, kindly refer the chapter titled “**Our Business**” beginning on Page 60 of this Draft Letter of Offer.

**7. Status of any publicly announced new products or business segment**

Our Company announced new Business update on 17<sup>th</sup> April, 2023 in IT segment. Our Company launching new Matrimonial Web Portal and Mobile App in the name of “nextgenshaadi.com” in June 2023.

**8. The extent to which business is seasonal**

Our business is not seasonal in nature.

**9. Any 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.

**10. Competitive conditions**

We face competition from the unorganized sector as well as organized sector. For further details, kindly refer the chapters titled “**Risk Factors**” and “**Our Business**” beginning on page no. 20 and 60 of this Draft Letter of Offer.

## SECTION VI- LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND DEFAULTS

*Our Company, Promoters, its Group companies are subject to various legal proceedings from time to time primarily arising in the ordinary course of their business.*

*Further other than as disclosed in this section, there are no outstanding litigation involving our Company, Directors and/or our Promoters and/or Group companies with respect to (i) issues of moral turpitude or criminal liability on the part of our Company and/or our Promoters and/or Group companies, (ii) material violations of statutory regulations by our Company and/or our Promoters and/or Group companies, (iii) economic offences where proceedings have been initiated against our Company and/or our Promoters and/or Group, (iv) any pending matters, which if they result in an adverse outcome would materially and adversely affect operations or financial position of our Company and/or our Promoters and/or Group companies, and (v) tax matters.*

*Our Company has a 'Policy for Determination of Materiality', framed in accordance with Regulation 30 of the SEBI Listing Regulations. Notwithstanding such materiality policy approved by the Board, our Company has, solely for the purposes of this Issue, disclosed in this section, all outstanding civil proceedings involving our Company where the amount involved in such proceedings exceeds a materiality threshold of 10% of the latest audited net worth on basis, i.e. the Materiality Threshold. However, the Materiality Threshold does not apply to any statutory, regulatory, tax or criminal matter or any other matter which is incapable of being quantified. 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 are impleaded as defendants in litigation proceedings before any judicial forum.*

*Our Company, our Promoters and/or our Directors and/ or Group Companies, have not been declared as wilful defaulters by the RBI or any governmental authority, have not been debarred from dealing in securities and/or accessing capital markets by the SEBI and no disciplinary action has been taken by the SEBI or any stock exchanges against our Company, our Promoters or our Directors and/ or Group Companies, that may have a material adverse effect on our business or financial position, nor, so far as we are aware, are there any such proceedings pending or threatened.*

*Pre-litigation notices received by our Company and/or our Promoters and/or Group companies 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) has not be evaluated for materiality until such time our Company and/or our Promoters and/or Group companies are impleaded as defendants in litigation proceedings before any judicial forum.*

*Unless otherwise stated, all proceedings are pending as of the date of this Draft Letter of Offer. All information provided below is as of the date of this Draft Letter of Offer.*

#### **I. LITIGATIONS RELATING TO OUR COMPANY**

- |        |  |       |
|--------|--|-------|
| (i)    | Labour Cases filed against the Company | : NIL |
| (ii)   | Labour Cases filed by the Company      | : NIL |
| (iii)  | Civil Cases filed against the Company  | : NIL |
| (iv)   | Civil Cases filed by the Company       | : NIL |
| (v)    | Criminal cases against the Company     | : NIL |
| (vi)   | Criminal cases filed by the Company    | : NIL |
| (vii)  | Cases Relating To Tax Matters          | : NIL |
| (viii) | Notices served on the Company          | : NIL |

**(A) CIVIL CASE FILED AGAINST THE COMPANY**

NIL

**(B) CIVIL CASES FILED BY OUR COMPANY**

NIL

**(C) TAX MATTERS RELATED TO THE COMPANY**

**Tax Claims made against our Company**

<b>Particulars</b>	<b>No. of cases</b>	<b>Aggregate amount involved (in Rs.)</b>
Direct Tax	-	-
Indirect Tax	-	-
<b>Total</b>	-	-

**Tax Claims made by our Company**

<b>Particulars</b>	<b>No. of cases</b>	<b>Aggregate amount involved (in Rs.)</b>
Direct Tax	-	-
Indirect Tax	-	-
<b>Total</b>	-	-

**(D) NOTICES SERVED ON THE COMPANY**

NIL

**II. LITIGATION RELATING TO THE PROMOTERS OF OUR COMPANY**

- a) Criminal Case against our Promoters : Nil
- b) Civil Cases Against Our Promoters : Nil
- c) Criminal Cases Filed By Our Promoters : Nil
- d) Civil Case Filed By Our Promoters : Nil
- e) Cases Relating To Tax Matters : Nil
- f) Notices served on the Promoter : Nil
- g) Tax Matters related to the Promoters : Nil

**III. LITIGATIONS RELATING TO THE DIRECTORS OF OUR COMPANY**

- a) Criminal case against our Directors : Nil
- b) Civil Cases Against Our Directors : Nil
- c) Criminal Cases Filed By Our Directors : Nil
- d) Civil Case Filed By Our Directors : Nil
- e) Cases Relating To Tax Matters : Nil
- f) Notices served on the Directors : Nil

**IV. RELATING TO OUR PROMOTER GROUP AND GROUP COMPANIES/ ENTITIES**

- a) Criminal case against our Promoter Group and Group Companies/ Entities : NIL
- b) Civil Cases against Our Promoter Group and Group Companies/ Entities : NIL
- c) Criminal Cases Filed by Our Promoter Group and Group Companies/ Entities : NIL
- d) Civil Case Filed by Our Promoter Group and Group Companies/ Entities : NIL
- e) Cases Relating to Tax Matters : NIL

- f) Notices served on the Our Promoter Group and Group Companies/ Entities : NIL  
g) Tax Matters related to Our Promoter Group and Group Companies/ Entities : NIL

**(A) SEBI Matter**

Sr. No.	Forum	Case No. and type	Parties to Proceedings	Quantum (in Rs.)	Brief Particulars Current Status
1	City Sessions court, Mumbai	SEBI SPL CASE; 100098/2014 under Code of Criminal Procedure under Sections 190 and 200 of Cr. P.C. r/w 24-1 r/w27 of SEBI	SEBI Vs Sawaca Business Machines Limited; Satish Ramanlal Shah, Director; Shetal Satishbhai Shah, Director	-	<p>The securities and Exchange Board of India launched the prosecution (criminal complaint) for the purported violation of SEBI (Prohibition of Fraudulent and unfair trade practices relating to securities market) Regulations 1995 (PFUTP Regulations) originally filed before the learned additional chief metropolitan magistrate and subsequently transferred to SEBI Special Court and filed the discharge applications under Section 227 of Cr. P.C. against the SEBI special case no. 98 of 2014 and the same was disposed off by the SEBI special judge vide order dated August 21, 2019 by rejecting the discharge application.</p> <p>By order dated November 27, 2019 and the matter was stand over to January 20, 2020 due to covid.</p> <p>The criminal application is filed against the order to discharge from the SEBI Special case no.98 of 2014 and filed an application i.e. APL/1620/2019 and APL/1621/2019 dated November 21, 2019 for quashing at High Court of Bombay and taken stayed order by Hon'ble High Court against court case of City Civil Court, Mumbai.</p>
2	City Sessions court, Mumbai	SEBI SPL CASE; 100062/2014 under Code of Criminal Procedure under Sections 200 of Cr. P.C. r/w 23-9 and 4 Securities Contract Act	SEBI Vs Sawaca Business Communication Limited; Satish Ramanlal Shah, Director; Shetal Satishbhai Shah, Jyotsnaben Satishbhai Shah and Vishal Satishbhai Shah	-	<p>The Securities and Exchange Board of India launched the prosecution (criminal complaint) for the purported violation of SEBI (Prohibition of Fraudulent and unfair trade practices relating to securities market) Regulations 1995 (PFUTP Regulations) originally filed before the learned additional chief metropolitan magistrate and subsequently transferred to SEBI Special Court and filed the discharge applications under Section 227 of Cr. P.C. against the SEBI special case no. 62 of 2014 under Section 24(1) and 27 of the SEBI Act. SEBI issued a Show Cause notice dated 26/10/2003 to the accused no.1/Company and its directors to show cause for Section 11 (4) with Section 11B of the SEBI Act</p> <p>The criminal application is filed against the order to discharge from the SEBI Special case no.62 of 2014 and filed an application i.e. APL/1624/2019 and APL/1625/2019 dated November 22, 2019 and or quashing at High Court of Bombay and APL/1626/2019 dated November 22, 2019 by Shetal Satishbhai Shah, Jyotsnaben Satishbhai Shah and</p>

					Vishal Satishbhai Shah taken stayed order by High Court of Bombay.
--	--	--	--	--	--

- The Securities and Exchange Board of India (“SEBI”) had undertaken a disciplinary action against our Company for violation of SAST Regulations for the violations of Regulation 29(2) read with Regulation 29(3) of SAST regulations and for this penalty for Rs. 1,00,000/- and same was paid on dated 19/05/2022 and its Directors, vide Adjudication Order No. ORDER/SM/DD/2022-23/16233-16237 dated 28.04.2022 namely, Satish R. Shah, Shetal S. Shah, Vishal S. Shah, Jyotsna S. Shah on account for violation of PIT Regulations, 1992 read with PIT Regulations, 2015 and for the violations of 13(3), (4), (4A) read with Regulation 13(5) of PIT Regulations, 1992 read with Regulation 12(2) of PIT Regulations 2015 and each have Penalty for Rs. 1,00,000/- Total Rs. 4,00,000/- and same paid on 19/05/2022.

#### **PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES**

There are no proceedings initiated against our Company for any economic offences.

#### **OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS**

In terms of the Materiality Policy, our Company has no material creditors, as on March 31, 2023.

As March 31, 2023, the details of amounts outstanding towards small scale undertakings and other creditors are as follows:

<b>(Rs. In Lakhs)</b>		
<b>Particulars</b>	<b>No. of Creditors</b>	<b>Amount</b>
Outstanding dues to small scale undertakings	-	-
Material creditors	-	-
Outstanding dues to other creditors	-	-
<b>Total outstanding dues</b>	-	-

#### **DISCLOSURES PERTAINING TO WILFUL DEFAULTERS OR A FRAUDULENT BORROWER**

Neither our Company, nor our Promoters and Directors have been categorized or identified as willful defaulters or fraudulent borrower 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.

#### **MATERIAL DEVELOPMENT SINCE MARCH 31, 2023**

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months. For further details, please refer to the chapter titled “Material Development” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” on page 107 and 95, respectively of this Draft Letter of Offer.



## **GOVERNMENT AND OTHER STATUTORY APPROVALS**

In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations. Our Company has obtained the necessary consents, licenses, registrations, permissions and approvals from the applicable government agencies and other statutory and/ or regulatory authorities required to carry on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

In addition, as on the date of the Draft Letter of Offer, there are no pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities presently undertaken by us or in relation to the Issue.

- I. Material approvals for which applications have been made by our Company, but are currently pending grant: NIL**
- II. Material approvals for which renewal applications have been made by our Company: NIL**
- III. Material approvals which have expired and for which renewal applications are yet to be made by our Company: NIL**
- IV. Material approvals required for which no application has been made by our Company: NIL**

## **MATERIAL INFORMATION AND DEVELOPMENTS**

There have not arisen, since the date of the last financial statements disclosed in this Draft Letter of Offer, any circumstances which materially and adversely affect or are likely to affect our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

For further details, please refer to the chapter titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 95 of this Draft Letter of Offer.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at its meeting held on May 29, 2023, pursuant to Section 62 and Section 62(1)(a) of the Companies Act, 2013.

The Committee of Directors of our Company has, at its meeting held on [●]; determined the Issue Price as [●] per Rights Equity Share and the Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date. The Issue Price is [●] per Equity Share and has been arrived at by our Company prior to determination of the Record Date.

On Application, Investors will have to pay [●] per Rights Equity Share, which constitutes as determined by our Board at its sole discretion.

This Draft Letter of Offer has been approved by the Rights Issue Committee pursuant to their resolutions dated June 28, 2023.

Our Company has received 'in-principle' approvals from BSE for listing of the Rights Equity Shares to be Allotted pursuant to Regulation 28 of SEBI Listing Regulations, vide its letters dated [●]. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company undertakes to make an application to the Stock Exchange- BSE to obtain its trading approvals 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 no. 99 of this Draft Letter of Offer.

### Prohibition by SEBI and other Governmental Authorities

Our Company, our Promoters, our Promoter Group, Subsidiaries or our Directors, the persons in control of our Company and the persons in control of our Corporate Promoters have not been debarred and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI 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.

The companies with which the Promoters or the Directors are associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of our 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 individual Promoters nor any of our Directors have been declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

### Directors associated with the Securities Market

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

### Prohibition by RBI

Neither our Company, nor our Promoters, Subsidiaries, Group Companies and Directors have been categorized or identified as wilful defaulters and/ or Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium.

## **Confirmation under the Companies (Significant Beneficial Ownership) Rules, 2018**

As on the date of this Draft Letter of Offer, our Company, our Promoters and members of our Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, as amended (“SBO Rules”), to the extent applicable.

### **Eligibility for the Issue**

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE Limited. For the purpose of this Issue, the Designated Stock Exchange shall be BSE.

Our Company is eligible to offer Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI (ICDR) Regulations.

### **Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations**

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1) of the SEBI ICDR Regulations, to the extent applicable and our Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. **BSE is the Designated Stock Exchange for the purpose of the Issue.**

### **Compliance with Part B of Schedule VI of the SEBI ICDR Regulations**

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

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

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Draft Letter of Offer are made in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

### **Disclaimer Clause of SEBI**

The Draft Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is Rs. [●] Lakhs. The present Issue being of less than Rs. 5,000 lakhs, our Company is in compliance with first proviso to Regulation 3 of the SEBI ICDR Regulations and our Company shall file the copy of the Letter of Offer prepared in accordance with the SEBI ICDR Regulations with SEBI for information and dissemination on the website of SEBI i.e. [www.sebi.gov.in](http://www.sebi.gov.in).

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT LETTER OF OFFER TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN**

**CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ISSUER FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, ANY IRREGULARITIES OR LAPSES IN DRAFT LETTER OF OFFER.**

#### **Disclaimer Clauses from our Company and Directors**

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

Investors who invest in this Issue 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 law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

#### **Cautions**

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

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 with respect to the 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 Mumbai, India only.

#### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

#### **Listing**

Our Company will apply to BSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

#### **Disclaimer Clause of the BSE**

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer is set out below:

“BSE Limited (“the **Exchange**”) has given, vide its letter reference no. [●] dated [●] permission to this Company to

use the Exchange's name in this Draft Letter of Offer as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this Draft Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (i) Warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Letter of Offer; or
- (ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- (iii) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme of this Company;

and it should not for any reason be deemed or construed that this Draft Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the Draft Letter of Offer has been cleared or approved by BSE Limited, nor does it certify the correctness or completeness of any of the contents of the Draft Letter of Offer. The investors are advised to refer to the Draft Letter of Offer for the full text of the Disclaimer clause of the BSE Limited.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

### **Selling Restrictions**

The distribution of this Draft Letter of Offer and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer 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 Shareholders and will dispatch the Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer and Common Application Form only to Eligible Shareholders who have provided an Indian address.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer and Application Form or any other material relating to our Company, the Rights Equity Shares, Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI and the Stock Exchanges.

Accordingly, the Issue Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer/ Letter of Offer, the Abridged Letter of Offer and the Application Form or any offering materials or advertisements in connection with the Rights Equity Shares, Rights Entitlement may 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, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form must be treated as sent for information purposes only.

**This Draft Letter of Offer and its accompanying documents 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.**

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 Rights Equity Shares or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the receipt 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 of any time subsequent to this date or the date of such information.

**Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.**

**Further, the Draft Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Draft Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Draft Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.**

#### **NO OFFER IN THE UNITED STATES**

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the United States Securities Act, 1933, as amended ("Securities Act"), or any U.S. state securities laws and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof ("United States" or "U.S.") or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act ("Regulation S")), except in a transaction exempt from the registration requirements of the Securities Act. The Rights Entitlements referred to in this DLOF are being offered in India, but not in the United States. The offering to which this the Draft Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, this Draft Letter of Offer / Abridged Letter of Offer and the Common Application Form should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe, is in the United States when the buy order is made. Envelopes containing Common 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 DLOF, no payments for subscribing for the Rights Equity Shares shall be made from US bank accounts and all persons subscribing for the Rights Equity Shares and wishing to hold such Equity Shares in registered form must provide an address for registration of the Equity Shares in India.

Our Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Draft 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 the 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 reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Issue 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 such person is eligible to subscribe for the Issue Shares under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Issue Shares in respect of any such Application Form.

The rights and the Rights Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

#### **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.

#### **NOTICE TO INVESTORS**

**NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS DRAFT LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS DRAFT LETTER OF OFFER NOR ANY OFFERING MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS.**

#### **Filing**

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rs.10,00,00,000/- to Rs.50,00,00,000/- Since the size of this Issue falls below this threshold, the Draft Letter of Offer has not been filed with SEBI and is being filed with the Stock Exchanges for obtaining their in-principle approval. However, the Draft Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges The Draft Letter of Offer has not been filed with the SEBI for its observations as the size of the issue is up to Rs. 5000.00 lakhs which does not require issuer to file Draft Letter of Offer with SEBI. Issuer has filed Draft Letter of Offer with BSE for obtaining in-principle approval.

#### **Mechanism for Redressal of Investor Grievances**



Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with 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 also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights. Bigshare Services Limited is our Registrar and Share Transfer Agent to the Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

**Investors may contact the Registrar or our Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole/ first holder, folio number or demat account number, serial number of the Application Form, 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 ASBA Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see “Terms of the Issue” on page 115 of this Draft Letter of Offer.** Investors may contact the Company Secretary and Compliance Officer and/ the Registrar at the below mentioned details for any pre Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.

#### **Registrar to the Issue**

<b>Name</b>	: <b>BIGSHARE SERVICES PRIVATE LIMITED</b>
<b>Address</b>	: Office No. S6-2, 6 <sup>th</sup> Floor, Pinnacle Business Park, Mahakali Caves Road, Next to Ahura Centre, Andheri East, Mumbai – 400 093, Maharashtra, India
<b>Tel No.</b>	: +91-22-626382001/22
<b>Email Id</b>	: <a href="mailto:rightsissue@bigshareonline.com">rightsissue@bigshareonline.com</a>
<b>Investor Grievance Email</b>	: <a href="mailto:investor@bigshareonline.com">investor@bigshareonline.com</a>
<b>Contact Person</b>	: Mr. Mohan Devadiga
<b>Website</b>	: <a href="http://www.bigshareonline.com">www.bigshareonline.com</a>
<b>SEBI Registration No.</b>	: INR000001385

#### **Company Secretary and the Compliance Officer of our Company**

<b>Name</b>	: <b>MR. SAURABH BALKRISHNA SHAH</b>
<b>Address</b>	: 45, Chinubhai Tower, Opp. Handloom House, Ashram Road, Ahmedabad, Gujarat 380009, India.
<b>Tel No.</b>	: 079-658 7363, 2658 3309
<b>Email Id</b>	: <a href="mailto:sawaca.business@yahoo.com">sawaca.business@yahoo.com</a>
<b>Website</b>	: <a href="http://www.sawacabusiness.com">www.sawacabusiness.com</a>

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 at [www.bigshareonline.com](http://www.bigshareonline.com). Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are ([rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)/ +91-22-626382001/22).

## SECTION VII – ISSUE RELATED INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Relaxation Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.*

*Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 (“SEBI – Rights Issue Circular”), all investors (including renouncee) shall make an application for a rights issue only through ASBA facility. As per the said circular, in case the physical shareholders who have not been able to open a demat account or are unable to communicate their demat details, in terms of clause 1.3.4 of the SEBI – Rights Issue Circular, to the Company or Registrar to the Issue, for credit of REs within specified time.*

*This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.*

### OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this 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 of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice.

#### **Important:**

#### **I. Dispatch and availability of Issue materials:**

In accordance with the SEBI ICDR Regulations and SEBI Rights Issue Circulars, 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 jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Draft Letter of Offer will be provided 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. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Draft Letter of Offer will be sent

only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Draft Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Draft 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:

- (i) Our Company at [www.sawacabusiness.com](http://www.sawacabusiness.com) ;
- (ii) The Registrar to the Issue at [www.bigshareonline.com](http://www.bigshareonline.com);
- (iii) The Stock Exchange at [www.bseindia.com](http://www.bseindia.com).

Eligible Equity Shareholders who have not received the CAF may apply, along with the requisite application money, by using the CAF available on the websites above, or on plain paper, with the same details as per the CAF available online.

Eligible Equity Shareholders can obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. [www.bigshareonline.com](http://www.bigshareonline.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.sawacabusiness.com](http://www.sawacabusiness.com)).

Further, our Company will undertake all adequate steps to reach out the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

**Please note that neither our Company nor the Registrar shall be responsible for non-dispatch of physical copies of Issue materials, including the Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Draft 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.**

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 Draft Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Draft 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 Draft 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 Draft 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 Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or their respective affiliates to any filing or registration requirement (other than in India). If the Draft 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 Draft Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Equity Shares offered in the Issue will be deemed to have declared, represented

and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or their respective affiliates to make any filing or registration (other than in India).

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the 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 email address and an Indian address to our Company.

## **II. Process of making an Application in this Issue:**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, SEBI Rights Issue Circulars and ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see “*Procedure for Application through the ASBA Process*” on page no. 118 of this Draft Letter of Offer.**

*The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” beginning on page 99.*

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see “*Terms of the Issue - Grounds for Technical Rejection*” on page 115. 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, see “*Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” beginning on page 119.

### **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 an SCSB, prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for 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, or have otherwise 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.

### **Self-Certified Syndicate Banks**

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>. For details on Designated Branches of SCSBs collecting the Application Form, please refer the above-mentioned link.

Please note that subject to SCSBs complying with the requirements of 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, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

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 and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.
- c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
- d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including additional Rights Equity Shares) applied for} X {Application Money of Rights Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
- e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application and have signed the same.
- f) Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
- 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 submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
- (b) Do not send your physical Application to the Registrar, the Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), and 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.
- (c) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process.
- (d) Do not submit Application Form using third party ASBA account.
- (e) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

**Making an Application 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 e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorizing such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The application on plain paper, duly signed by the Eligible Equity Shareholder, including joint holders, in the same order and as per specimen recorded with his bank, must reach the office of the Designated Branch of SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Sawaca Business Machines Limited;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Registered Folio Number/DP and Client ID No.;
4. Number of Equity Shares held as on Record Date;
5. Allotment option – only dematerialised form;
6. Number of Rights Equity Shares entitled to;
7. Number of Rights Equity Shares applied for within the Rights Entitlements;
8. Number of additional Rights Equity Shares applied for, if any;
9. Total number of Rights Equity Shares applied for;
10. Total Application Money paid at the rate of [●] per Rights Equity Share;
11. Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
12. In case of 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;
13. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders are deemed to have accepted the following:

*"I/We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended ("US Securities Act") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof ("United States") or to, or for the account or benefit of a United States person as defined in the Regulation S of the US Securities Act ("Regulation S"). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any 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 said Rights Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ we are not in the United States and understand that neither us, nor 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 a resident of the United States "U.S. Person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

*"I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.*

*I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the US Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act.*

*I/We acknowledge that the Company, and others will rely upon the truth and accuracy of the foregoing representations and agreements."*

In cases where multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at [www.bigshareonline.com](http://www.bigshareonline.com).

Our Company and the Registrar shall not be responsible if the Applications are not uploaded SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

### **Making of Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those resident Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

To update respective email addresses/ mobile numbers in the records maintained by the Registrar or us Company, Eligible Equity Shareholders should visit [www.bigshareonline.com](http://www.bigshareonline.com).



Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

- a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by email, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;
- b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;
- c) The remaining procedure for Application shall be same as set out in “*Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” beginning on page 119.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of REs not later than two working days prior to issue closing date, such that credit of REs in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

#### **Application for Additional Equity Shares**

Investors are eligible to apply for additional 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 Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalized in consultation with the Designated Stock Exchange. Applications for additional 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 the Issue - Basis of Allotment” beginning on page 138.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renounees who are not Eligible Equity Shareholders cannot apply for additional Equity Shares.

Investors to kindly note that after purchasing the Rights Entitlements through On Market Renunciation / Off Market Renunciation, an Application has to be made for subscribing to the Rights Equity Shares. If no such Application is made by the Renounee on or before Issue Closing Date, then such Rights Entitlements will get lapsed and shall be extinguished after the Issue Closing Date and no Rights Equity Shares for such lapsed Rights Entitlements will be credited. For procedure of Application by shareholders who have purchased the Right Entitlement through On Market Renunciation / Off Market Renunciation, please refer to the heading titled "Procedure for Application through the ASBA process" beginning on pages 118 of the Draft Letter of Offer.

#### **Additional General instructions for Investors**

- a) Please read this 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 regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the 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 the section “*Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 119.
- d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.
- e) Applications should not be submitted to the Bankers to the Issue or Escrow Collection Bank (assuming that such Escrow Collection Bank is not an SCSB), 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. Further, in case of Application in joint names, each of the joint Applicants should sign the Application Form.
- 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 e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail 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 Equity Shares are not allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) 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. 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 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 on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
- m) Investors are required to ensure that the number of Equity Shares applied for 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) No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.
- t) 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 Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

### **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 not matching 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 the Company, Registrar, Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to a branch of a SCSB which is not a Designated Branch of the SCSB.
- 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.
- n) Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, and money order, postal order or outstation demand drafts.
- o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
- p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Equity Shares in respect of any such Application Form.
- q) Applications which have evidence of being executed or made in contravention of applicable securities laws.
- r) Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).
- s) Payment from third party bank accounts.

### **Multiple Applications**

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, please refer to "Investment by Mutual Funds" beginning on page 127 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 ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of our Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in “*Capital Structure – Intention and extent of participation by our Promoter and Promoter Group*” on page 43.

#### **Last date for Application**

The last date for submission of the duly filled in the Application Form or a plain paper Application is [•]. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, **subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).**

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in 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 Rights Equity Shares hereby offered, **as provided under the heading “Terms of the Issue- Basis of Allotment” on page 136.**

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

#### **Applications will not be accepted from FPIs in restricted jurisdictions.**

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹2 Lakhs can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹2 Lakhs.

#### **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 Policy has been recently amended to state that all investments by entities incorporated in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (“**Restricted Investors**”), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

## **Procedure for Applications by Mutual Funds**

Applications made by asset management companies or custodians of Mutual Funds should clearly and specifically state names of the concerned schemes for which such Applications are made.

In case of a Mutual Fund, a separate Application can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Applications in respect of more than one scheme of the Mutual Fund will not be treated as multiple Applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

## **Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")**

In case of an application made by NBFC-SI registered with the RBI, (a) the certificate of registration issued by the RBI under Section 45IA of the RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

### **Payment by stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

### **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 Branch of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board 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 ASB. Wherever an application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date and refunded in the respective bank accounts from which Application Money was received on or before T+1 day (T being the date of finalisation of Basis of Allotment). 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 dematerialized account**

### ***Rights Entitlements***

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialized form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., [www.bigshareonline.com](http://www.bigshareonline.com)) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., [www.sawacabusiness.com](http://www.sawacabusiness.com)).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [•]. The said ISIN all remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an application to apply for Equity Shares offered under Rights Issue for subscribing to the Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., [www.bigshareonline.com](http://www.bigshareonline.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 dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “[•]”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI 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 on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

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 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 escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to 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 Renounce (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 Exchanges or through an off-market transfer.

In accordance with SEBI Rights Issue Circulars, the Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to Issue Closing Date, will not be able to renounce their Right Entitlements.

##### **Procedure for Renunciation of Rights Entitlements**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges; or (b) through an off -market transfer, during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements. **Our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

**Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.**

##### **1. On Market Renunciation**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights



Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [•] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlement. The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [•] to [•] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock brokers by quoting the ISIN- [•] and indicating the details of the Rights Entitlements they intend to sell. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement bases, where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stockbroker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

## **2. Off Market Renunciation**

The Investors may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in 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.

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.

In case of Application through ASBA facility, the Investor agrees to block the Application Money with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the Application Money, 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 the 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 and pursuant to the

finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

The Investors would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the Application Form.

#### **Payment by stock invest**

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this 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. In case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renounees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Rights Equity Shares.

#### **VI. Basis for this Issue and Terms of Issue**

The Rights Equity Shares are being offered for subscription for cash to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see “**The Issue**” beginning on page 37.

### **Face Value**

Each Rights Equity Share will have the face value of Re. 1.00 per share.

### **Issue Price**

The Rights Equity Share is being offered at a price of [●] per Rights Equity Share in this Issue. On Application, Investors will have to pay [●] per Rights Equity Share.

The Issue Price for Rights Equity Shares has been arrived at by our Company at its board meeting held on [●] and has been decided prior to the determination of the Record Date.

### **Rights Entitlements Ratio**

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] rights Equity Shares for every [●] Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

### **Fractional Entitlements**

The Right Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Right Equity Shares for every [●] Equity Shares held as on the Record Date. As per SEBI Rights Issue Circulars, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 1 Equity Shares or is not in the multiple of 1 Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

For example, if an Eligible Equity Shareholder holds 01 Equity Shares, such Equity Shareholder will be entitled to 01 Right Equity Shares and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 1 Equity Shares shall have ‘zero’ entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

### **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 issue by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under this Issue shall rank pari passu with the existing Equity Shares, in all respects including dividends.

## **Listing and trading of the Rights Equity Shares to be issued pursuant to 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 Exchanges. 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-principal approval from 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.

For an applicable period, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid -up Rights Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call Notice.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 531893; Script Id: SAWABUSI) under the ISIN: INE248B01023. The fully paid-up Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within seven days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within eight days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the eighth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

## **Subscription to this Issue by our Promoters and our Promoter Group**

For details of the intent and extent of subscription by our Promoters and the Promoter Group, see "Capital Structure – Intention and extent of participation by our Promoters and Promoter Group" on page 45.

## **Rights of Holders of Rights Equity Shares of our Company**

Subject to applicable laws, Rights Equity Shareholders shall have the following rights in proportion to amount paid-up on the Rights Equity Shares:

- a) The right to receive dividend, if declared;
- b) The right to vote in person, or by proxy, except in case of Rights Equity Shares credited to the demat suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;
- c) The right to receive surplus on liquidation;
- d) The right to free transferability of Rights Equity Shares;
- e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law; and

- f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

**Subject to applicable law and Articles of Association, holders of Rights Equity Shares shall be entitled to the above rights in proportion to amount paid-up on such Rights Equity Shares in this Issue.**

## **VII. GENERAL TERMS OF THE ISSUE**

### **Market Lot**

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights Equity Shares in 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 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 Rights Equity Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in 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 SEBI Rights Issue Circulars, our Company will send / dispatch the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue materials ("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 jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Draft Letter of Offer will be provided 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. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Draft Letter of Offer will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Draft Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Marathi language daily newspaper (Marathi being the regional language of Mumbai, where our Registered Office is situated) and/or, will be sent by post or electronic transmission or other permissible mode to the addresses of the Eligible Equity Shareholders provided to our Company. This Draft Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

### **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at [rightsissue@bigshare.com](mailto:rightsissue@bigshare.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 to the email addresses and Indian addresses of non-resident Eligible Equity Shareholders, on a reasonable effort basis, who have provided an Indian address to our Company or who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. Investors can access this Draft Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company and the Stock Exchanges. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at [rightsissue@bigshare.com](mailto:rightsissue@bigshare.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 OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE. FOR DETAILS, SEE “ALLOTMENT ADVICE OR REFUND/ UNBLOCKING

### Payment Schedule of Rights Equity Shares

The Issue Price of [●] per Rights Equity Share shall be payable on application.

### VIII. Issue Schedule

PARTICULARS	SCHEDULE
Last Date for Credit of Rights Entitlements	: [●]
Issue Opening Date	: [●]
Last Date for On Market Renunciation of Rights Entitlements#	: [●]
Issue Closing Date*	: [●]
Finalization 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 Renounees on or prior to the Issue Closing Date.

# Our Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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

**For details, see “General Information - Issue Schedule” on page 38.**

### IX. Basis of Allotment

Subject to the provisions contained in this Draft 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 Renounee(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 (b) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment
- c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for additional Rights Equity Shares. The Allotment of such additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making

full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

- d) Allotment to Renounees 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, 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 us 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.

#### **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 Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of 4 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 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through email, to the email address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed 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.

#### **Separate ISIN for Rights Equity Shares**

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be



traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

## **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 the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
- c) National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine-digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- d) Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
- e) RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
- f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.
- g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

### **Refund payment to non-residents**

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

## **XII. Allotment Advice or Demat Credit of Securities**

The demat credit of securities to the respective beneficiary accounts or the demat suspense account (pending receipt of demat account details for Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/

in suspense, etc.) will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

### **Receipt of the Rights Equity Shares in Dematerialized Form**

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE OR THE ISSUE CLOSING DATE, AS THE CASE MAY BE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEMENTS RETURNED/REVERSED/FAILED.

Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated August 19, 2016 with NSDL and an agreement dated June 16, 2016 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

### **INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.

7. Renounees 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**

**As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:**

**“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”**

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹1million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud extending upto three times of such amount. In case the fraud involves (i) an amount which is less than ₹ 1 million or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50 lakhs or with both.

### **XIV. Utilization of Issue Proceeds**

Our Board declares that:

- a. All monies received out of this Issue shall be transferred to a separate bank account;
- b. Details of all monies utilized out of this Issue referred to under (A) shall be disclosed under an appropriate separate head in the balance of our Company indicating the purpose for which such monies had been utilized; and
- c. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

### **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 Exchanges where the Equity Shares are to be listed will be taken within the time limit specified by SEBI.
- 3) The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
- 4) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 4 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
- 6) Adequate arrangements shall be made to collect all ASBA Applications.

7) 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, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Sawaca Business Machines Limited – Rights Issue**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

### **Registrar to the Issue**

**Name** : **BIGSHARE SERVICES PRIVATE LIMITED**  
**Address** : Office No. S6-2, 6<sup>th</sup> Floor, Pinnacle Business Park,  
Mahakali Caves Road, Next to Ahura Centre,  
Andheri East, Mumbai – 400 093, Maharashtra, India  
**Tel No.** : +91-22-62638200/22  
**Email Id** : [rightsissue@bigshareonline.com](mailto:rightsissue@bigshareonline.com)  
**Investor Grievance Email** : [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
**Contact Person** : Mr. Mohan Devadiga  
**Website** : [www.bigshareonline.com](http://www.bigshareonline.com)  
**SEBI Registration No.** : INR000001385

### **Company Secretary**

**Name** : **Mr. Saurabh Balkrishna Shah**  
**Address** : 45, Chinubhai Tower, Opp. Handloom House, Ashram Road, Ahmedabad,  
Gujarat 380 009, India.  
**Tel No.** : +91 79 2658 3309  
**Email Id** : [sawaca.business@yahoo.com](mailto:sawaca.business@yahoo.com)  
**Website** : [www.sawacabusiness.com](http://www.sawacabusiness.com)

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.bigshareonline.com](http://www.bigshareonline.com)). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91-22-62638200/22.

This Issue will remain open for a minimum [●] days. However, our Board or duly authorized committee thereof, will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Consolidated FDI Policy and FEMA. The FDI Policy prescribes the limits and conditions subject to which foreign investment can be made in different sectors of the Indian economy and FEMA regulates the precise manner in which such investment may be made.

The government bodies responsible for granting foreign investment approvals are the concerned ministries/departments of the Government of India and the RBI. Pursuant to the press release dated May 24, 2017, the Union Cabinet phased out the FIPB and it was replaced by the Foreign Investment Facilitation Portal (FIFP) to speed up the FDI inflow and to increase the transparency in the FDI approvals in the country. The DIPP issued the Standard Operating Procedure (SOP) for Processing FDI Proposals on June 29, 2017 (the "SOP"). The SOP provides a list of the competent authorities to grant approvals for foreign investment for sectors/activities requiring Government approval. For sectors or activities that are currently under the automatic route but which required Government approval earlier as per the extant policy during the relevant period, the concerned Administrative Ministry/Department shall act as the competent authority (the "Competent Authority") for the grant of post facto approval for foreign investment. In circumstances where there is a doubt as to which department shall act as the Competent Authority, the DIPP will identify the Competent Authority.

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("FDI") through press notes and press releases. The DIPP, has issued a consolidated FDI Policy DPIIT File Number 5(2)/2020-FDI Policy Dated the October 15, 2020 ("FDI Policy 2020"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI policy issued by the DIPP that were in force till that date. The Government of India proposes to update the consolidated circular on FDI policy once every year and therefore, the FDI Policy 2020 will be valid until the DIPP issues an updated circular.

Under the FDI Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to 100% without any prior approvals, however the foreign investor must follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment ("FDI") and approval from the Government of India will now be handled by the FIFP.

The transfer of shares between an Indian resident and a non-resident does not need prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA, and the transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

As per the extant policy of the Government of India, erstwhile OCBs cannot participate in this Issue. OCBs or Overseas Corporate Bodies have been de-recognised as a class of investor entity in India with effect from September 16, 2003.

Overseas Corporate Body means a company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least sixty per cent by Non- Resident Indians and includes overseas trust in which not less than sixty percent beneficial interest is held by Non-resident Indians directly or indirectly but irrevocably, which was in existence as on September 16, 2003, and was eligible to undertake transactions pursuant to the general permission granted under FEMA. Any investment made in India by such entities will be treated as investments by incorporated non-resident entities, i.e. a foreign company.

The Issue, if renounced by our shareholders, may include offers within India, to Indian institutional, non-institutional and retail investors in offshore transactions as defined in, and made in reliance upon exemptions from the registration requirements under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), including the exemption under Regulation S ("Regulation S") of the U.S. Securities Act.

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



## \SECTION VIII – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following material documents and contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years prior to 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 these documents for inspection referred to hereunder, will be made available at our Registered Office between 10:30 a.m. to 5:00 p.m. on all working days from the date of this Draft Letter of Offer until the Issue Closing Date.

#### **A. Material Contracts for the Issue**

1. Registrar Agreement dated April 27, 2023 between our Company and the Registrar to the Issue.
2. Bankers to the Issue Agreement dated [●] among our Company the Registrar to the Issue and the Bankers to the Issue.

#### **B. Material Documents in Relation to the Issue**

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company.
2. Copy of Certificate of Incorporation dated December 20, 1994 under the name of “Sawaca Finance Limited”.
3. Copy of Certificate of Change of name dated December 16, 1999 from “Sawaca Finance Limited” to “Sawaca Business Machines Limited”.
4. Copy of the Resolutions passed by the Board dated May 29, 2023 approving the Rights Issue and other related matters.
5. Copy of the Resolutions of our Rights Issue Committee dated May 28, 2023 approving and adopting the Draft Letter of Offer.
6. Copy of the Resolution of our Board dated, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
7. Copy of the Resolutions of our Board dated [●] approving and adopting the Letter of Offer.
8. Copy of annual reports of our Company for the last 5 financial year.
9. Statement of Tax Benefits dated May 01, 2023 issued by M/s M A A K & Associates, Chartered Accountants.
10. Consents of our Promoters, Directors, Company Secretary and Compliance Officer, Statutory Auditor, Bankers to our Company, Bankers to the Issue, Legal Advisor to the Issue, and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
11. Copy of Prospectus in respect of the initial public offering of Equity Shares by our Company.
12. Tripartite Agreement dated August 19, 2016 between our Company, NSDL and the Registrar to the Company.
13. Tripartite Agreement dated June 16, 2016 between our Company, CDSL and Registrar to the Company.
14. In-principal approval issued by the BSE vide its letter [●] dated [●].

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time, if so required, in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## DECLARATION

We/ I hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contract (Regulation) Rules, 1957 and the Securities and Exchange Board of India Act, 1992, each as amended, or the rules, regulations or guidelines issued thereunder. We/ I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by Securities and Exchange Board of India, Government of India and any other competent authority in this behalf, have been duly complied with.

We/ I further certify that all disclosures made in this Draft Letter of Offer are true and correct.

### Name of the Directors

### Signature

Mr. Shetal Satishkumar Shah  
**Chairperson & Managing Director**  
DIN No.: 02148909

—

Sd/-

Mr. Satish Ramanlal Shah  
**Non-Executive Independent Director**  
DIN No.: 05103862

—

Sd/-

Mrs. Lilaben Kishor Bhai Agaja  
**Non- Executive Independent Director**  
DIN No.: 07124191

—

Sd/-

Mr. Vijay Chhotalal Shah  
**Non-Executive Independent Director**  
DIN No.: 07445515

—

Sd/-

### SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Mr. Shetal Satishkumar Shah

—

Sd/-

### SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Saurabh Balkrishna Shah

—

Sd/-

Place: Ahmedabad  
Date: June 28, 2023