



Visagar Financial Services Limited
Corporate Identification Number: L99999MH1994PLC076858

Our company was originally incorporated as 'INCA Finlease Private Limited' at Mumbai on March 01, 1994 with Registrar of Companies, Mumbai. Subsequently, it was converted to a Public Limited via EGM resolution dated May 28, 1994 and obtained fresh certificate upon conversion of the Company from Private Limited to Public Limited from The Registrar of Companies, Mumbai on July 08, 1994. The Company got listed on BSE Limited on August 25, 1995. Subsequently, the name of our Company was changed to 'Visagar Financial Services Limited' on February 11, 2011 vide fresh certificate of Incorporation. For details, including reasons for changes in the name and registered office of our Company, see General Information on page 42 of this Letter of Offer.

Registered Office: 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058; **Tel. No.:** +91 22 67424815; **Email:** info@visagar.com; **Website:** www.vfsl.org; **Contact Person:** Ms. Sonam Prajapati, Company Secretary & Compliance Officer

OUR PROMOTER: MR. TILOKCHAND MANAKLAL KOTHARI and SIBSAGAR TRADE AND AGENCIES PRIVATE LIMITED		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF VISAGAR FINANCIAL SERVICES LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY		
ISSUE OF UP TO 49,73,87,700 UP EQUITY SHARES WITH A FACE VALUE OF RE. 1.00 EACH (“RIGHTS EQUITY SHARES”) OF OUR COMPANY FOR CASH AT A PRICE OF RE. 1.00 PER RIGHTS EQUITY SHARE (“ISSUE PRICE”) FOR AN AGGREGATE AMOUNT UP TO Rs. 49.73 CRORES* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 51 (FIFTY- ONE) RIGHTS EQUITY SHARES FOR EVERY 10 (TEN) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON FRIDAY, DECEMBER 30, 2022 (THE “ISSUE”). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS 1.00 TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 224.		
*Assuming full subscription and receipt of Application Monies with respect to Rights Equity Shares.		
WILFUL DEFAULTER OR FRAUDULENT BORROWER		
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.		
GENERAL RISK		
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 22 before making an investment in this Issue		
ISSUER’S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The existing Equity Shares are listed on the BSE Limited (“BSE”) (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 November 17, 2022. Our Company will also make an application to the Stock Exchange 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.		
REGISTRAR TO THE ISSUE	ADROIT CORPORATE SERVICES PRIVATE LIMITED	
	Address: 18-20, Jafarbhoj Industrial Estate, 1st Floor, Makawana Road, Marol Naka, Andheri (East), Mumbai 400 059	
	Tel. No.: +91 22 42270400	
	Email: divyan@adroitcorporate.com	
	Investor Grievance Email: info@adroitcorporate.com	
	Website: www.adroitcorporate.com	
	Contact Person: Ms. Diviya Nadar	
	SEBI Registration No.: INR000002227	
ISSUE PROGRAMME		
ISSUE OPENS ON: JANUARY 12, 2023; THURSDAY	LAST DATE FOR ON MARKET RENUNCIATION: JANUARY 25, 2023; WEDNESDAY*	ISSUE CLOSES ON: FEBRUARY 02, 2023; THURSDAY#
<i>* 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.</i>		
<i># 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.</i>		

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SECTION I – GENERAL DEFINITIONS AND ABBREVIATIONS

This 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 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 “Statement of Special Tax Benefits, Financial Statements, Industry Overview, Summary of this Letter of Offer, Outstanding Litigation and Material Information and Developments and Issue Related beginning on pages 58, 82, 62, 19 and 216, respectively, shall have the meaning given to such terms in such sections.

I. GENERAL TERMS

Visagar Financial Services Limited / VISAGAR / VFSL / The Company/ Company/ We/ Us/ Our/ our Company/ the Issuer Company	Unless the context otherwise indicates or implies refers to Visagar Financial Services Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 having its registered office at 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058, Maharashtra, India
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II. COMPANY RELATED TERMS

TERM	DESCRIPTION
Act/ Companies Act	The Companies Act, 2013 and Companies Act, 1956 to the extent applicable.
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. Bhatler And Associates, Chartered Accountants
Audited Financial Statements/ Audit Reports	Audited Financial Statements refers to the audited report for the Financial Years ending on March 31, 2022 and 2021 and half yearly ending on September 30, 2022
Board/ Board of Directors	Board of Directors of our Company, including any committees thereof
Chief Financial Officer	Chief financial officer of our Company, being Ms. Ankita Rai
Company Secretary & Compliance Officer	Company Secretary & Compliance Officer of our Company in this case being, Ms. Sonam Prajapati
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.
ISIN of our Company	International Securities Identification Number being INE309H01038
ISIN for Right Entitlements	International Securities Identification Number for Rights Entitlement being INE309H20012
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. 79.
Memorandum / Memorandum of Association / MoA	Memorandum of association of our Company, as amended from time to time
Promoter(s)	Mr. Tilokchand Manaklal Kothari and Sibsagar Trade And Agencies

TERM	DESCRIPTION
	Private Limited
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. The name of Promoter Group is as follows: 1) Mr. Sagar Kothari 2) Mrs. Asha Kothari 3) Mr. Vishal Kothari 4) Tilokchand Manaklal Kothari HUF 5) Trisha Studios Limited 6) Shalimar Productions Limited 7) Jagrecha Finance And Trades Private Limited 8) Sagar Portfolio Services Limited 9) Maharashtra Corporation Limited 10) Visagar Polytex Limited 11) Saraswati Educare Foundation
Registered Office	The registered office of our Company located at 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058, Maharashtra, India
Registrar of Companies/ / Registrar of Companies, Maharashtra/ RoC	The Registrar of Companies, Maharashtra situated at 100, Everest, Marine Drive, Mumbai-400 002, Maharashtra, India.
Secretarial Auditor of the Company	M/s VRG & Associates, Practicing Company Secretaries

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, HDFC Bank Limited.
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Applicant who has been or is to be Allotted the Rights Equity Shares pursuant to the issue.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Persons to whom the Rights Equity Shares are Allotted pursuant to the Issue
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and/or Renouncees who are entitled to make an application for the Equity Shares in terms of this 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)

TERM	DESCRIPTION
	under the ASBA process) used by an Applicant to make an application for the Allotment of Rights Equity Shares in this Issue.
Application Money	Aggregate amount payable in respect of 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.
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	HDFC Bank Limited
Banker(s) to the Issue/ Escrow Collection Bank	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank, in this case being HDFC Bank Limited
Banker to the Issue Agreement	Agreement dated November 21, 2022 to be entered into by and among our Company, the Registrar to the Issue, the Advisor 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.
e	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 "Terms of the Issue" on page no. 224.
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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 , 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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 , 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 October 14, 2022
Eligible Equity Shareholder(s)	Existing Equity Shareholders as on the Record Date, i.e. Friday; December 30, 2022. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "Notice to Investors" on page 13.
"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

TERM	DESCRIPTION
	issue and with whom the Escrow Account will be opened, in this case being, HDFC Bank Limited
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 Friday; December 30, 2022] and the Renouncee(s)
Issue / Rights Issue	Issue of up to 49,73,87,700 equity shares with a face value of Re. 1.00 each (“Rights Equity Shares”) of our company for cash at a price of Re. 1.00 per rights equity share (“Issue Price”) for an aggregate amount up to Rs. 49.74 crores* on a rights basis to the existing equity shareholders of our company in the ratio of 51 (Fifty-One) Right equity shares for every 10 (Ten) Fully paid-up equity shares held by the existing equity shareholders on the record date, that is on Friday; December 30, 2022 (the “Issue”). The issue price for the rights equity shares is 1.00 time the face value of the equity shares. *Assuming full subscription and receipt of all Application Monies with respect to Rights Equity Shares.
Issue Closing Date	February 02, 2023; Thursday
Issue Opening Date	January 12, 2023; Thursday
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	Re. 1.00 per Rights Equity Share payable on Application.
Issue Proceeds	The gross proceeds raised through the Issue
Issue Size	Issue of up to 49,73,87,700 Rights Equity Shares aggregating to an amount up to Rs. 49.73 crores.
Letter of Offer / LOF	The final letter of offer dated January 03, 2023 to be issued by our Company in connection with the Issue.
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 53.
Non-Institutional Investor(s) / NII	An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1)(j) 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 January 25, 2023
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, Friday; December 30, 2023.
Refund Bank	The Bankers to the Issue with whom the refund account will be opened, in this case being HDFC Bank Limited
Registrar / Registrar to the	Registrar / Registrar to the Company being Adroit Corporate services (P)Ltd

TERM	DESCRIPTION
Company and Issue/RTA	
Registrar Agreement to Issuer	Agreement dated November 21, 2022 entered into between our Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI – Rights Issue Circular, the Companies Act and any other applicable law
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on January 25, 2023, in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through Off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Retail Individual 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	Collectively, SEBI circular, bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020
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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34
Stock Exchanges	BSE Limited and National Stock Exchange 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 Days	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
CAP	Capital Adequacy
CICs	Core Investment Companies
COR	Certificate of Registration

DICGC	Deposit Insurance and Credit Guarantee Corporation
HFCs	Housing Finance Companies
ICC	Investment and Credit Company
IDF-NBFCs	Infrastructure Debt Fund - Non-Banking Financial Companies
IFC-NBFCs	Infrastructure Finance Companies- Non-Banking Financial Companies
ICAAP	Internal Capital Adequacy Assessment Process
NOF	Net Owned Fund
SPDs	Standalone Primary Dealers
SSE	Sensitive Sector Exposure

V. CONVENTIONAL AND GENERAL TERMS OR ABBREVIATIONS

TERM	DESCRIPTION
₹/ 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 Amortisation
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

TERM	DESCRIPTION
Financial year/ FY / Fiscal	Period of 12 (twelve) months beginning April 1 and ending March 31 of that particular year, unless otherwise stated
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
NPA	Non-performing Assets
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

TERM	DESCRIPTION
NRI	A person resident outside India as Non-Resident Indian, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016
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
US Securities Act	United States Securities Act of 1933

TERM	DESCRIPTION
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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 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 Letter of Offer, the terms “we”, “us”, “our”, the “Company”, “our Company”, unless the context otherwise indicates or implies, refers to Visagar Financial Services Limited.

Unless otherwise specified, any time mentioned in this Letter of Offer is in Indian Standard Time.

Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

Financial Data

Unless stated otherwise, financial data in this Letter of Offer is derived from the Audited Financial Statements for the financial year ended 31st March, 2022 and 2021 and half yearly ending September 30, 2022 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 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 Letter of Offer to a particular ‘Financial Year’ or ‘Fiscal Year’ or ‘Fiscal’ are to the financial year ended March 31.

In this 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 Letter of Offer.

Currency and Units of Presentation

In this 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 Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

Exchange Rates

This 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 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 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 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 22 of this Letter of Offer.

Conversion rates for foreign currency

This 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:

Name of Currency	(Amt. in Rs.)	
	31-03-2022	31-03-2021
1 U.S. Dollar	75.81	73.50
1 EUR	84.66	86.10
1 GBP	99.55	100.95

Source: www.fbil.org.in

FORWARD LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements”. Forward looking statements appear throughout this 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 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:

- Uncertainty of the continuing impact of the COVID-19 pandemic on our business and operations;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various business plans;
- Any failure or disruption of our information technology system;
- 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 qualified 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 22 of this 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 Letter of Offer or the respective dates indicated in this 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 LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this 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 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 22, 53, 62, 72, 82 and 211, respectively.

Summary of our Business

Our company was originally incorporated as ‘INCA Finlease Private Limited’ at Mumbai on March 01, 1994 with Registrar of Companies, Mumbai. Subsequently, it was converted to a Public Limited via EGM resolution dated May 28, 1994 and obtained fresh certificate upon conversion of the Company from Private Limited to Public Limited from The Registrar of Companies, Mumbai on July 08, 1994. The Company got listed on BSE Limited on August 25, 1995. Subsequently, the name of our Company was changed to ‘Visagar Financial Services Limited’ on February 11, 2011 vide fresh certificate of Incorporation. The Corporate Identification Number of our Company is (CIN) L99999MH1994PLC076858 and its registration number is 76858.

Visagar Financial Services Ltd. (VFSL) is a Non-Banking Financial Company (NBFC) registered with RBI to carry on the business of NBFC without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934 bearing Registration no. B-13.00857 dated May 26, 1998.

Our Company is a non-deposit taking Non-Banking Financial Company registered with the RBI. VFSL is primarily engaged in the business of investing in securities of listed and unlisted companies. Our investment strategy depends on the opportunities, market conditions; both long term and short term and we invest in variety of sectors. The company generates maximum revenue from the sale of shares. Our loan portfolio was FY 2020-21 and FY 2021-22, is Rs. 733.52 Lakhs and Rs. 634.89 Lakhs, respectively comprising of short term of loan to a few corporate and non-corporate clients. We provide both secured and unsecured loans based on the risk profiles of the clients. We need financial resources to fuel the growing demand and to seize the opportunities presented by the market from time to time.

For further details, see “**Business Overview**” on page 72.

Summary of Industry

NBFC is a Financial Institution that is into Lending or Investment or collecting monies under any scheme or arrangement but does not include any institutions which carry on its principal business as agriculture activity, industrial activity, trading and purchase or sale of immovable properties. A company that carries on the business of accepting deposits as its principal business is also an NBFC.

India has a diversified financial sector undergoing rapid expansion, both in terms of the strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds, and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector.

Sources: <https://www.legalserviceindia.com/legal/article-5832-an-overview-of-non-banking-financial-service-institutions.html>

For further details, see “**Industry Overview**” on page 62.

Objects of the Issue

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

(Rs. In Lakhs)	
Particulars	Amount
To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	3923.88

General corporate purposes	1000.00
Issue related expenses	50.00
Total Issue Proceeds	4973.88

For further details, see “*Objects of the Issue*” on page 53.

Our Promoter

The Promoter of our Company are Mr. Tilokchand Kothari and Sibsagar Trade and Agencies Private Limited.

Intention and extent of participation by our Promoters and Promoter Group

Our Promoters and Promoter Group have, vide their letters (the “Subscription Letters”) have agreed that they along with other Promoters and certain members of Promoter Group of our Company, intend to subscribe, jointly and / or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoter or member(s) of the Promoter Group of our Company).

Further, our Promoters and certain members of the Promoter Group also reserve the right to apply for, subscribe to Additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any) for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations, subject to compliance with the minimum public shareholding requirements, as prescribed under the law pursuant to the Issue.

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

Summary of Financial Information

The following table sets forth summary financial information derived from the Audited Financial Statements of the Company. The financial information as of and for the financial year ended March 31, 2022 and 2021 is derived from the comparatives presented in the Audited Financial Statements and half yearly ending September 30, 2022 is derived from the audited report for September 30, 2022:

(Rs. in Lakhs)			
Particulars	As on Sept. 30, 2022	FY 2021-22	FY 2020-21
Equity Share Capital	975.27	975.27	650.18
Net Worth	888.24	1194.55	1170.72
Total Income	2331.07	1682.30	6658.43
Profit/ (Loss) after tax	(306.32)	23.83	(34.74)
Basic & Diluted EPS	(0.31)	0.02	(0.11)
Net asset value per Equity Share	0.91	1.22	3.60
Total borrowings #	1459. 66	162.42	229.58

consists of borrowings under current liabilities.

Qualifications of the Auditors

There are no qualifications, reservations and adverse remarks made by our Statutory Auditors in their report which requires any adjustment to audited financial statements of the Company for the last 2 financial years, i.e. FY 2021-22 and FY 2020-21 and for half yearly ending September 30, 2022

Summary of Contingent Liabilities

For details regarding our contingent liabilities for FY 2022 and FY 2021, please refer to page no. 207 of this Letter of Offer.

Summary of Related Party Transactions

For details of our related party transactions for FY 2022 and FY 2021, please refer to page nos. 159 and 194, respectively of the “*Financial Statements*” beginning on page 82.

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 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 Letter of Offer.

Summary of Outstanding Litigations

For further details on outstanding legal proceedings involving our Company, Promoter, Directors, Group Companies as on the date of this Letter of Offer, see “*Outstanding Litigations and Defaults*” beginning on page 211 this 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 22.

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 Letter of Offer, including the risks and uncertainties described below and the **“Financial Statements”** on page 82, 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 72, 62 and 200, respectively, as well as the other financial information included in this 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 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 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 17.

Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Audited Financial Statements included in this Letter of Offer. For further information, see **“Financial Statements”** on page 82. In this section, unless the context otherwise requires, a reference to “our Company” is a reference to Visagar Financial Services Limited on a standalone basis, while any reference to “we”, “us”, is a reference to Visagar Financial Services Limited on a consolidated basis.

INTERNAL RISK FACTORS

1. *There are outstanding legal proceedings involving our Company, its Promoters, its Directors and Group Company*

There are outstanding legal proceedings involving the Company, Promoters Directors and Group Company. These proceedings are pending at different levels of adjudication before various courts. For further details, please refer to the section "Outstanding Litigations and Defaults" beginning on page 211 of this Letter of Offer. The details of such outstanding litigations as at the date of this Letter of Offer are as follows:

(Rs. in lakhs)		
Nature of Cases	Number of outstanding cases	Amount Involved*
<u>Litigation involving our Company</u>		
Criminal proceedings against our Company	NIL	NIL
Criminal proceedings by our Company	1	12.00
Material civil litigation against our Company	NIL	NIL
Material civil litigation by our Company	NIL	NIL
Actions by statutory or regulatory Authorities	NIL	NIL
Direct and indirect tax proceedings	11	40.43
<u>Litigation involving our Directors</u>		
Criminal proceedings against our Directors	1	122.58
Criminal proceedings by our Directors	NIL	NIL
Material civil litigation against our Directors	NIL	NIL

Nature of Cases	Number of outstanding cases	Amount Involved*
Material civil litigation by our Directors	NIL	NIL
Actions by statutory or regulatory authorities	NIL	NIL
Direct and indirect tax proceedings	3	4.24
<u>Litigation involving our Promoters</u>		
Criminal proceedings against our Promoters	1	122.58
Criminal proceedings by our Promoters	NIL	Nil
Material civil litigation against our Promoters	NIL	NIL
Material civil litigation by our Promoters	NIL	NIL
Actions by statutory or regulatory authorities	NIL	Nil
Direct and indirect tax proceedings	7	64.05
<u>Litigation involving our Group Company</u>		
Criminal proceedings against our Group Company	NIL	NIL
Criminal proceedings by our Group Company	NIL	NIL
Material civil litigation against our Group Company	NIL	NIL
Material civil litigation by our Group Company	NIL	NIL
Actions by statutory or regulatory Group Authorities	1	53.41
Direct and indirect tax proceedings	66	1550.91

**Includes TDS defaults for prior years*

Directors and Promoters are party to the suits involving the Company and the amounts involved in such litigation are covered in the summary of "Litigation involving our Company". At this juncture we are unable to determine whether any liability will arise on the Directors or Promoters.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. Should any new developments arise, including a change in Indian laws or rulings against us by the appellate courts or tribunals, we may face losses and we may have to make further provisions in our financial statements, which could increase our expenses and our liabilities. Decisions in such proceedings, adverse to our interests, may have a material adverse effect on our business, cash flows, financial condition, and results of operations. Failure to successfully defend these or other claims, or if our current provisions prove to be inadequate, our business and results of operations could be adversely affected. Even if we are successful in defending such cases, we will be subject to legal and other costs relating to defending such litigation, and such costs could be substantial. In addition, we cannot assure you that similar proceedings will not be initiated in the future. Any adverse order or direction in these cases by the concerned authorities, even though not quantifiable, may have an adverse effect on our reputation, brand, business, results of operations and financial condition. For further details, please refer to section titled “**Outstanding Litigation and Defaults**” beginning on page no. 211 of this Letter of Offer.

2. Failure on our part to adhere to RBI or other Regulatory norms may lead to penalties affecting our business and financial condition and / or cancellation of NBFC license.

As a consequence of being regulated as an NBFC we will have to adhere to certain individual and borrower group exposure limits and periodic reporting and Compliances as specified under the RBI regulations and are subject to periodic RBI inspection and supervision. We have in the past, made RBI Submissions and reporting with delays. In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC as the case may be. Any such action may adversely affect our business, prospects, result of operations, financial condition and the trading price of our Equity Shares.

Our Company is regulated by the RBI as a Non-Deposit Taking (ND) and Non-Systematically Important (NSI) Non-Banking Financial Company – Investment and Credit Company “NBFC-ICC” and comes under Base Layer (BL) of the RBI’s Scale Based Regulatory Framework. Hence, majority of the regulatory filings and exposure norms are not yet applicable to our company. However, the same may become applicable once we cross a certain benchmark limit as specified by RBI from time to time after which, we would be a Systematically Important (SI)

and/or Middle Layer (ML) or Upper Layer (UL) NBFC-ICC and hence would have to adhere to individual and group borrower exposure limits and periodic reporting and other such compliances and procedures.

Secondly, even though, till date RBI has not conducted any Inspection of our Company and its operations, the RBI has the right to conduct inspections of all NBFCs and notify its findings and observations to such NBFC, which is expected to respond to the RBI's observations and provide clarifications and additional information, as necessary. Being a Non-Deposit Taking, Non-Systematically Important NBFC Company, means that RBI norms for us are relatively lesser stringent, however, there can be no assurance that we would have complied with all requirements as and when applicable.

In the event that we are unable to comply with the regulatory requirements within the specified time limit, or at all, we may be subject to regulatory actions by the RBI including the levy of fines or penalties and/or the cancellation of registration as an NBFC. We cannot assure you that we may not breach the exposure norms or other regulatory norms in the future. Any levy of fines or penalties or the cancellation of our registration as an NBFC by the RBI by the Government of India, due to the breach of exposure or other applicable norms, may adversely affect our business, prospects, and result of operations, financial condition and the trading price of our Equity Shares.

Further, the RBI's regulation pertaining to NBFC may change or become more rigorous in the future which may require our Company to restructure its activities, incur additional costs or could otherwise adversely affect its business, financial performance and cash flows. There can be no assurance that the RBI and/or the Government will not implement further regulations or policies, including legal interpretations of existing regulations, relating to or affecting interest rates, taxation, inflation or exchange controls, or otherwise take action, that may have an adverse impact on NBFCs.

Compliance with many of the regulations applicable to our operations in India, including any restrictions on investments and other activities currently being carried out by us, involves a number of risks, particularly in markets where applicable regulations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be subject to penalties and our business could be adversely affected. We are also subject to changes in laws, regulations and accounting principles and practices. There can be no assurance that the laws governing the financial services sector will not change in the future or that such changes or the interpretation or enforcement of existing and future laws and rules by governmental and regulatory authorities will not adversely affect our business and future financial performance.

3. *As an NBFC, we face the risk of default and non-payment by borrowers and other counterparties. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.*

Any lending or investment activity is exposed to credit risk arising from the risk of default and non-payment by borrowers and other counterparties. Our loan book stood at Rs. 634.89 Lakhs and Rs. 710.37 Lakhs for the FY 2022 and FY 2021 respectively consisting entirely of Unsecured Loans. Many of our loans in the portfolio are loans granted to Small Business Firms (Proprietors / Partnerships) and Individuals (Personal Loans). Further, in relation to the unsecured loans, our ability to realise the amounts due to us for such loans would be restricted to initiating legal proceedings for recovery, as we will not have the benefit of enforcing any security interest related to such loans. There can be no guarantee as to the time that would be taken for the final disposal of such legal proceedings and/or our ability to obtain favourable decisions in connection therewith. Our inability to recover the amounts due from customers in connection with such loans in a timely manner or at all and/or to comply with applicable statutory/regulatory requirements in connection with such loans could adversely affect our operations and profitability.

There has not been any loan write-off in the last three years. However, the size of our loan portfolio is expected to grow as a result of our expansion strategy. This will expose us to an increasing risk of defaults as our portfolio expands. The borrowers and/or guarantors and/or third parties may default in their repayment obligations due to various reasons including insolvency, a lack of liquidity, and operational failure.

In future, we may do business of "Loan against Shares" and "Loan against Property" which may have relatively higher sensitivity to equity and real estate market conditions and also the targeted individual borrowers are generally less financially robust than larger corporate borrowers and often do not have any credit history supported by tax returns and other related documents, as a result, are likely to be more severely affected by deteriorating economic conditions. In deciding whether to extend credit to, or to enter into transactions with, customers and

counterparties, we rely on published credit information relating to such parties and financial and other relevant information furnished to us by customers, and our personal contacts and networks based on which we perform our credit assessment. We cannot be certain that our risk management controls will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan accounts, particularly for individual borrowers, could adversely affect our credit portfolio which could have a material and adverse effect on our business, future financial performance and results of operations. If any of the aforesaid information, as obtained from customers and third parties, is misleading or inaccurate, the procedures that we follow may not be adequate or sufficient to provide accurate data as to the creditworthiness of our customers and counterparties. In the event that we do not accurately identify the risk of default, or if we rely on information that may not be true or may be materially misleading, we may face the risk of default and non-payment by borrowers and other counterparties. Any such defaults and non-payments would result in write-offs and/or provisions in our financial statements which may materially and adversely affect our profitability and asset quality.

4. *Our investments activity and inventory are subject to market risk and judgement of our Management.*

The income from sale & purchase of shares was Rs. 1666.22 Lakhs and Rs. 6642.46 Lakhs representing about 99.04% and 99.76% of the total revenue of the Company for FY 2021-22 and FY 2020-21 respectively. The value of Investments stood at Rs. 454.95 Lakhs and Rs. 472.99 Lakhs and the amount of Inventory of the Company stood at Rs.223.63 Lakhs and 197.29 Lakhs for FY 2021-22 and FY 2020-21 respectively. As at March 31, 2022, our investments subject to market risks primarily include Quoted and Unquoted equity shares. Quoted shares are highly volatile forms of investment, while Unquoted equity shares cannot be traded in online platforms. Also our inventory stock-in-trade primarily includes the purchase and sale of Equity Shares, Equity linked Derivatives and may also include in future units of mutual funds, debt securities, equity instruments, government securities and certificates of deposits. The value of these investments depends on several macro factors beyond our control, including interest rates, the domestic and international economic and political scenario, inflationary expectations, Government policy and the RBI's monetary policies.

They also depend on the various micro factors related to the specific securities including their individual performance, investor sentiment, results, profitability, specific sector, trading liquidity, penal & regulatory actions, etc. Any decline in the value of these investments, their tradability & micro - macro factors may have an adverse effect on our business, financial condition, cash flows, market price and results of operations.

Further, the Management of our Company exercise discretion and judgment on purchase and sale, subscription, acquisition of investment, inventory and stock in trade, mainly Equity Shares and Equity linked Derivatives which are subject to various market risks and are highly volatile forms of investments. Any error in judgment, failure to take timely action, related to purchase, sale, subscription or investment in Equity Shares or Financial Instruments or any unprecedented market volatility & equity-specific performance beyond the control of the Management could expose the Company to potential loss which may adversely affect its business, performance, cash flows, results of operations as well as Market price.

5. *Some the loans granted are short term in nature.*

At the end of FY 2021-22, 49.73% of the loans we granted are due within one year of disbursement or are to be renewed within one year if need be or are given on-call basis, thus they are short term in nature. The relatively short-term nature of our loans means that our long-term interest income stream is less certain than if a portion of our loans were for a longer term. In addition, our borrowers may not obtain new loans from us upon maturity of their existing loans, particularly if competition increases. Further, some of our loans are repayable on short notice / demand and hence we are unable to charge high interest rates (if at all) to these clients. The potential instability of our interest income could materially and adversely affect our results of operations and financial position.

6. *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.

7. *Our Company may incur penalties or liabilities for non-compliances with few provisions of the Companies Act and other applicable laws in the last five (5) Years.*

In the past, there have been few instances of delays/ Non-filing of statutory forms as per the reporting requirements under the Companies Act, 2013 with the RoC. Our Company may incur penalties or liabilities for non -compliance with few provisions including lapses/ delays in certain filings and/or erroneous filing/ Non-filing of e-forms under Company Act, 2013 applicable to it and non -registration of rent agreement in the past years. Such non compliances/delay Compliances / erroneous filing/ Non-filing /Non Registration may incur the penalties or liabilities which may affect the results of operations and financial conditions.

8. *High levels of customer defaults or delays in repayment of loans could adversely affect our business, financial condition and results of operations.*

Our business involves lending money and accordingly we are subject to customer default risks including default or delay in repayment of principal and/or interest on our loans. However, as on Fiscal 2022 and 2021, we not reported such instants. Although, customers may default on their obligations to us as a result of various factors including bankruptcy, lack of liquidity, lack of business and operational failure. If borrowers fail to repay loans in a timely manner or at all, our financial condition and results of operations will be adversely impacted.

Although we believe that our risk management controls are sufficient, we cannot be certain that they will continue to be sufficient or that additional risk management policies for individual borrowers will not be required. Failure to continuously monitor the loan contracts, could adversely affect our credit portfolio which could have a material and adverse effect on our results of operations and financial condition.

9. *Our indebtedness and the conditions and restrictions imposed by our financing agreements could restrict our ability to conduct our business and operations in the manner we desire.*

Our Company reported a financial indebtedness of Rs. 162.42 Lakhs and Rs. 229.58 Lakhs, respectively for Fiscal 2022 and 2021. We may incur additional indebtedness in the future. In future our financing agreements may include various restrictive conditions and covenants restricting certain corporate actions, and our Company may be required to take the prior approval of the lender before carrying out such activities. Our indebtedness could have several important consequences, including our cash flows being used towards repayment of our existing debt, which will reduce the availability of our cash flow to fund our working capital, capital expenditures and other general corporate requirements. Moreover, our ability to obtain additional financing or renewal of existing facilities, in the future at reasonable terms may be restricted or our cost of borrowings may increase due to sudden adverse market conditions, including decreased availability of credit or fluctuations in interest rates. There could be a material adverse effect on our business, financial condition and results of operations if we are unable to service our indebtedness or otherwise comply with financial and other covenants specified in the financing agreements and we may be more vulnerable to economic downturns, which may limit our ability to withstand competitive pressures and may reduce our flexibility in responding to changing business, regulatory and economic conditions.

10. *We are significantly dependent on a few major borrowers. Our inability to expand our loan book to include more number of borrowers and hence reduce dependence on certain borrowers could result in large write-offs or other financial instability.*

We earn interest income from our Loan Portfolio and our Investment in Debt Instruments (including Bank Fixed Deposits). Being a NBFC dealing in unsecured short term finance our ability to grow our loan book is restricted to only those clients whom we either know through our networks or come from a good reference. The interest earned from our top 10 borrowers constituted approximately 51.22% and 26.65% of the Total Interest Earned for the FY 2022 and FY 2021 respectively.

While our Company has done substantial business with these customers in the past, we do not have any legally binding long term agreements or commitments to supply capital / funds to them in the future and we cannot assure that we would receive any business at all from any of these customers in the future, or receive business from them on terms and conditions commercially acceptable to us.

Secondly, due to the major portion of loans being short term and not severely secured, we rely substantially on our promoter and key manager's judgment and long term relations with such clients to whom we lend money. We do not have a large retail loan portfolio i.e. to the public at large and are hence a niche loan provider to a specific class of customers, and we shall hence be more dependent on regular business from such customers. Loss of one or more of our major customers would have a material adverse effect on our business, results of operations and financial condition.

11. *We depend on the accuracy and completeness of information about customers and counterparties for certain key elements of our credit assessment and risk management process. Any misrepresentation, errors in or incompleteness of such information could adversely affect our business and financial performance.*

In deciding whether to extend credit or enter into other transactions with customers, for certain key elements of the credit assessment process, we rely on representation and/or information furnished to us by or on behalf of customers (including in relation to their financial transactions and past credit history). We may also rely on certain representations from our customers as to the accuracy and completeness of that information. All of our loans are unsecured, however in future for ascertaining the creditworthiness and encumbrances on collateral we may depend on the representations by the customer, third parties and we also exercise our own judgement and experience in relation to the representations (whether written or otherwise) by the customer, the value of the collateral, and our reliance on any misleading information given, may affect our judgement of credit worthiness of potential borrowers, and the value of and title to the collateral, which may affect our business, prospects, results of operations and financial condition. We may receive inaccurate or incomplete information as a result of negligence or fraudulent misrepresentation. Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business prospects, financial condition and results of operations.

12. *Conflicts of interest with our company and our corporate Promoter.*

There are no other RBI registered NBFC companies which are promoted by our promoters. However, the Memorandum of Associations of our corporate promoter has certain Object Clauses which would allow it to undertake a similar business as us. We have not entered into any non-compete agreements with our Corporate Promoter and hence, to that extent there exists a potential conflict of interest. We shall endeavor to ensure that most of such conflicts are addressed in a mutually acceptable manner, however, we may not be able to resolve certain situations, for e.g. there can be no assurance that a good investment opportunity in which our corporate promoter may participate would be shared with our company or that our corporate promoter could offer Inter corporate Deposits to companies at better terms than we would. Further, all corporate companies, irrespective of their main objects, have permissions through their ancillary objects to provide ICDs to other corporate companies and earn short term or longer term interest income. Hence, to that extent, even our group companies (who are not in financial business) may compete with us in giving loans to corporate bodies. Potential conflicts of interests between our company and our corporate promoter could hence adversely affect our business prospects.

13. *Our Company had negative cash flow during certain fiscal years; details of which are given below. Sustained negative cash flow could adversely impact our business, financial condition and results of operations.*

(Rs. in Lakhs)			
Particulars	As on Sept. 30, 2022	FY 2021-22	FY 2020-21
Net cash from (used in) Operating activities	(1295.95)	(12.21)	(4.45)
Net cash from (used in) Investing activities	(0.44)	17.96	-
Net cash from (used in) Financing activities	-	-	-
Net Cash Flow	0.85	5.76	(4.45)

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 please refer to the section titled “Financial Statements” and chapter titled “Management's Discussion and Analysis of Financial Conditions and Results of Operations” beginning on page no. 82 and page no. 200 respectively, of this Letter of Offer.

14. Our Group Companies have incurred losses in the past and may incur losses in the future.

Some of our group companies, have incurred loss in the past. The details of the loss incurred by group companies in last two fiscals are as under:

(Rs. in Lakhs)			
Sr. No.	Name of the Group Companies	FY 2021-22	FY 2020-21
1)	Visagar Polytex Limited	(57.38)	4.18
2)	Jagrecha Finance and Trades Private Limited	(0.71)	(0.25)
3)	Maharashtra Corporation Limited	(65.92)	0.56
4)	Shalimar Productions Limited	5.83	5.88
5)	Saraswati Educare Foundation	(0.40)	(0.35)
6)	Sagar Portfolio Services Limited	(0.27)	(2.75)
7)	Trisha Studios Limited	41.99	19.65

The loss incurred by group companies do not have any impact on overall revenue of the company. Except as stated above, none of the other group companies have incurred any losses in past. There can be no assurance that our group companies will not incur losses in the future, which may have an adverse effect on our reputation and business.

15. The novel coronavirus pandemic (COVID-19 Pandemic) outbreak and steps taken to control the same have significantly impacted our business, results of operations, financial condition and cash flows and further impact will depend on future developments, which are highly uncertain.

The rapid outbreak of the COVID-19 Pandemic, resulted in an unpredictable chain of events across the globe. With reduced production and consumption, every economy witnessed a fiscal crunch like never before. The pandemic shook the Indian economy, which was already under the effects of demonetisation and GST enforcement. As Covid-19 Pandemic swiftly made its way into the nation, the Indian Government imposed a strict nationwide lockdown. Trade and travel restrictions along with shutdown of business activities led to a GDP contraction of 23.9%.

The financial year 2020-21 began with ongoing COVID-19 Pandemic that led to nationwide lockdown. The lockdown was relaxed in a phased manner depending upon the severity and magnitude of the spread of the pandemic. The cases started declining after reaching peak levels in September 2020. With revival of economic activities due to easing of lockdown, economy rebounded. However, the resurgence of COVID-19 Pandemic impacted the nascent economic revival that was taking shape. The most vulnerable category of borrowers are individual borrowers, small businesses and MSMEs.

Our Company also lends to MSMEs. In order to mitigate the stress caused by the Covid-19 Pandemic on several sectors across the country, the Government has announced an Emergency Credit Line Guarantee Scheme ("ECLGS"). The ECLGS aims to provide 100 percent guaranteed coverage to the banks, non-banking financial institutions (NBFCs) and other lending institutions in order to enable them to extend emergency credit to business entities that have suffered due to the COVID-19 Pandemic and are struggling to meet their working capital requirements. The scheme aimed to provide Rs 3 lakh crore worth of collateral-free, government-guaranteed loans to micro, small and medium enterprises (MSMEs) across India to mitigate the distress caused by the coronavirus-induced lockdown.

RBI took several standard and innovative measures to ensure liquidity in the system. RBI permitted lending institutions to provide relief to the borrowers for a period of six months starting from 1st March 2020 to 31st August 2020 from EMI payments and working capital interest payments. It also announced relief measures

including new restructuring guidelines to retain loans from banks and NBFCs' to such qualifying loans classified as standard within the regulatory framework. RBI also declared Resolution Framework for COVID-19 Pandemic related stress through which a window to enable lenders to implement a resolution plan in respect of eligible corporate exposures without change in ownership, and personal loans, while classifying such exposures as Standard, subject to specified conditions. Reserve Bank of India vide its circular dated 7th April 2021 instructed all lending institutions to refund / adjust 'interest on interest' to all borrowers including those who had availed of working capital facilities during the moratorium period, irrespective of whether moratorium had been fully or partially availed or not availed.

Given that the COVID -19 Pandemic and its impact on the Company, the actual impact on our Company's loans and advances will also depend on future developments, including, among other things, any new information concerning the severity of the COVID -19 Pandemic and any action to contain its spread or mitigate its impact. While, our Company continue to monitor the developments of the COVID-19 Pandemic situation closely, assess and respond proactively to minimize any adverse impacts on the financial position, cash flows and operating results of our Company, it is possible that the Company's business, financial condition and results of operations could be adversely affected due to the COVID-19 Pandemic. If the COVID-19 Pandemic situation persists or worsens, it may adversely impact our Company's business and the financial condition.

Further the COVID-19 pandemic, resultant effects of the pandemic & post-pandemic economic scenario coupled with the presence of geo-political global tensions & inflationary global environment, and volatility in global equity & commodity thereof have presented a unique scenario of caution as well as optimism in the Financial & Equity Markets and the long term impact on the Financial markets, Equity & Debt markets is yet to be fully seen.

As these are unforeseen circumstances, it may give rise to risks that we may not have anticipated. If the outbreak of any of these pandemic or other severe pandemic, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, including India, and could materially and adversely affect our business, cash flows, financial condition and results of operations.

16. Our measures to prevent money laundering may not be completely effective and we may be subject to scrutiny and penalties by the RBI for failure to implement effective measures.

Our Company is required to comply with applicable anti-money-laundering and anti-terrorism laws and other regulations in India. Our measures to prevent money laundering as required by the RBI and other KYC compliance applicable in India, including the Reserve Bank of India (Know Your Customer) Master Directions, 2016 dated February 25, 2016, as amended ("KYC Directions") and the adoption of anti-money laundering policies and compliance procedures may not be completely effective. In the event, if any regulatory authorities believes that we are not complying with required money laundering compliances and/or KYC Compliances, there may be civil and criminal penalties for non-compliance and our business and results of operations could be adversely affected.

17. The new bankruptcy code in India may affect our rights to recover loans from borrowers.

The Insolvency and Bankruptcy Code, 2016 ("Bankruptcy Code") was notified on August 5, 2016. The Bankruptcy Code offers a uniform and comprehensive insolvency legislation encompassing all companies, partnerships and individuals (other than financial firms). It allows creditors to assess the viability of a debtor as a business decision, and agree upon a plan for its revival or a speedy liquidation. The Bankruptcy Code creates a new institutional framework, consisting of a regulator, insolvency professionals, information utilities and adjudicatory mechanisms, which will facilitate a formal and time-bound insolvency resolution and liquidation process.

In case insolvency proceedings are initiated against a debtor to our Company, we may not have complete control over the recovery of amounts due to us. Under the Bankruptcy Code, upon invocation of an insolvency resolution process, a committee of creditors is constituted by the interim resolution professional, wherein each financial creditor is given a voting share proportionate to the debts owed to it. Bankruptcy Code provides a 180-day timeline which may be extended by 90 days when dealing with insolvency resolution applications. Subsequently, the insolvency resolution plan prepared by the insolvency professionals has to be approved by 66% of voting share of financial creditors, which requires sanction by the adjudicating authority and, if rejected, the adjudicating authority will pass an order for liquidation. Any resolution plan approved by committee of creditors is binding upon all creditors, even if they vote against it. In case a liquidation process is opted for, the Bankruptcy Code provides for a fixed order of priority in which proceeds from the sale of the debtor's assets are to be distributed. Before sale proceeds are distributed to a secured creditor, they are to be distributed for the costs of the insolvency resolution

and liquidation processes, debts owed to workmen and other employees. Further, under this process, dues owed to the Central and State Governments rank at par with those owed to secured creditors. Moreover, other secured creditors may decide to opt out of the process, in which case they are permitted to realise their security interests in priority.

Accordingly, if the provisions of the Bankruptcy Code are invoked against any of the borrowers of our Company, it may affect our Company's ability to recover our loans from the borrowers and enforcement of our Company's rights will be subject to the Bankruptcy Code.

Further, the GoI vide notification dated March 24, 2020 ("Notification") has amended section 4 of the Bankruptcy Code due the lingering impact of the COVID-19 pandemic. Pursuant to the said Notification, GoI has increased the minimum amount of default under the insolvency matters from ₹1,00,000 to ₹1,00,00,000. Therefore the ability of our Company to initiate insolvency proceedings against the defaulters where the amount of default in an insolvency matter is less than ₹1,00,00,000 may impact the recovery of outstanding loans and profitability of our Company.

18. We have entered into certain related party transactions and may continue to do so.

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 arms 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. 159 and 194 of this Letter of Offer.

19. Any increase in or realization of our commitments and contingent liabilities could have a material adverse effect on our business, financial condition, cash flows, results of operations and prospect.

As on March 31, 2022 and March 31, 2021, we had the following commitments and contingent liabilities in our Audited Financial Statements:

(Rs. In Lakhs)			
Particulars	As on Sept. 30, 2022	FY 2021-22	FY 2020-21
Direct and indirect taxation matters			
Income Tax for the A.Y 06-07	1.35	1.35	-
Income Tax for the A.Y 09-10	1.54	1.54	-
Income Tax for the A.Y 12-13	2.62	2.62	-
Interest on Income Tax for the A.Y 12-13	0.037	0.016	-
Penalty under Income Tax for the A.Y 12-13	0.1	0.1	-
Income Tax for the A.Y 15-16	31.48	31.48	-
Income Tax for the A.Y 15-16	1.76	1.76	-
TDS Demand	1.55	1.55	-
Total	40.44	40.43	-

For details of the contingent liabilities of our Company, please refer page no. 207 of this Letter of Offer.

20. 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.

21. *We require certain approvals, licenses, registrations and permits for our business, and the failure to obtain or renew them in a timely manner may adversely affect our operations.*

Our Company requires certain statutory and regulatory registrations, licenses, permits and approvals for our business. In future, we shall be required to renew such registrations and approvals and obtain new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will renew or issue any such registrations or approvals in the time frame anticipated by us or at all. Failure to obtain and renew such registrations and approvals with statutory time frame attracts penal provisions. If we are unable to renew, maintain or obtain the required registrations or approvals, it may result in the interruption of our operations and may have a material adverse effect on our revenues, profits and operations and profits.

22. *We face increasing competition in our business which may result in declining margins if we are unable to compete effectively.*

We face competition in all our lines of business. Our primary competitors are other NBFCs, public sector banks, private sector banks, co-operative banks and foreign banks and the unorganized financiers who principally operate in the markets where we operate. Banks have access to low cost funds which enables them to enjoy higher margins and / or offer finance at lower rates. NBFCs do not have access to large quantities of low cost deposits, a factor which can render them less competitive. In addition, interest rate deregulation and other liberalization measures affecting the retail and small and medium enterprises finance sector, together with increased demand for capital by individuals as well as small and medium enterprises, have resulted in an increase in competition.

We face competition from other NBFCs, microfinance companies as well as both commercial and small finance banks. In addition, our target customers also borrow from money lenders and non-institutional lenders which may lend at higher rates of interest. Our ability to compete effectively will depend, to some extent, on our ability to raise low-cost funding in the future. Furthermore, as a result of increased competition in the finance sector, finance products are becoming increasingly standardized and variable interest rate and payment terms and lower processing fees are becoming increasingly common in the finance sector in India. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the increasingly competitive finance industry. Increasing competition may have an adverse effect on our net interest margin, and, if we are unable to compete successfully, our market share may decline. If we are unable to compete effectively with other participants in the finance sector, our business, future financial performance may be adversely affected.

23. *Our Registered Office and other premises from where we operate are not owned by us. If we are required to vacate the same, due to any reason whatsoever, it may adversely affect our business operations.*

Our Registered office is owned by our Promoter- Mr. Tilokchand Manaklal Kothari and “No Objection Letter” has been obtained from him for using the premises as the registered office address for our company and no rent payment is being made by us for usage of premises since October 2010. Although, we have complied with all the terms of such NOC, in the event there is any breach or violation or if our promoter decides to withdraw his NOC, we may be required to vacate the premises and we may be required to look for alternate premises, which we may not be able to find at terms favourable to our Company. In such an event, it will adversely affect our business operations and our financial condition.

24. *Some of our corporate records including forms filed with the Registrar of Companies are not traceable.*

We cannot assure you that these forms filings will be available in the future or that we will not be subject to any penalties imposed by the relevant regulatory authority in this respect. Our Company is unable to trace certain corporate and other documents in relation to our Company including forms filed with the Registrar of Companies. Certain forms filed with the ROC like increase in authorised capital could not be traced. Our Company cannot assure you that the filings were made in timely manner, or the information gathered through other available documents of the Company are correct. Also, our Company may not be in a position to attend to and / or respond

appropriately to any legal matter due to lack of lost records and to that extent the same could adversely affect our business operations.

- 25. *Our company has made an application register the logo of our Company with the Trade Marks Registry of Mumbai. Any delay in granting registration or objection/ opposition/ rejection of our application for registration could result in loss of brand equity and the company's right to use the said brand.***

Our Company has made application with Trade Mark Registry, Mumbai on 13-09-2022 to register the word "Visagar" of the company under Class 36. While the application is filed for registration, if the same is not accepted or if there are oppositions/ objections/ rejections, our company may lose the statutory protection available to it under the Trade Marks Act, 1999 for such trademarks there affecting our business, reputation, financial condition and results of operations. For further details, please refer to the chapter titled '**Government and Other Approvals**' beginning on page no.215 of the Letter of Offer.

- 26. *Our Group Companies also use the name "VISAGAR".***

Our Group Companies also use the name VISAGAR and are known in the market in their respective trades by that name. There is no written understanding between the group companies regarding name usage policy, nor has any group company sought any trademark protection for the exclusive use of name "VISAGAR". It is understood that the name "VISAGAR" is an integral part of the Company's business. The use of name VISAGAR or any similar intellectual property rights or by group Companies, or trademark of such or similar names by group companies, may have a material adverse effect on our business.

We cannot assure that our Promoter/ Promoter Group who has common interest in such entities will not favour the interest of such entities. As a result, conflicts of interests may arise on account of common suppliers/ customers and in allocating business opportunities amongst our Company and such entities in circumstances where our respective interests diverge.

Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition which may adversely affect our profitability and results of operations. We cannot assure you that these or other conflicts of interest, in the event such conflicts arise, will be resolved in an impartial manner.

- 27. *Our Company has not taken any insurance coverage which may protect us against certain operating hazards and from all losses and this may have an adverse impact on the financial conditions of the business.***

Our Company has not taken any insurance cover at present. Hence, we may not be able to protect ourselves from any damage or loss suffered by us. To the extent that we suffer any loss or damage, the operational results of the company could be adversely affected. The company does not maintain a directors and officers liability insurance policy for the directors or key managerial personnel of the Company.

- 28. *We are exposed to operational risks, including employee negligence, petty theft, burglary and embezzlement and fraud by employees, customers or third parties, which could harm our results of operations and financial position.***

We are exposed to the risk of theft, burglary and misappropriation or unauthorized transactions by our employees and fraud by employees, customers or third parties. Our security systems and measures undertaken to detect and prevent these risks may not be sufficient to prevent or deter such activities in all cases, which may adversely affect our operations and profitability. Further, we may be subject to regulatory or other proceedings in connection with any unauthorized transaction, fraud or misappropriation by our representatives and employees, which could adversely affect our goodwill.

- 29. *We face risks associated with potential acquisitions, investments, strategic partnerships or other ventures that could adversely affect our results of operations.***

We may acquire or make investments in complementary businesses, technology, services or products or enter into strategic partnerships with parties who can provide access to those assets, if appropriate opportunities arise. The general trend towards consolidation in the financial services industry increases the importance of our ability to successfully complete such acquisitions and investments. We may not identify suitable acquisition, investment or strategic partnership, candidates, or if we do identify suitable candidates, we may not complete those transactions

on commercially acceptable terms or at all. If we acquire another company, we could have difficulty in assimilating that company's personnel, operations, technology and software. In addition, the key personnel of the acquired company may decide not to work for us. If we make other types of acquisitions, we could have difficulty in integrating the acquired products, services or technologies into our operations. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

30. *Our business requires substantial capital, and any disruption in funding sources would have a material and adverse effect on our liquidity and financial condition.*

The liquidity and ongoing profitability of our business are, in large part, dependent upon our timely access to, and the costs associated with, raising capital. Our funding requirements historically have been met from a combination of shareholder funding, secured and unsecured loan funds, with equity being a pre-dominant source. Thus, our business depends and will continue to depend on our ability to access diversified funding sources. Our ability to raise funds on acceptable terms and at competitive rates continues to depend on various factors including our credit ratings, the regulatory environment and policy initiatives in India, developments in the international markets affecting the Indian economy, investors' and/or lenders' perception of demand for debt and equity securities of NBFCs, and our current and future results of operations and financial condition. Further as we grow, we may have to finance our funding from debt also. Any disruption in our primary funding sources at competitive costs would have a material adverse effect on our liquidity and financial condition.

31. *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, a deterioration in service quality, or otherwise, declines our market perception and customer acceptance of our brands may also decline.

32. *Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be impaired.*

Certain of our agreements, including, but not limited to, the Loan Agreements and KYC Documents etc may not be adequately stamped or registered under Indian law. In the event of any such irregularity, we may not be able to enforce our rights under such agreements, businesses or properties in the event of a dispute with a third party unless we pay the applicable duty as well as a penalty of up to ten times the amount of the stamp duty.

33. *System failures or inadequacy and security breaches in computer systems may adversely affect our business.*

Our trade portfolio dashboard, financial, accounting or other data processing systems may fail to operate adequately or become disabled as a result of events that are wholly or partially beyond our control including a disruption of electrical or communications services. Our ability to operate and remain competitive will depend in part on our ability to maintain and upgrade our information technology systems on a timely and cost-effective basis. Our operations also rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Our online trading systems, computer systems, software and networks may be vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. Any failure to effectively maintain or improve or upgrade our management information systems in a timely manner could materially and adversely affect our competitiveness, financial position and results of operations. Moreover, if any of these systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes or systems, it could affect our operations or result in financial loss, disruption of our businesses, regulatory intervention or damage to our reputation. In addition, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses and the localities in which we are located.

34. *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.*

Our growth strategy envisages a very strong asset size and operational income growth. However, there could be a possibility that we may not grow at a comparable rate to our growth rate in the past or the required growth rate to effectively compete in the market either in terms of profit or income. Further, such growth strategy will place significant demands on our management, financial and other resources. It will require us to continuously develop and improve our operational, financial and internal controls and more importantly adhering to quality and high standards that meet customer expectations. Any inability on our part to manage such growth could disrupt our business prospects, impact our financial condition and adversely affect our results of operations.

- 35. *As the Equity Shares of our Company are listed on BSE, our Company is subject to certain obligations and reporting requirements under SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us/our promoter liable to prosecution and/or penalties.***

Our Company is subject to the obligations and reporting requirements under SEBI Listing Regulations. In the past, our Company had not complied with certain provisions of the SEBI Listing Regulations. Though our Company endeavours to comply with all such obligations/reporting requirements, there have been certain instances of non-compliance and delays in complying with such obligations/reporting requirements. Any such delays or non-compliance would render our Company to prosecution and/or penalties. Although our Company have not received any further communication from the Stock Exchange or any authority in this regard, there could be a possibility that penalties may be levied against our Company for certain instances of non-compliance and delays in complying with such obligations/reporting requirements.

- 36. *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 79 of this 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 projects and expand our business.

- 37. *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.

- 38. *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.

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

In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Letter of Offer without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that requires us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Issue as prescribed in the SEBI (ICDR) Regulations. If our shareholders exercise such exit option, our business and financial condition could be adversely affected. Therefore, we may not be able to undertake variation of objects of the Issue to use any unutilized proceeds of the Issue, if any, even if such variation is in the interest of our Company, which may restrict our ability to respond to any change in our business or financial condition, and may adversely affect our business and results of operations.

40. *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.

41. *Certain data mentioned in this Letter of Offer has not been independently verified.*

We have not independently verified data from industry publications contained herein and although we believe these sources to be reliable, we cannot assure that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regard to other countries. Therefore, discussions of matters relating to India and its economy are subject to the limitation that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable.

ISSUE SPECIFIC RISK FACTORS

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

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

43. *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.

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. *You 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 you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. We cannot assure you that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

46. *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 230 of this Draft of Letter of Offer.

47. *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.

48. Investors will be subject to market risks until the Issue Shares credited to their demat accounts are listed and permitted to trade.

Investors can start trading the Issue Shares allotted to them only after they are listed and permitted to trade. 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 Issue 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.

49. 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 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 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 13, 217 and 250, 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.

50. 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.

51. 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.

52. 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.

53. *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 Letter of Offer to SEBI and 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

54. *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.

55. *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.

56. *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. Currently, the Russia- Ukraine conflict has resulted in significant increase in a global oil prices which could have a significant impact on inflation and cost of production. Additionally, essential raw materials for the manufacture of various products could be affected globally due to the aforementioned European crisis which could have cascading effect on the Indian economy and the trading price of our Equity Shares.

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.

57. *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.

58. *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.

59. 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.

60. 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.

61. 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 April 16, 2022 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 224 of this Letter of Offer.

PARTICULARS	SCHEME DETAILS
Equity Shares proposed to be issued	Up to 49,73,87,700 Rights Equity Shares
Rights Entitlements	51 (Fifty-One) Rights Equity Shares for every 10 (Ten) Equity Shares held on the Record Date.
Record Date	December 30, 2022; Friday
Face value per Equity Share	Re. 1.00 per equity share
Issue Price per Rights Equity Share	Re. 1.00 per equity share
Issue Size	Up to 49,73,87,700 equity shares of face value Re. 1.00 each for cash at a price of Re. 1.00 per Rights Equity Share up to an amount of Rs. 4973.87 Lakhs* *Assuming full subscription and receipt of Application Monies with respect to Rights Equity Shares
Voting Rights and Dividend	The Equity Shares issued pursuant to this Issue shall rank pari pasu in all respects with the Equity Shares of our Company.
Equity Shares issued, subscribed and paid-up prior to the Issue	9,75,27,000 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and allotment of the Rights Equity Shares) and having made fully paid-up	59,49,14,700 Equity Shares
Use of Issue Proceeds	For details, see “Objects of the Issue” on page 53 of the Letter of Offer
Terms of the Issue	For details, see “Terms of the Issue” on page 224 of the Letter of Offer
Security Code #	ISIN: INE309H01038; BSE Script Code & Id: 531025 & VISAGAR;

#Our Company has obtained a separate ISIN for the Rights Equity Shares, i.e. INE309H20012 as may be required under applicable law.

For details in relation fractional entitlements, see "Terms of the Issue-Fractional Entitlements" beginning on page 240 of this Letter of Offer.

Payment Schedule of Rights Equity Share is as follows:

The Issue Price of Re. 1.00 per Rights Equity Share shall be payable on application.

Due Date	Amount payable per Equity Shares
Money payable at the time of Application	Re. 1.00

GENERAL INFORMATION

Our company was originally incorporated as 'INCA Finlease Private Limited' at Mumbai on March 01, 1994 with Registrar of Companies, Mumbai. Subsequently, it was converted to a Public Limited via EGM resolution dated May 28, 1994 and obtained fresh certificate upon conversion of the Company from Private Limited to Public Limited from The Registrar of Companies, Mumbai on July 08, 1994. The Company got listed on BSE Limited on August 25, 1995. Subsequently, the name of our Company was changed to 'Visagar Financial Services Limited' on February 11, 2011 vide fresh certificate of Incorporation.

Registered Office

CIN : L99999MH1994PLC076858
Address : 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058
Tel No. : +91 22 67424815
Email Id : info@visagar.com
Website : www.vfsl.org
Contact Person : Ms. Sonam Prajapati

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, Maharashtra, which is situated at the following address:

Address : 100, Everest, Marine Drive, Mumbai – 400 002, Maharashtra, India
Tel No. : +91 22 22812627/22020295/22846954
Email Id : roc.mumbai@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.

Change in Registered Office Address:

As on the date of filing this Letter of Offer, Our Company's Registered Office is situated at 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058.

Following are the details of the change in the address of the registered office of our Company since incorporation:

Effective Date	From Address	To Address	Reasons for Change
01-03-94	-	46 Bajaj Bhavan, Nariman Point, Mumbai 400021	Since Incorporation
04-02-98	46 Bajaj Bhavan, Nariman Point, Mumbai 400021	47A Bajaj Bhavan, Nariman Point, Mumbai 400021	For Administrative Purpose
2001	47A Bajaj Bhavan, Nariman Point, Mumbai 400021	Kiran Villa, 3rd Flr, 30, Dr. G. Deshmukh Marg, Peddar Road, Mumbai 400026	For Administrative Purpose
15-09-05	Kiran Villa, 3rd Flr, 30, Dr. G. Deshmukh Marg, Peddar Road, Mumbai 400026	C-617, Hilton Tower, Pump House, Andheri (E), Mumbai 400093	For Administrative Purpose
18-01-08	C-617, Hilton Tower, Pump House, Andheri (E), Mumbai 400093	907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058	For Administrative Purpose

OUR BOARD OF DIRECTORS

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

Name and Designation	Age	DIN	PAN Card No.	Address
Mr. Tilokchand Manaklal Kothari; Executive Director	56 years	00413627	AALPK7074K	702, Vijay Villa CHS, Nagardas Road, Near Sarvodaya Hotel, Vidhya Villa Compound, Andheri East, Mumbai 400069, Maharashtra, India
Mr. Kailash Ram Gopal Chhaparwal; Non-Executive Director	53 years	01211651	ADRPC4705G	4-D Stuti Apt., Nr. Ashok Pan House, City Light, Surat, SVR College, Gujarat 395007
Mr. Kuldeep Kumar; Non-executive Independent Director	37 years	08373716	AZFPK1060N	900/6, Gali No 1, Johari Nagar, Line Par, Bahadurgarh, Jhaggar, 124507, Haryana, India
Mr. Sanjay Rajak; Non-executive Independent Director	29 years	08417877	DHBPR4176P	142, Damdam, Bilaspur, Kotmi-495119, Chattisgarh, India
Ms. Madhu Bala Vaishnav; Non-executive Independent Director	38 years	08376551	AJMPV5572H	Room No. 4/16, 18A Care New police line, Rajnandgaon,- 491441, Chattisgarh, India

For detailed profile of our Board of Directors, refer to chapter titled **‘Our Management’** on page no. 79 of this Letter of Offer.

CHIEF EXECUTIVE OFFICER

Name : **MR. SAGAR TILOKCHAND KOTHARI**
Address : 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058
Tel No. : +91 22 67424815
Email Id : info@visagar.com
Website : www.vfsl.org

CHIEF FINANCIAL OFFICER

Name : **MS. ANKITA RAI**
Address : 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058
Tel No. : +91 22 67424815
Email Id : info@visagar.com
Website : www.vfsl.org

COMPANY SECRETARY & COMPLIANCE OFFICER

Name : **MS. SONAM PRAJAPATI**
Address : 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058
Tel No. : +91 22 67424815
Email Id : info@visagar.com
Website : www.vfsl.org

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 224.

PEER REVIEW AND STATUTORY AUDITORS

Name : **M/S BHATTER AND ASSOCIATES, CHARTERED ACCOUNTANTS**
Address : 302, 3rd Floor, Kapadia Chambers, Near Maheshwari Bhavan, 599, J.S.S Road, Chira Bazar, Marine Lines, Mumbai-400002
Tel No. : +917043297313
Email Id : bhatterandassociates@gmail.com
Contact Person : Mr. Rohit Tawari
Membership No. : 197557 ;
Firm Registration No. : 131411W
M/s. Bhattar and Associates, CA, holds valid Peer Review Certificate Number 012353 dated 01-09-2020 issued by Peer Review Boards of the Institute of Chartered Accountants of India. The certificate is valid till 12-08-2024.

LEGAL ADVISOR TO THE ISSUE

Name : **JURIS NEXTGEN LLP**
Address : E-56, LGF, Greater Kailesh Enclave, Part -1, New Delhi-110048
Tel No. : +91 11 42662177/ 78
Email Id : admin@jurisnextgen.com
Contact Person : Mr. Rajesh Sharma

REGISTRAR TO THE ISSUE and COMPANY

Name : **ADROIT CORPORATE SERVICES PRIVATE LIMITED**
Address : 18-20, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai 400059, Maharashtra, India;
Tel No. : +91 22 42270400
Email Id : info@adroitcorporate.com
Investor Grievance Email : info@adroitcorporate.com
Contact Person : Ms. Diviya Nadar
Website : www.adroitcorporate.com
SEBI Registration No. : INR000002227

BANKERS TO THE COMPANY

Name : **HDFC BANK LIMITED**
Address : Sanghvi Villa S.V. Road, Opposite Andheri Fire Station, Andheri Fire Station, Mumbai 400058
Tel No. : 022-61606161
Email Id : Santosh.Sagale@hdfcbank.com
Contact Person : Santosh Sagale
Website : www.hdfcbank.com

BANKER TO THE ISSUE/ REFUND BANK

Name : **HDFC BANK LIMITED**
Address : FIG-OPS Dept, Lodha-I Think Techno Campus, O-3, Next to Kanjurmarg Railway Station, Kanjurmarg (E), Mumbai 400042
Tel No. : +91 22 30752914/ 28/ 29
Email Id : siddharth.jadhav@hdfcbank.com/
sachin.gawade@hdfcbank.com/
vikas.rahate@hdfcbank.com/
eric.bacha@hdfcbank.com/
tushar.gavankar@hdfcbank.com
Contact Person : Vikas Rahate/ Eric Bacha/ Siddharath Jadhav/ Sachin Gawade/ Tushar Gavankar
Website : www.hdfcbank.com

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 and BSE at 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 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

Our Company has received a written consent dated October 08, 2022 from our Statutory Auditors, M/s Bhatler And Associates, Chartered Accountants, to include their names in this Letter of Offer as an "expert", as defined under applicable laws, to the extent and in their capacity as statutory auditor, and in respect of the reports issued by them and the Statement of Tax Benefits, included in this Letter of Offer. Such consent has not been withdrawn as on the date of this Letter of Offer.

Changes in Auditors during the last three years

The appointment of M/s Bhatler and Associates, Chartered Accountants as Peer Review and Statutory Auditors of our Company for a period of 5 years w.e.f. 04-11-2022 was recommended and approved by the Board of Directors by passing resolution at the Board of Directors meeting held on October 07, 2022 and approved by the Shareholder at their Extra-Ordinary General Meeting held on November 04, 2022. M/s Bhatler and Associates, Chartered Accountants is the Peer Review and Statutory Auditors of our Company in place of M/s S. C. Mehra & Associates LLP. Chartered Accountant. 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.

Underwriting

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

In accordance with Regulation 86(1) of the SEBI ICDR Regulations, our Company is not required to achieve minimum subscription for the Rights Issue on account of the following reason:

1. Objects of the Rights Issue are for a purpose which is other than financing a capital expenditure for a project; and
2. Our Promoters and members of our Promoter Group vide their letter (Subscription Letter) have agreed that they have the intention to subscribe, to the full extent of their Rights Entitlements in the Issue, except to the extent of renunciation by certain members of Promoters and Promoter Group of their Rights Entitlement in favour other members of Promoter and Promoter Group in part or full.

Further, our Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, under applicable law, pursuant to this Issue. Any participation by our Promoters and Promoter Group, over and above their Rights Entitlements, shall not result in a breach of the minimum public shareholding requirements prescribed under applicable law.

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

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	: January 11, 2023; Wednesday
Issue Opening Date	: January 12, 2023; Thursday
Last Date for On Market Renunciation of Rights Entitlements [#]	: January 25, 2023; Wednesday
Issue Closing Date [*]	: February 02, 2023; Thursday
Finalization of Basis of Allotment (on or about)	: February 14, 2023; Tuesday
Date of Allotment (on or about)	: February 15, 2023; Wednesday
Date of Credit (on or about)	: February 16, 2023; Thursday
Date of Listing (on or about)	: March 01, 2023; Wednesday

[#]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., January 31, 2023; Tuesday 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., February 01, 2023; Wednesday.

Investors are advised to ensure that the Applications are submitted on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be liable for any loss on account of non- submission of Applications on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date, due to prevailing COVID-19 related conditions. For details on submitting Application Forms, see “***Terms of the Issue***” beginning on page 224.

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.adroitcorporate.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 235.

CAPITAL STRUCTURE

The share capital of our Company as of the date of this 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
Authorized Share Capital		
60,00,00,000 Equity Shares of Re. 1.00/- each	60,00,00,000	-
Issued, Subscribed And Paid Up Share Capital Before The Issue		
9,75,27,000 Equity Shares of Re. 1.00/- each	9,75,27,000	-
Present Issue In Terms Of This Letter of Offer ⁽¹⁾		
49,73,87,700 Equity Shares of face value Re. 1.00 each for Cash price of Re. 1.00 per Share	49,73,87,700	49,73,87,700
Issued, Subscribed And Paid Up Share Capital After The Issue		
59,49,14,700 Equity Shares of Re. 1.00 /- each ⁽²⁾	59,49,14,700	
Securities Premium Account		
Before the Issue	2,74,82,000	
After the Issue	2,74,82,000	

(1) The Issue has been authorized by the Board of Directors of our Company under Section 62 and other provisions of the Companies Act, 2013 at their meeting held on April 16, 2022.

(2) Assuming full subscription and allotment by/to the Eligible Equity Shareholders of the Rights Equity Shares.

Notes to Capital Structure

- 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 Letter of Offer.
- Except as mentioned below, no Equity Shares have been acquired by the other Promoters or members of Promoter Group in the last (1) one year immediately preceding the date of filing of this Letter of Offer:

Sr. No.	Name of the Promoter & Promoter Group	Category of the Shareholder	Date of Acquisition	No. of Equity Shares	Mode of Acquisition
1.	Tilokchand Manaklall Kothari	Promoter	24-01-2022	9,36,000	Bonus Allotment
2.	Sibsagar Trade And Agencies Pvt. Ltd	Promoter	24-01-2022	8,00,000	Bonus Allotment
3.	Vishal Kothari	Promoter Group	24-01-2022	92,508	Bonus Allotment

- None of the Equity Shares held by our Promoter or Promoter Group have been pledged or encumbered as of the date of this Letter of Offer.
- None of the Equity Shares held by our Promoter or Promoter Group have been locked-in as of the date of this Letter of Offer.

5) Intention and extent of participation by our Promoters and Promoter Group

Our Promoters and Promoter Group have, vide their letters (the “Subscription Letters”) have agreed that they along with other Promoters and certain members of Promoter Group of our Company, intend to subscribe, jointly and / or severally, to the full extent of their Rights Entitlements (including through subscription of any Rights Entitlements renounced in their favour by any other Promoter or member(s) of the Promoter Group of our Company).

Further, our Promoters and certain members of the Promoter Group also reserve the right to apply for, subscribe to Additional Rights Equity Shares, over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any) for ensuring minimum subscription in the Issue as required under the SEBI ICDR Regulations, subject to compliance with the minimum public shareholding requirements, as prescribed under the law pursuant to the Issue.

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

- 6) The **ex-rights price** of the Equity Shares as per Regulation 10(4)(b) of the SEBI SAST Regulations is Rs. 1.09.
- 7) At any given time, there shall be only one denomination of the Equity Shares of our Company.
- 8) Except as disclosed in this 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 Letter of Offer. Further, the Equity Shares to be allotted pursuant to the Issue, shall be fully paid up. For further details on the payment schedule and terms of Issue, please see section titled “Terms of the Issue” beginning on page 224.
- 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 September 30, 2022, can be accessed on the website of the BSE at: <https://www.bseindia.com/stock-share-price/visagar-financial-services-ltd/visagar/531025/shareholding-pattern/>

Category of shareholder	No. of shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form	Sub-categorization of shares (XV)		
								Shareholding (No. of shares) under		
								SubCategory_I	SubCategory_II	SubCategory_III
(A) Promoter & Promoter Group	2	52,08,000	52,08,000	5.34	52,08,000	5.34	52,08,000	-	-	-
(B) Public	38, 971	9,23,19,000	9,23,19,000	94.66	9,23,19,000	94.66	9,14,61,000	-	-	-
(C1) Shares underlying DRs	-	-	-	-	-	-	-	-	-	-
(C2) Shares held by Employee Trust	-	-	-	-	-	-	-	-	-	-
(C) Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-
Grand Total	38,973	9,75,27,000	9,75,27,000	100.00	9,75,27,000	100.00	9,66,69,000	-	-	-

- 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 September 30, 22 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531025&qtrid=115.00&QtrName=September%202022>

Category of shareholder	Entity Type	Nos. of shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities		Number of equity shares held in dematerialized form
						No.(a)	As a % of total Shares held (b)	
A1) Indian					0.00		0.00	
Any Other (specify)		2	52,08,000	52,08,000	5.34	52,08,000	5.34	52,08,000

SIBSAGAR Trade And Agencies Pvt. Ltd.	Promoter Group	1	24,00,000	24,00,000	2.46	24,00,000	2.46	24,00,000
Tilokchand Manaklal Kothari	Promoter	1	28,08,000	28,08,000	2.88	28,08,000	2.88	28,08,000
Sub Total A1		2	52,08,000	52,08,000	5.34	52,08,000	5.34	52,08,000
A2) Foreign					0.00		0.00	
A=A1+A2		2	52,08,000	52,08,000	5.34	52,08,000	5.34	52,08,000

- 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 September 30, 2022 can be accessed on the website of the BSE at: <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531025&qtrid=115.00&QtrName=September%202022>

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form(Not Applicable)	Sub-categorization of shares (XV)		
								Shareholding (No. of shares) under		
								SubCategory_I	SubCategory_II	SubCategory_III
B1) Central Government/ State Government(s)/ President of India	-	-	-	-	-	0.00	-	-	-	-
B2) Non-Institutions	-	-	-	-	-	0.00	-	-	-	-
Resident Individuals holding nominal share capital up to Rs. 2 lakhs	38,708	59505450	5,95,05,450	61.01	5,95,05,450	61.01	5,88,72,450	-	-	-
Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	37	18387313	1,83,87,313	18.85	1,83,87,313	18.85	1,83,87,313	-	-	-
Yogendra Baldevbhai Patel	1	1989645	19,89,645	2.04	19,89,645	2.04	19,89,645	-	-	-
Taruna Noulakha	1	1514500	15,14,500	1.55	15,14,500	1.55	15,14,500	-	-	-
Non Resident Indians (NRIs)	45	320571	3,20,571	0.33	3,20,571	0.33	3,20,571	-	-	-
Bodies Corporate	49	12094756	1,20,94,756	12.40	1,20,94,756	12.40	1,18,69,756	-	-	-
RRP Management Services (P) Ltd	1	2208774	22,08,774	2.26	22,08,774	2.26	22,08,774	-	-	-
Economy Suppliers Private Limited	1	1653561	16,53,561	1.70	16,53,561	1.70	16,53,561	-	-	-
Pramod Kumar Jain Securities Private Lim	1	1564482	15,64,482	1.60	15,64,482	1.60	15,64,482	-	-	-
Embassy Sales Private Limited	1	1338528	13,38,528	1.37	13,38,528	1.37	13,38,528	-	-	-

Category & Name of the Shareholders	No. of shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form(Not Applicable)	Sub-categorization of shares (XV) Shareholding (No. of shares) under		
								SubCategory _I	SubCategory _II	SubCategory _III
Sunchan Securities Ltd	1	1101000	11,01,000	1.13	11,01,000	1.13	11,01,000	-	-	-
Any Other (specify)	132	2010910	20,10,910	2.06	20,10,910	2.06	20,10,910	-	-	-
HUF	121	1998221	19,98,221	2.05	19,98,221	2.05	19,98,221	-	-	-
Clearing Members	10	12092	12,092	0.01	12,092	0.01	12,092	-	-	-
Trusts	1	597	597	0.00	597	0.00	597	-	-	-
Sub Total B4	38971	92319000	9,23,19,000	94.66	9,23,19,000	94.66	9,14,61,000	-	-	-
B=B1+B2+B3+B4	38971	92319000	9,23,19,000	94.66	9,23,19,000	94.66	9,14,61,000	-	-	-

10) Details of the Shareholders holding more than 1% of the issued and paid-up equity share capital as on September 30, 2022 is as follows:

Sr. No.	Name of the Shareholder	Category of the Shareholder	No. of shares held	% of no. of shares
1)	Sibsagar Trade And Agencies Pvt. Ltd.	Promoter	24,00,000	2.46
2)	Tilokchand Manaklall Kothari	Promoter	28,08,000	2.88
3)	Yogendra Baldevbhai Patel	Public (Individual)	19,89,645	2.04
4)	Taruna Noulakha	Public (Individual)	15,14,500	1.55
5)	Economy Suppliers Private Limited	Public (Corporate Bodies)	16,53,561	1.70
6)	Embassy Sales Private Limited	Public (Corporate Bodies)	13,38,528	1.37
7)	Sunchan Securities Ltd	Public (Corporate Bodies)	11,01,000	1.13
8)	RRP Management Services (P) Ltd	Public (Corporate Bodies)	22,08,774	2.26
9)	Pramod Kumar Jain Securities Private Lim	Public (Corporate Bodies)	15,64,482	1.60

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. To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities; and
2. General corporate purposes

(Collectively, referred to herein as the “Objects”).

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

Utilization of Issue Proceeds

The details of the Issue Proceeds are set out below:

Particulars	Amount (Rs. In Lakhs)
Gross Proceeds of the Issue	4973.877
Less: Issue related expenses	(50.00)
Net Proceeds*	4923.877

** Assuming full subscription*

Requirement of Funds

Particulars	Amount (Rs. In Lakhs)
To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	3923.877
General Corporate Purposes	1000.00
Issue related expenses	50.00
Total	4973.877

Utilization of Net Proceeds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects as follows:

Particulars	Amount (Rs. In Lakhs)
To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	3923.877
General Corporate Purposes *	1000.00
Total*	4923.877

Please note that any portion of the Net Proceeds not deployed for the stated Objects in a particular Financial Year will be deployed by our Company in next Financial Year and/ or ahead of the estimated schedule of deployment.

**Assuming full subscription. The amount utilized towards general corporate purposes shall not exceed 25% of the Gross Proceeds.*

Means of Finance

Our Company proposes to meet the entire requirement of funds for the 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.

Schedule of Implementation and Deployment of Gross Proceeds

(Rs. In Lakhs)

Objects of the Issue	Amount Proposed to be Funded from Net Proceeds at Application (Post adjustment of estimated issue expenses)	Proposed Schedule for Deployment of the Net Proceeds at Application*
		For FY 2022-23 ⁽¹⁾
To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities	3923.877	3923.877
General corporate purposes **	1000.00	1000.00
Issue expenses	50.00	50.00
Total ***	4973.877	4973.877

⁽¹⁾ Upon receipt of the Application Money.

*Any portion of the Net Proceeds not deployed for the stated Objects in a particular Financial Year will be deployed by our Company in next Financial Year and/ or ahead of the estimated schedule of deployment.

** Subject to the finalization of the Basis of Allotment and the Allotment. While the amount is subject to adjustment upon finalization of Issue related expenses, however, in no event, shall general corporate purposes exceed 25% of the Gross Proceeds.

*** Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.

The fund requirement and deployment is based on internal management estimates and our Company's current business plan and is subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution.

Any amount, deployed by our Company out of internal accruals towards the aforementioned objects till the date of receipt of Issue Proceeds shall be recouped by our Company from the Issue Proceeds of the Issue. In case of delays in raising funds from the Issue, our company may deploy certain amounts towards any of the above mentioned Objects through a combination of Internal Accruals or Loans (Bridge Financing) and in such case the Funds raised shall be utilized towards repayment of such Loans or recouping of Internal Accruals. However, we confirm that no bridge financing has been availed as on date, which is subject to being repaid from the Issue Proceeds.

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 and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

As we operate in competitive environment, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects. For further details on the risks involved in our business plans and executing our business strategies, please see the section titled "Risk Factors" beginning on page 22 of this Letter of Offer.

Details of utilization of Net Proceeds

- To augment our capital base and provide for our fund requirements for increasing our operational scale with respect to our NBFC activities.**

We are a RBI Registered NBFC involved in the business of equity and debt investments, trading in securities and providing unsecured financing to individuals and small businesses. The capital adequacy norms issued by the RBI, is not applicable to our company as we are NBFC Non-systematically important non-Deposit Taking Company categorized as Investment and Credit Company i.e. ICC. We propose to augment our capital base by Rs. 3923.88 lakhs through this Issue and utilize the funds raised to further increase the operational scale of its business of NBFC activities, Investments & Trading of Securities. Primarily the amount will be used to expand our business operations. With the Issue Proceeds our Company envisages increasing its lending/ financing portfolio qualitatively and quantitatively to target eligible clients for secured and unsecured loans. The Company also seeks to utilize the amounts raised to increase its present investment & trading portfolio by making short term and long term investments & trades in form of Equity of listed and unlisted companies, Strategic investments, Debt, Derivatives, and other instruments/ Securities. Our investment scope and strategy depends on the opportunities and market conditions; both long term and short term and we invest in variety of sectors. There are no prefixed criteria or predefined limitations to the Company's investments. Besides we aim to leverage the combined experience of our network of professionals and Board members to make strategic investments in areas of growth and transformation with a long term perspective.

2. General corporate purposes

Our Company intends to deploy the balance Net Proceeds aggregating to Rs. 1000.00 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, (a) funding growth opportunities, including strategic initiatives; (b) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (c) meeting any expenses incurred in the ordinary course of business by our Company including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) meeting of exigencies which our Company may face in course of any business, (e) brand building and other marketing expenses and (f) 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.

3. 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. 50.00 Lakhs.

Particulars	Estimates expenses (Rs. In Lakhs)	As a % of total estimated Issue related expenses	As a % of Issue size * #
Fees of Consultancy, Monitoring agency, Banker to the Issue, Registrar to the Issue, Legal Advisor, Auditor's Fees, etc. including out of pocket expenses	37,50,000	75.00	0.75
Advertising, printing, distribution, marketing and stationery expenses	7,00,000	14.00	0.14
Regulatory fees, filing fees, listing fees and other miscellaneous expenses	5,50,000	11.00	0.11
Total estimated Issue expenses *^	50,00,000	100.00	1.01

* 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 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 may buy, trade or otherwise dealing in shares of any unlisted company or any other listed company or for any investment in the equity markets or we may invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in working capital loan accounts and other investment grade interest bearing securities as may be approved by the Board and in accordance with the MOA and AOA of the company. Such investments would be in accordance with the investment policies approved by our Board and Shareholders, if applicable/ required from time to time and at the prevailing commercial rates at the time of investment.

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 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 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 utilised, 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 SPECIAL TAX BENEFITS AVAILABLE TO VISAGAR FINANCIAL SERVICES LIMITED (“THE COMPANY”) AND THE SHAREHOLDERS OF THE COMPANY UNDER THE DIRECT AND INDIRECT TAX LAWS IN INDIA

To,
The Board of Directors
Visagar Financial Services Limited
907-908, Dev Plaza, 9th Floor,
S.V. Road, Andheri (West),
Mumbai - 400 058, Maharashtra, India

Dear Sir,

Re: Proposed Rights Issue of Equity Shares of face value of Re. 1.00 each (the “Equity Shares” and such offering, the “Issue”) of Visagar Financial Services Limited (the “Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI Regulations”) and the Companies Act, 2013, as amended (the ‘Act’).

We refer to the proposed right issue of equity shares (the “Offer”) of Visagar Financial Services Limited (“the Company”). We enclose herewith the statement (the “Annexure”) showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Indian 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 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (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 2023-24 relevant to the financial year 2022-23 for inclusion in the Draft Letter of Offer/ Letter of Offer (collectively referred to as “Offer Documents”) for the right issue of shares of the Company 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 the direct and indirect taxation laws including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions.

The benefits discussed in the enclosed Annexure 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 consultants, with respect to the specific tax implications arising out of their participation in the Offer particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor are we advising the investors to invest or not to invest money based on this statement.

The contents of the enclosed Annexure are 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.

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

We hereby give our consent to include this report and the enclosed Annexure regarding the tax benefits available to the Company and its shareholders in the Offer Documents for the proposed right issue of equity shares which the Company intends to submit to the Securities and Exchange Board of India and BSE Limited (the “Stock Exchange”) where the equity shares of the Company are proposed to be listed, as applicable, provided that the below statement of limitation is included in the Offer Documents.

We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)' ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Draft Letter of Offer/ Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

For M/S BHATTER AND ASSOCIATES
Chartered Accountants
Firm Registration No.: 131411W

Sd/-
Rohit Tawari
Membership No.: 197557
Partner

Place: Mumbai
Date: 08-10-2022
UDIN: 22197557AZBWAH5756

Encl: As above

ANNEXURE I

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO VISAGAR FINANCIAL SERVICES LIMITED (THE “COMPANY”), ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as ‘the Act’)

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders of the Company under the Act

There are no special tax benefits available to the shareholders of the Company.

3. Special tax benefits available to the material subsidiary of the Company under the Act

There are no special tax benefits available to the material subsidiary of the Company.

Notes:

- a. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
- b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2022-23.
- d. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
- e. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.
- f. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO VISAGAR FINANCIAL SERVICES LIMITED (THE “COMPANY”), ITS SHAREHOLDERS AND ITS MATERIAL SUBSIDIARY

II. The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), the Customs Act, 1962 (“Customs Act”) and the Customs Tariff Act, 1975 (“Tariff Act”) (collectively referred to as “indirect tax”)

1. Special tax benefits available to the Company under the Indirect Tax

There are no special indirect tax benefits available to the Company.

2. Special tax benefits available to the shareholders of the Company under the Indirect Tax

There are no special indirect tax benefits applicable in the hands of shareholders for investing in the shares of the Company.

3. Special tax benefits available to the material subsidiary of the Company under the Indirect Tax

There are no special indirect tax benefits to the material subsidiary of the Company.

Notes:

- a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b. The above statement covers only above-mentioned tax laws benefits and does not cover any direct tax law benefits or benefit under any other law.
- c. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice.
- d. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV: ABOUT OUR COMPANY INDUSTRY OVERVIEW

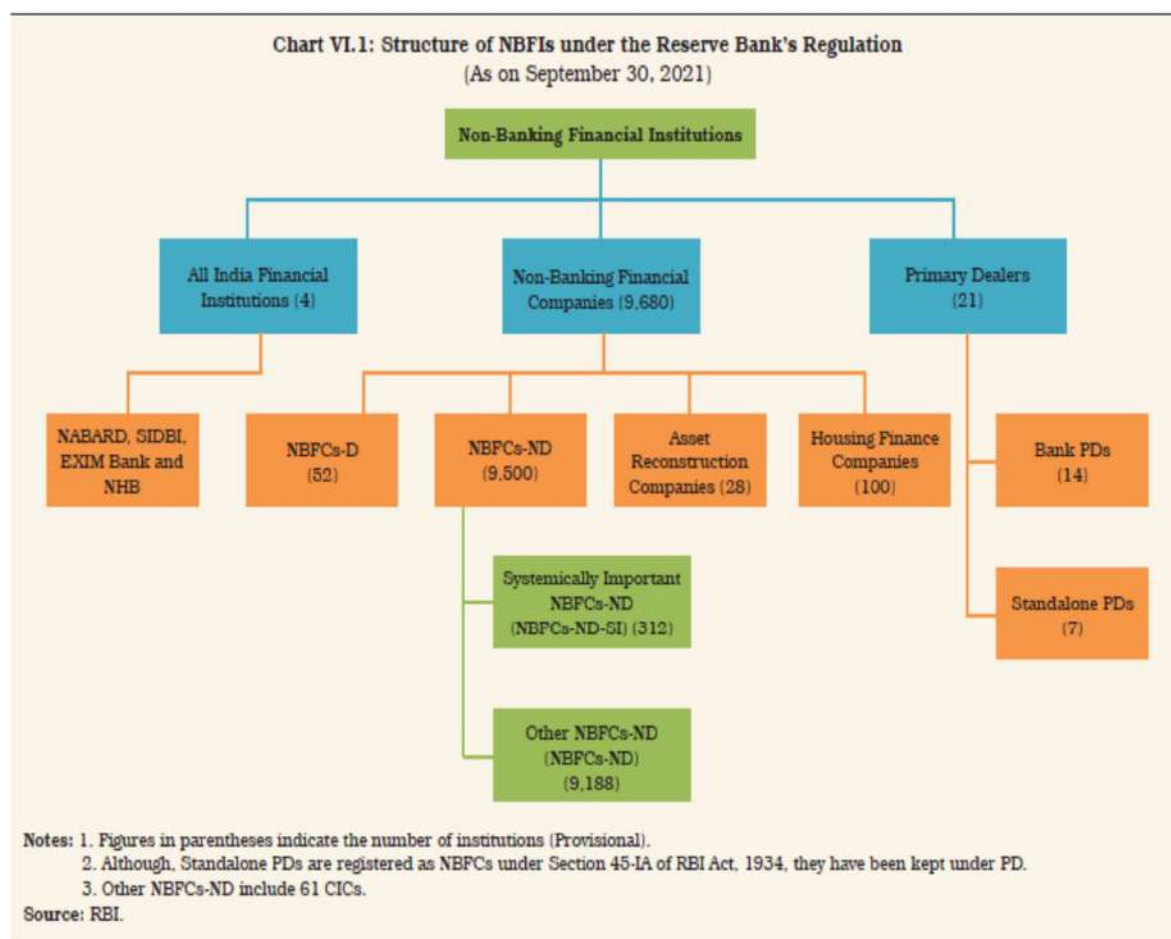
Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Introduction

NBFC is a Financial Institution that is into Lending or Investment or collecting monies under any scheme or arrangement but does not include any institutions which carry on its principal business as agriculture activity, industrial activity, trading and purchase or sale of immovable properties. A company that carries on the business of accepting deposits as its principal business is also an NBFC.

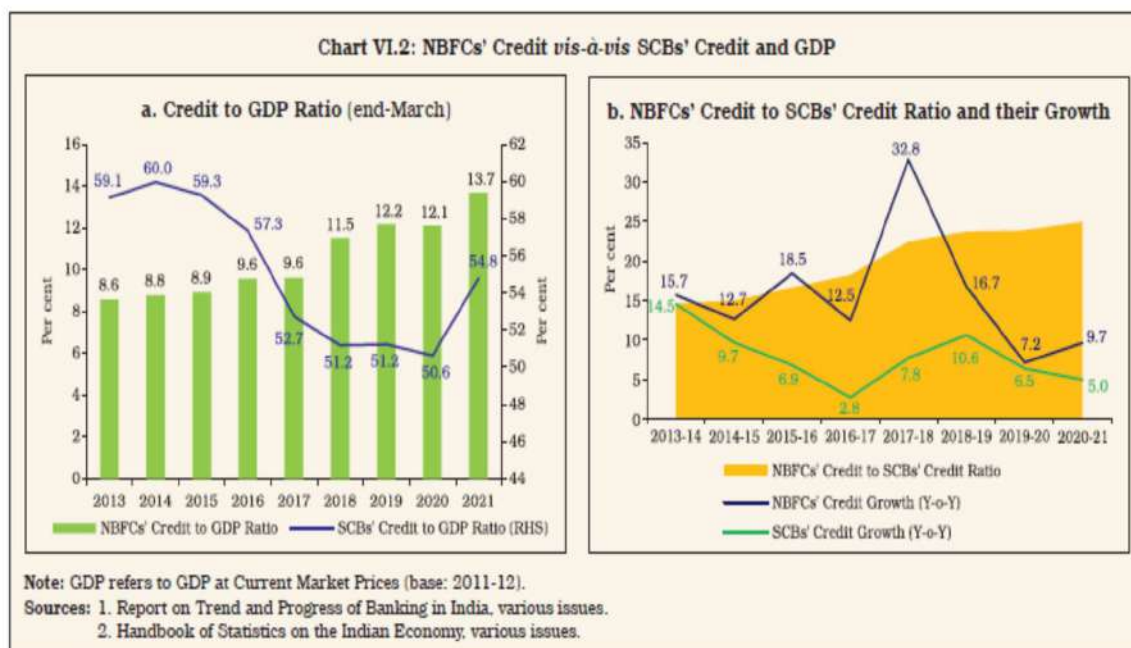
India has a diversified financial sector undergoing rapid expansion, both in terms of the strong growth of existing financial services firms and new entities entering the market. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds, and other smaller financial entities. The banking regulator has allowed new entities such as payments banks to be created recently thereby adding to the types of entities operating in the sector.

Sources: <https://www.legalserviceindia.com/legal/article-5832-an-overview-of-non-banking-financial-service-institutions.html>



NBFC Market Outlook

NBFCs' credit intensity measured by the credit/GDP ratio has been rising consistently, reaching a high in 2021 (Chart VI.2 a). Significantly, NBFCs' credit as proportion to SCBs' credit has also risen (Chart VI.2 b).



Regulatory guidelines mandate that only those NBFCs with minimum net owned funds (NOF) of `2 crore⁴ can be allowed to operate. In 2018-19, there was a record amount of cancellations/surrender of licenses of noncompliant NBFCs. During 2020-21, the number of registrations and cancellations were the lowest in the last five years.

The NBFC sector is dominated by NBFCs-ND-SI that constitute 85.1 per cent of the total assets of the sector. The number of large government-owned NBFCs, which mainly lend in the infrastructure space, has remained unchanged but their share in total assets of NBFCs-ND-SI has increased during the year (Table VI.2).

The Reserve Bank has been monitoring the operations and growth of NBFCs-D in order to secure depositors' interest, given that deposits of NBFCs-D are not covered by the Deposit Insurance and Credit Guarantee Corporation (DICGC). The Reserve Bank has mandated that only investment grade NBFCs-D shall accept fixed deposits from the public up to a limit of 1.5 times of their NOF and for a tenure of 12 to 60 months only, with interest rates capped at 12.5 per cent. NBFCs-D accounted for 14.9 per cent of the total assets of the NBFC sector at end-March 2021. Privately owned NBFCs-D accounted for 88.4 per cent of NBFCs-D' total assets in 2020-21 (Table VI.2).

During the year under review, the balance sheet of NBFCs expanded at a faster rate than a year ago, driven essentially by growth in credit and investments of NBFCs. In 2020-21, the share capital and reserves of NBFCs expanded significantly as some NBFCs raised additional capital *via* rights issues, NBFCs also increased their investments substantially during the year.

On credit disbursement, 57 NBFCs, each having a loan book of more than `5000 crore, lent 90.1 per cent of the total credit disbursed in 2020-21 (Chart VI.4). Smaller NBFCs (asset size less than `500 crore) are numerous but accounted for only 0.9 per cent of total NBFC credit outstanding. VI.14 Amongst NBFCs-ND-SI, ICCs, IFCs and NBFCs-MFI together accounted for 98.1 per cent of the total asset size of the sub-sector in March 2021. All categories of NBFCs-ND-SI exhibited balance sheet growth in 2020-21,

Framework for Scale Based Regulation for Non-Banking Financial Companies

1. Regulatory Structure for NBFCs

1.1 Regulatory structure for NBFCs shall comprise of four layers based on their size, activity, and perceived riskiness. NBFCs in the lowest layer shall be known as NBFC - Base Layer (NBFC-BL). NBFCs in middle layer and upper layer shall be known as NBFC - Middle Layer (NBFC-ML) and NBFC - Upper Layer (NBFC-UL) respectively. The Top Layer is ideally expected to be empty and will be known as NBFC - Top Layer (NBFC-TL).

Details of NBFCs populating the various layers shall be as prescribed in paras 1.2 to 1.6 below:

Base Layer: 1.2 The Base Layer shall comprise of (a) non-deposit taking NBFCs below the asset size of ₹1000 crore and (b) NBFCs undertaking the following activities- (i) NBFC-Peer to Peer Lending Platform (NBFC-P2P), (ii) NBFC-Account Aggregator (NBFC-AA), (iii) Non-Operative Financial Holding Company (NOFHC) and (iv) NBFCs not availing public funds and not having any customer interface.

Middle Layer 1.3 The Middle Layer shall consist of (a) all deposit taking NBFCs (NBFC-Ds), irrespective of asset size, (b) non-deposit taking NBFCs with asset size of ₹1000 crore and above and (c) NBFCs undertaking the following activities (i) Standalone Primary Dealers (SPDs), (ii) Infrastructure Debt Fund - Non-Banking Financial Companies (IDF-NBFCs), (iii) Core Investment Companies (CICs), (iv) Housing Finance Companies (HFCs) and (v) Infrastructure Finance Companies (NBFC-IFCs).

Upper Layer: 1.4 The Upper Layer shall comprise of those NBFCs which are specifically identified by the Reserve Bank as warranting enhanced regulatory requirement based on a set of parameters and scoring methodology as provided in the Appendix to this circular. The top ten eligible NBFCs in terms of their asset size shall always reside in the upper layer, irrespective of any other factor.

Top Layer 1.5 The Top Layer will ideally remain empty. This layer can get populated if the Reserve Bank is of the opinion that there is a substantial increase in the potential systemic risk from specific NBFCs in the Upper Layer. Such NBFCs shall move to the Top Layer from the Upper Layer.

Categorisation of NBFCs carrying out specific activity

- 1.6 As the regulatory structure envisages scale based as well as activity-based regulation, the following prescriptions shall apply in respect of the NBFCs NBFC-P2P, NBFC-AA, NOFHC and NBFCs without public funds and customer interface will always remain in the Base Layer of the regulatory structure.
- NBFC-D, CIC, IFC and HFC will be included in Middle Layer or the Upper Layer (and not in the Base layer), as the case may be. SPD and IDF-NBFC will always remain in the Middle Layer.
- The remaining NBFCs, viz., Investment and Credit Companies (NBFC-ICC), Micro Finance Institution (NBFC-MFI), NBFC-Factors and Mortgage Guarantee Companies (NBFC-MGC) could lie in any of the layers of the regulatory structure depending on the parameters of the scale based regulatory framework.
- Government owned NBFCs shall be placed in the Base Layer or Middle Layer, as the case may be. They will not be placed in the Upper Layer till further notice.

2. Scale Based Regulatory Framework

2.1 References to NBFC-ND, NBFC-ND-SI & NBFC-D - From October 01, 2022, all references to NBFC-ND shall mean NBFC-BL and all references to NBFC-D and NBFC-ND-SI shall mean NBFC-ML or NBFC-UL, as the case may be.

2.2 Progressive application of regulations - Regulatory revisions applicable to lower layers of NBFCs will automatically be applicable to NBFCs residing in higher layers, unless stated otherwise.

2.3 Regulatory guidelines for NBFCs in Base Layer - NBFCs in the Base Layer (NBFC-BL) shall be subject to regulations as currently applicable to NBFC-ND, except for the changes mentioned below at paras 3.1 and 3.2. NBFC-P2P, NBFC-AA, and NOFHC shall be subject to extant regulations governing them.

2.4 Regulatory guidelines for NBFCs in Middle Layer - NBFCs in the Middle Layer (NBFC-ML) shall continue to follow regulations as currently applicable for NBFC-ND-SIs, NBFC-Ds, CICs, SPDs and HFCs, as the case may be, except for the changes mentioned below at paras 3.1 and 3.2.

2.5 Regulatory guidelines for NBFCs in Upper Layer - NBFCs lying in the Upper Layer (NBFC-UL) shall be subject to regulations applicable to NBFC-ML in addition to the changes mentioned below at paras 3.1 and 3.2.

3. Regulatory changes under Scale Based Regulation (SBR)

3.1 Regulatory changes under SBR for all the layers in the regulatory structure

a) Net Owned Fund – Regulatory minimum Net Owned Fund (NOF) for NBFC-ICC, NBFC-MFI and NBFC-Factors shall be increased to ₹10 crore.⁴ The following glide path is provided for the existing NBFCs to achieve the NOF of ₹10 crore:

NBFC	Current NOF	By March 31, 2025	By March 31, 2027
NBFC -ICC	Rs. 2 Cr	Rs.5 Cr	Rs 10 Cr
NBFC- MFI	Rs.5 crore (₹2 Cr.in NE Region)	₹7 crore (₹5Cr. in NE Region)	Rs.10 Cr
NBFC- Factor	Rs. 5 Cr		Rs.10 Cr

However, for NBFC-P2P, NBFC-AA, and NBFCs with no public funds and no customer interface, the NOF shall continue to be ₹2 crore. It is clarified that there is no change in the existing regulatory minimum NOF for NBFCs - IDF, IFC, MGCs, HFC, and SPD.⁵

b) NPA Classification - The extant NPA classification norm stands changed to the overdue period of more than 90 days for all categories of NBFCs. A glide path is provided to NBFCs in Base Layer to adhere to the 90 days NPA norm as under –

NPA NORMS	TIMELINE
➤ 150 Days Overdue	By March 31, 2024
➤ 120 Days Overdue	By March 31, 2025
➤ 90 Days	By March 31, 2026

Explanation: The glide path will not be applicable to NBFCs which are already required to follow the 90-day NPA norm.

c) Experience of the Board - Considering the need for professional experience in managing the affairs of NBFCs, at least one of the directors shall have relevant experience of having worked in a bank/ NBFC.

d) Ceiling on IPO Funding – There shall be a ceiling of ₹1 crore per borrower for financing subscription to Initial Public Offer (IPO). NBFCs can fix more conservative limits.

3.2 Regulatory changes under SBR for different layers in the regulatory structure –

3.2.1 Capital Guidelines –Regulatory changes under SBR applicable to NBFC-ML and NBFC-UL

a) Internal Capital Adequacy Assessment Process (ICAAP) - NBFCs are required to make a thorough internal assessment of the need for capital, commensurate with the risks in their business. This internal assessment shall be on similar lines as ICAAP prescribed for commercial banks under Pillar 2 (Master Circular – Basel III Capital Regulations dated July 01, 2015). While Pillar 2 capital will not be insisted upon, NBFCs are required to make a realistic assessment of risks. Internal capital assessment shall factor in credit risk, market risk, operational risk and all other residual risks as per methodology to be determined internally. The methodology for internal assessment of capital shall be proportionate to the scale and complexity of operations as per their Board approved policy. The objective of ICAAP is to ensure availability of adequate capital to support all risks in business as also to encourage NBFCs to develop and use better internal risk management techniques for monitoring and managing their risks. This will facilitate an active dialogue between the supervisors and NBFCs on the assessment of risks and monitoring as well as mitigation of the same.

Additional regulatory changes under SBR applicable to NBFC-UL

b) Common Equity Tier 1 – In order to enhance the quality of regulatory capital, NBFC-UL shall maintain Common Equity Tier 1 capital of at least 9 per cent of Risk Weighted Assets.

c) Leverage - In addition to the CRAR, NBFC-UL will also be subjected to leverage requirement to ensure that their growth is supported by adequate capital, among other factors. A suitable ceiling for leverage will be prescribed subsequently for these entities as and when necessary.

d) Differential standard asset provisioning- NBFC-UL shall be required to hold differential provisioning towards different classes of standard assets.

A detailed circular will be issued by the Bank for guidelines at paras b, c, and d above.

3.2.2 Prudential Guidelines –

Regulatory changes under SBR applicable to NBFC-ML and NBFC-UL

1. **Concentration of credit/ investment** - The extant credit concentration limits prescribed for NBFCs separately for lending and investments shall be merged into a single exposure limit of 25% for single borrower/ party and 40% for single group of borrowers/ parties. Further, the concentration limits shall be determined with reference to the NBFC's Tier 1 capital instead of their Owned Fund. The revised norms are indicated in the table below:

Existing limit (as a percentage of Owned Fund)				Revised limit (as a percentage of Tier I Capital)	
	Lending	Investment	Total		Exposure
Single borrower/ party	15	15	25	Single borrower/ party	25
Single group of borrowers/ parties	25	25	40	Single group of borrowers/ parties	40

NBFC-UL shall follow these norms till Large Exposure Framework is put in place for them. Extant instructions on concentration norms for different categories of NBFC, other than the changes indicated above, will continue to remain applicable.

2. **Sensitive Sector Exposure (SSE)** - Exposure to capital market (direct and indirect) and commercial real estate⁶ shall be reckoned as sensitive exposure for NBFCs. NBFCs shall fix Board-approved internal limits for SSE separately for capital market and commercial real estate exposures. Dynamic vulnerability assessments of various sectors and their likely impact on business, as evaluated periodically, should help NBFCs determine such internal exposure limits. While the Board is free to determine various sub-limits within the overall SSE internal limits, the following are specifically prescribed:

A sub-limit within the commercial real estate exposure ceiling shall be fixed internally for financing land acquisition. Ceiling on IPO Funding as mentioned at Para 3.1.

Housing Finance Companies shall continue to follow specific regulation on sensitive sector exposure, as are currently applicable in terms of paragraph 227 & 238 of Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021.

c) Regulatory restrictions on loans – NBFCs shall be subject to regulatory restrictions in respect of the are: Granting loans and advances to directors, their relatives and to entities where directors or their relatives have major shareholding.

Granting loans and advances to Senior Officers of the NBFC.

While appraising loan proposals involving real estate, NBFCs shall ensure that the borrowers have obtained prior permission from government / local governments / other statutory authorities for the project, wherever required.

To ensure that the loan approval process is not hampered on account of this, while the proposals could be sanctioned in normal course, the disbursements shall be made only after the borrower has obtained requisite clearances from the government authorities.

A detailed circular on the areas mentioned at para c above will be issued by the Reserve Bank in due course. In the meantime, extant norms shall prevail.

Additional regulatory changes under SBR applicable to NBFC-UL

d) **Large Exposure Framework** – It has been decided to introduce Large Exposure Framework (LEF) for NBFCs placed in the Upper Layer. Accordingly, large exposure of an NBFC to all counterparties and groups of connected counterparties will be considered for exposure ceilings. Simplified and separate guidelines will be issued incorporating the definition of large exposure, regulatory reporting and large exposure limits.

e) **Internal Exposure Limits** - In addition to the internal limits on SSE in respect of capital market and commercial real estate as indicated in para b) above, Board of NBFC-UL shall also determine internal exposure limits on other important sectors to which credit is extended. Further, NBFC-UL shall put in place an internal Board approved limit for exposure to the NBFC sector.

3.2.3 Governance Guidelines

Regulatory changes under SBR applicable to NBFC-BL

a) **Risk Management Committee** – In order that the Board is able to focus on risk management, NBFCs shall be responsible for evaluating the overall risks faced by the NBFC including liquidity risk and will report to the Board.

b) **Disclosures** - Disclosure requirements shall be expanded, inter alia, to include types of exposure, related party transactions, loans to Directors/ Senior Officers and customer complaints.

c) **Loans to directors, senior officers and relatives of directors** - NBFC-BL shall have a Board approved policy on grant of loans to directors, senior officers and relatives of directors and to entities where directors or their relatives have major shareholding.

A detailed circular on paras 3.2.3 (b) & (c) will be issued by the Reserve Bank in due course. Regulatory changes under SBR applicable to NBFC-ML and NBFC-UL

d) **Key Managerial Personnel** - Except for directorship in a subsidiary, Key Managerial Personnel⁹ shall not hold any office (including directorships) in any other NBFC-ML or NBFC-UL. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. It is clarified that they can assume directorship in NBFC-BLs

e) **Independent Director** – Within the permissible limits in terms of Companies Act, 2013, an independent director shall not be on the Board of more than three NBFCs (NBFC-ML or NBFC-UL) at the same time. Further, the Board of the NBFC shall ensure that there is no conflict arising out of their independent directors being on the Board of another NBFC at the same time. A timeline of two years is provided with effect from October 01, 2022 to ensure compliance with these norms. There shall be no restriction to directorship on the Boards of NBFC-BLs, subject to applicable provisions of Companies Act, 2013.

f) **Disclosures** - NBFCs shall, in addition to the existing regulatory disclosures, disclose the following in their Annual Financial Statements, with effect from March 31, 2023: Corporate Governance report containing composition and category of directors, shareholding of non-executive directors, etc. Disclosure on modified opinion, if any, expressed by auditors, its impact on various financial items and views of management on audit qualifications. Items of income and expenditure of exceptional nature. Breaches in terms of covenants in respect of loans availed by the NBFC or debt securities issued by the NBFC including incidence/s of default.

g) **Chief Compliance Officer** – In order to ensure an effective compliance culture, it is necessary to have an independent compliance function and a strong compliance risk management framework in NBFCs. NBFCs are, therefore, required to appoint a Chief Compliance Officer (CCO), who should be sufficiently senior in the organization hierarchy. NBFCs shall put in place a Board approved policy laying down the role and responsibilities of the CCO with the objective of promoting better compliance culture in the organization.

h) **Compensation guidelines** - In order to address issues arising out of excessive risk taking caused by misaligned compensation packages, it has been decided that NBFCs shall put in place a Board approved compensation policy. The guidelines shall at the minimum include, a) constitution of a Remuneration Committee, b) principles for fixed/ variable pay structures, and c) malus/ claw back provisions. The Nomination and Remuneration Committee shall ensure that there is no conflict of interest.

i) **Other Governance matters** - NBFCs shall comply with the following:

1. The Board shall delineate the role of various committees (Audit Committee, Nomination and Remuneration Committee, Risk Management Committee or any other Committee) and lay down a calendar of reviews.
2. NBFCs shall formulate a whistle blower mechanism for directors and employees to report genuine concerns.
3. The Board shall ensure good corporate governance practices in the subsidiaries of the NBFC.

j) Core Banking Solution - NBFCs with 10 and more branches are mandated to adopt Core Banking Solution. A glide path of 3 years with effect from October 01, 2022 is being provided.

k) **Qualification of Board Members** - Board members shall be competent to manage the affairs of the NBFC. The composition of the Board should ensure mix of educational qualification and experience within the Board. Specific expertise of Board members will be a prerequisite depending on the type of business pursued by the NBFC.

l) **Listing & Disclosures** - NBFC-UL shall be mandatorily listed within 3 years of identification as NBFC-UL. Disclosure requirements shall be put in place on the same lines as applicable to a listed company even before the actual listing, as per Board approved policy of the NBFC

m) **Removal of Independent Directors** – NBFC-UL shall be required to report to the supervisors in case any Independent Director is removed/ resigns before completion of his normal tenure.

3.3 Regulatory guidelines for NBFCs under Top Layer – NBFCs falling in the Top Layer of the regulatory structure shall, inter alia, be subject to higher capital charge. Such higher requirements shall be specifically communicated to the NBFC at the time of its classification in the Top Layer. There will be enhanced and intensive supervisory engagement with these NBFCs.

4. Transition Path- Once a NBFC is identified for inclusion as NBFC-UL, the NBFC shall be advised about its classification by the Department of Regulation, Reserve Bank and it will be placed under regulation applicable to the Upper Layer. For this purpose, the following timelines shall be adhered to: Within 3 months of being advised by the RBI regarding its inclusion in the NBFC-UL, the NBFC shall put in place a Board approved policy for adoption of the enhanced regulatory framework and chart out an implementation plan for adhering to the new set of regulations.

The Board shall ensure that the stipulations prescribed for the NBFC-UL are adhered to within a maximum time-period of 24 months from the date of advice regarding classification as a NBFC-UL from the Reserve Bank. During the period of transition, calibrated increment to business may be allowed through supervisory engagement. The period of 3 months provided for charting out the plan for implementation shall be subsumed within the 24-months' time-period referred to above.

The roadmap as approved by the Board towards implementation of the enhanced regulatory requirement shall be submitted to the Reserve Bank and shall be subject to supervisory review.

4.2 Transition of NBFCs to the Upper Layer

- a) Once an NBFC is categorised as NBFC-UL, it shall be subject to enhanced regulatory requirement, at least for a period of five years from its classification in the layer, even in case it does not meet the parametric criteria in the subsequent year/s. In other words, it will be eligible to move out of the enhanced regulatory framework only if it does not meet the criteria for classification for five consecutive years.
- b) NBFC-UL may however move out of the enhanced regulatory framework before the period of five years if the movement is on account of voluntary strategic move to readjust operations as per a Board approved policy. This stipulation shall not apply if the scaling down of operations is on account of adverse situations specific to the NBFC and its deteriorating financial conditions.
- c) NBFCs which are close to meeting the parameters and benchmarks that would render them eligible for classification as NBFC-UL shall be intimated about the same to enable them to readjust their operations, in case they intend to continue to function as NBFC-ML on a long-term basis and do not want to graduate to NBFC-UL.

4.3 Review of Assessment Methodology - The methodology for assessing the NBFC-UL shall be reviewed periodically.

4.4 Classification of Government owned NBFCs - As per the Reserve Bank's circular on 'Withdrawal of Exemptions Granted to Government Owned NBFCs' dated May 31, 2018, the Government owned NBFCs are still in the transition period to attain the minimum CRAR. It has, therefore, been decided not to subject these NBFCs to the Upper Layer regulatory framework at this juncture. A decision on including eligible Government NBFCs meeting the specified criteria into the Upper Layer will be taken at a later stage and till that time the guidelines as applicable for the NBFC-ML shall apply.

4.5 Regulation of NBFCs not availing public funds and not having customer interface - NBFCs not availing public funds and not having customer interface bear a different risk profile and hence deserve a differential regulatory

treatment. It has been decided that Reserve Bank will come out with separate regulations for such NBFCs in due course. Till such time, the extant regulations will continue to apply.

1. Public Funds and Customer Interface as defined in Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016
2. It is clarified that existing NBFC-ND-SIs having asset size of ₹500 crore and above but below ₹1000 crore (except those necessarily featuring in Middle Layer) will be known as NBFC-BL.
3. Master Directions - Non-Banking Financial Company – Peer to Peer Lending Platform (Reserve Bank) Directions, 2017; Master Direction- Non-Banking Financial Company - Account Aggregator (Reserve Bank) Directions, 2016; and Guidelines for Licensing of New Banks in the Private Sector dated February 22, 2013 and other related guidelines containing instructions on NOFHC.
4. It is clarified that there shall be no distinction in the NOF requirement for NBFCs registered in the North East Region.
5. NOF for different categories are - IDF and IFC - ₹300 crore, MGC- ₹100 crore, HFCs- ₹20 crore, SPDs which undertake only the core activities - ₹150 crore, SPDs which also undertake non-core activities - ₹250 crore.
6. Sensitive Sector Exposure as enumerated in para 3.6, Annex XIV of Master Direction on Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 dated September 01, 2016
7. No housing finance company shall invest in land or buildings, except for its own use, an amount exceeding twenty per cent of its capital fund.
8. The aggregate exposure of a housing finance company to the capital market in all forms (both fund based, and non-fund based) should not exceed 40 per cent of its net worth as on March 31 of the previous year.

Source: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=12179&Mode=0>

Impact of COVID-19 on NBFC

The Indian economy has been severely affected due to coronavirus outbreak. The worst effect has been on the majority of small businesses in comparison to the big companies as large corporates have sufficient profits, contingency funds and a large customer base to survive without bearing the negative effect of the lockdown.

If we talk about small businesses, they have a shortage of funds to survive as their operational cost is higher than their revenue. Thus, by the time this pandemic come to an end, most of them would be in a situation to forcefully wind up. Non-Banking Finance Companies have also been largely affected due to the coronavirus lockdown in India. Let's have a look at the Impact of COVID-19 on NBFC.

Liquidity Issues Faced by NBFCs

The NBFC Sector is staring at another bout of liquidity challenges due to the side effects of COVID-19. Earlier, there was no clarity on whether the three-month moratorium applies to the loans which NBFCs have taken from the Banks or not. NBFCs were to repay the loan amount to the banks when their inflows have been affected due to a three-month moratorium period provided by them to their customers on terms loans as advised by Reserve Bank of India.

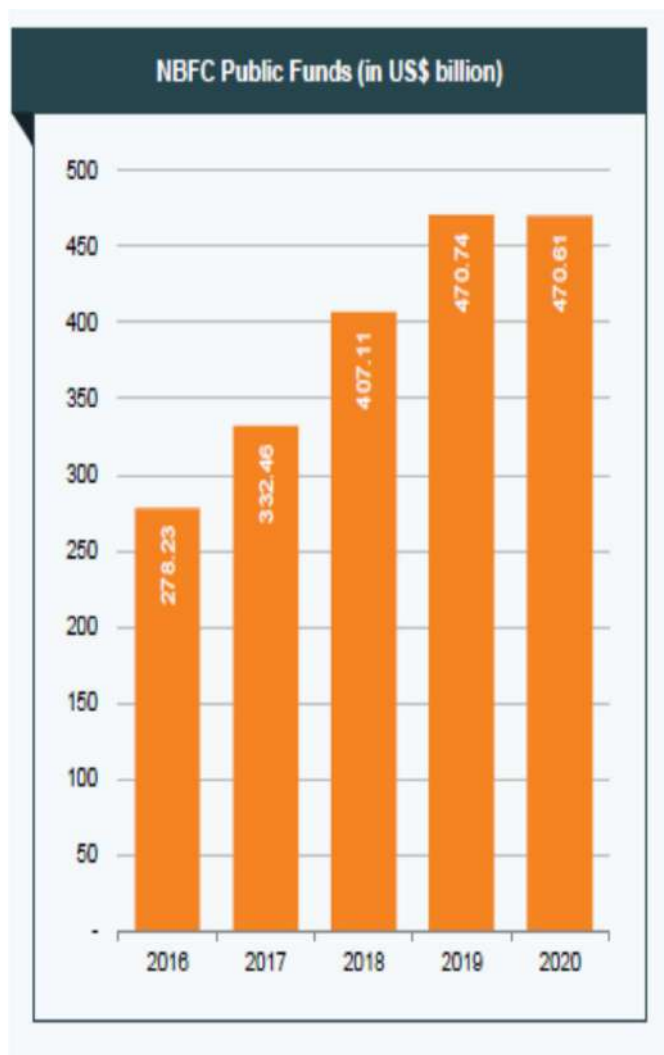
It means that initially, there was no moratorium period provided to the NBFC and HFC by the Banks, that are availing credits from them like any other borrower and it has been currently observed that in aggregate, NBFCs have Rs 1.75 trillion of debt obligations maturing by them to the banks.

Moratorium becomes important for NBFCs and HFCs mainly because these lenders, unlike banks, do not have access to systemic sources of liquidity and depend significantly upon wholesale funding. Bank borrowing is a significant source of funding for the shadow banking sector, especially the smaller ones. Apart from that, they borrow money from the debt capital markets via instruments like NCDs and CPs. Of late, many NBFCs have been acquiring overseas through ECBs, given the liquidity challenges they have been encountering in the domestic market.

Source: <https://enterslice.com/learning/impact-of-covid-19-on-nbfc-businesses-in-india/>

NBFC: Growing in prominence

- Non-banking financial companies (NBFCs) are rapidly gaining prominence as intermediaries in the retail finance space.
- NBFCs finance more than 80% of equipment leasing and hire purchase activities in India
- The public funds of NBFCs increased from US\$ 278.23 billion in 2016 to US\$ 470.74 billion in 2020 at a CAGR of 14.04%.
- There were 9,425 NBFCs registered with the RBI as of January 22, 2021.
- In December 2020, the Reserve Bank of India issued a draft circular on declaration of dividends by NBFCs, wherein it proposed that NBFCs should have at least 15% Capital to Risk Weighted Assets Ratio (CRAR) for the last 3 years, including the accounting year for which it proposes to declare a dividend.
- In July 2021, Rajya Sabha approved the Factoring Regulation (Amendment) Bill in 2020, enabling ~9,000 NBFCs to participate in the factoring market. The bill also gives the central bank the authority to establish guidelines for improved oversight of the US\$ 6 billion factoring sector.
- On September 30, 2021, the Reserve Bank of India communicated that the applicable average base rate to be charged by non-banking financial company - micro finance institutions (NBFC-MFIs) to their borrowers for the quarter beginning October 1, 2021, will be 7.95%.
- On September 29, 2021, SBI announced that it has signed an agreement with three non-banking finance company-microfinance institutions (NBFCMFIs) for co-lending to joint liability groups (JLGs).



Source: www.ibef.org.in

Benefits of NBFCs

According to research and studies, it is proved that NBFCs are outperforming banks. The continued better performance from NBFCs has given rise to an uptick of 15% customer satisfaction as compared to the banking customers. The same is agreed by the RBI according to the recent Financial Stability Report. Banks and Non-Banking Financial Companies (NBFCs) are financial intermediaries and the services offered by them are pretty much the same as banks.

However, the benefits of incorporating an NBFC and carrying on its activities are listed below:

Competitive Interest Rates:

Rate of interest is one of the main aspects of all types of loans. Non-Banking Financial Sectors have started to concentrate on this area in the recent decades and have brought down the interest rates to either equal to bank lending rates or at times even lower to bank rates. With all the other benefits when the rate of interest is also lowered, borrowers found this easier and more affordable. This has also resulted in lower EMI (Equated Monthly Instalment) for borrowers. Based on the income, credit scoring, and repayment, the rate of interest is charged on the borrowers. However it is at competitive rates.

Quick Processing:

At banks, it is very important that the applicant should fulfill the eligibility criteria but NBFC is lenient in this aspect. This makes loan approval easier, a smoother process, and quicker. Most of the time, people apply for loans when they are in immediate need of money. NBFCs have taken this as an opportunity to meet the demand by quickly processing the loans at a competitive rate of interest. At times, borrowers are even ready to compromise on the interest rates if the loan amount is huge and if they could get it approved quickly.

Fewer Rules and Regulations:

As NBFC is incorporated under the Companies Act, (though regulated by the Reserve Bank of India), the rules and regulations for lending are not as stringent as banks. This helps borrowers to get loans easily. In view of less complicated loan processing requirements, borrowers are highly satisfied. Of course, the risk of default is high with NBFC and thus interest rates and other charges will be accordingly priced by the NBFC. Even the loan amount approved will be quite lesser than the collateral value. This is due to the high risk of default. NBFCs do not have statutory reserve ratios and can open branches at will.

Loan available for Individuals with Poor Credit Rating:

Individuals with poor credit ratings generally will not get loans from banks. The reason for this is banks consider borrowers are high-risk individuals if the credit scoring is low. Unless the credit score is above 600 -650, it is very difficult to get a loan sanctioned from banks. On the other hand, loans will be offered to individuals with low credit scores by NBFCs but most of the time the interest rates for such borrowers will be higher than market rates. Due to these aforementioned advantages, most of the NBFCs are growing.

Road Ahead

This is a great initiative taken by the government as it will not only help in providing the liquidity and easing the impact of coronavirus on the NBFC sector but also provide loans to the needy even in the current situation and help in building the economy.

The latest measures taken by the RBI will soften the near-term credit negative impact on non-banking financial companies, NBFCs' funding and liquidity but are unlikely to boost the credit flow to the broader economy.

Source: <https://m.rbi.org.in/Scripts/PublicationsView.aspx?id=20946>

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 Letter of Offer, including the information contained in the section titled 'Risk Factors', beginning on page no.22 of this 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. 22, 82 and 200 respectively, of this Letter of Offer.

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

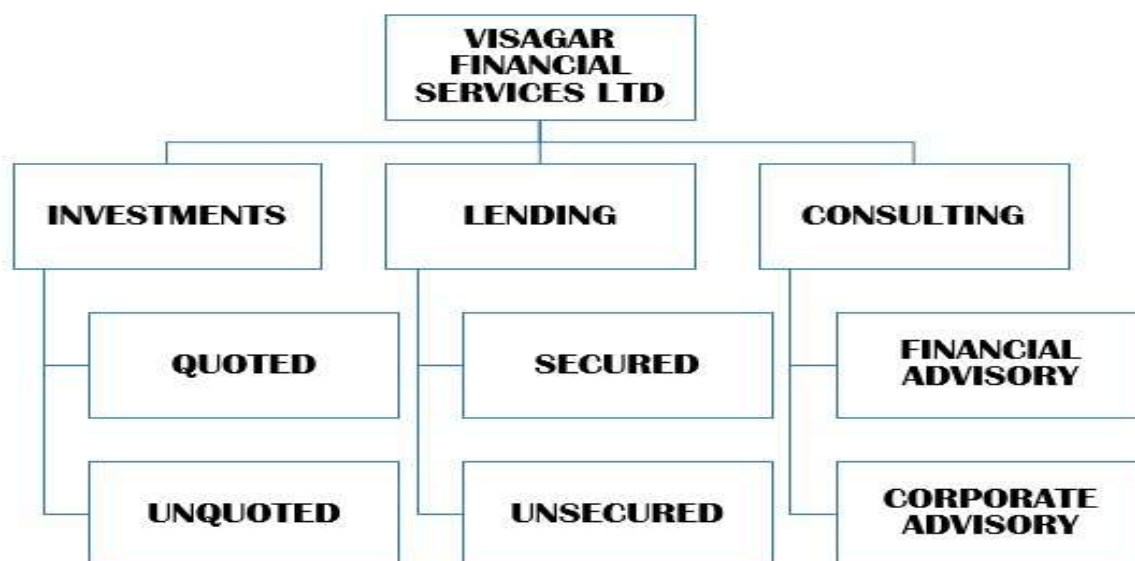
Overview

Our company was originally incorporated as 'INCA Finlease Private Limited' at Mumbai on March 01, 1994 with Registrar of Companies, Mumbai. Subsequently, it was converted to a Public Limited via EGM resolution dated May 28, 1994 and obtained fresh certificate upon conversion of the Company from Private Limited to Public Limited from The Registrar of Companies, Mumbai on July 08, 1994. The Company got listed on BSE Limited on August 25, 1995. Subsequently, the name of our Company was changed to 'Visagar Financial Services Limited' on February 11, 2011 vide fresh certificate of Incorporation. The Corporate Identification Number of our Company is (CIN) L99999MH1994PLC076858 and its registration number is 76858.

Visagar Financial Services Ltd. (VFSL) is a Non-Banking Financial Company (NBFC) registered with RBI to carry on the business of NBFC without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934 bearing Registration no. B-13.00857 dated May 26, 1998.

Our Company is a non-deposit taking Non-Banking Financial Company (NBFC-Non-Systematically Important Non-Deposit Taking Company categorized as Investment and Credit Company i.e. ICC) registered with the RBI. VFSL is primarily engaged in the business of investing in securities of listed and unlisted companies. Our investment strategy depends on the opportunities, market conditions; both long term and short term and we invest in variety of sectors. The company generates maximum revenue from the sale of shares. Our loan portfolio was FY 2020-21 and FY 2021-22, is Rs. 733.52 Lakhs and Rs. 634.89 Lakhs, respectively comprising of short term of loan to a few corporate and non-corporate clients. We provide both secured and unsecured loans based on the risk profiles of the clients. We need financial resources to fuel the growing demand and to seize the opportunities presented by the market from time to time.

Business Verticals of our Company



Brief on our Financials:

(Rs. In Lakhs)

Particulars	As on Sept. 30, 2022	FY 2021-22	FY 2020-21
Revenue	2331.07	1682.30	6658.43
EBDITA	(306.18)	24.82	(34.67)
PAT	(306.32)	23.83	(34.72)

Revenue Details

The table below sets forth details of our revenue from operations for the periods indicated:

(Rs. In Lakhs)

Particulars	As on Sept. 30, 2022		FY 2021-22		FY 2020-21	
	Amount	% of revenue from operations	Amount	% of revenue from operations	Amount	% of revenue from operations
Interest Income	5.87	0.25	15.77	0.94	15.95	0.24
Investment Income	2324.45	99.72	1666.22	99.04	6642.46	99.76
Dividend Income	0.75	0.03	0.31	0.02	0.02	-
TOTAL	2331.07	100.00	1682.30	100.00	6658.43	100.00

Compliance with RBI

A. Certification

Further, our company is in compliance with RBI Circular no. RBI/2006-07/ 133; DNBS (PD) C.C. No. 79 / 03.05.002/ 2006-07 dated September 21, 2006 wherein we are required to submit the statutory auditors certificate certifying that our company undertakes the business of NBFC holding of CoR under Section 45-IA of the RBI Act, 1934. This certificate is submitted by us every financial year by end of June.

B. KYC Policy

A KYC policy document has been issued pursuant to RBI Notification DNBS (PD). CC 48/10.42/2004-05 dated February 21, 2005. It will be the form policy to follow certain customer identification procedure for opening of accounts and monitoring transactions of a suspicious nature for the purpose of reporting it to appropriate authority.

For Depositors

1. The company will not take any public deposit
2. No funds will be accepted from any entity other than shareholders of the company
3. PAN card copy of all the shareholders depositing money will be taken on record

For Borrowers

1. No account will be opened in anonymous or fictitious/ benami name(s)
2. KYC forms will be taken from the borrower
3. Loans will only be given to individual borrowers and not to and non-individual entity like trusts, limited companies, partnerships, etc. unless approved by the Directors
4. Necessary checks will be done before opening a new account so as to ensure that the identity of the customer does not match with any person with known criminal background or with banned entities.
5. PAN Card as proof of identity will be obtained from all clients
6. One of the proofs of address will be obtained from the clients as under Telephone bill, Bank account statement, Letter from any recognized public authority, Electricity bill and Ration card.
7. In all cases the required of the company's PMLA policy will be met with.

C. Fair Practice Code

Pursuant to RBI Notification dated September 28, 2006, the Board of Directors of the company has adopted the following Fair Practices Code in its meeting held on March 31, 2012.

I. Application for loans and their processing

- a. Loan application forms will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form.
- b. Acknowledgement for receipt of all loan applications will be given. The time frame within which loan applications will be disposed of will also be indicated in the acknowledgement.

II. Loan appraisal and terms/conditions

Company will convey in writing to the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualized rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record.

III. Disbursement of loans including changes in terms and conditions

- a. The Company will give notice to the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. Company will also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard may be incorporated in the loan agreement.
- b. Decision to recall/accelerate payment or performance under the agreement would be in consonance with the loan agreement.
- c. Company will release all securities on repayment of all dues or on realization of the outstanding amount of loan subject to any legitimate right or lien for any other claim company may have against borrower. If such right of set off is to be exercised, the remaining claims and the conditions under which company are entitled to retain the securities till the relevant claim is settled/paid.

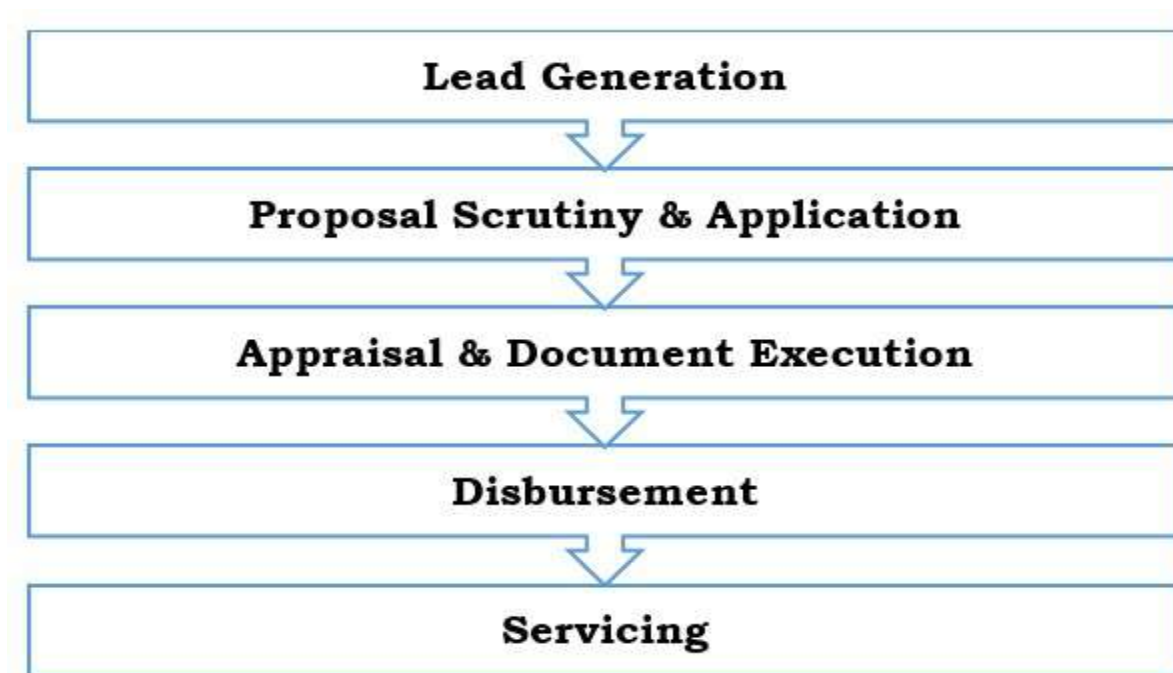
IV. General

- a. Company should refrain from interference in the affairs of the borrower except for the purposes provided in the terms and conditions of the loan agreement (unless new information, not earlier disclosed by the borrower has come to the notice of the lender).
 - b. In case of receipt of request from the borrower for transfer of borrower account, the consent of otherwise i.e. Objection. If any, should be conveyed within 21 days from the date of receipt of request. Such transfer shall be as per transparent contractual terms in consonance with law.
 - c. In the matter of recovery of loans, the company will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc.
- V. The board of directors will form appropriate grievance redressed mechanism within the organization to resolve disputes arising in this regard. Such a mechanism will ensure that all disputes arising out of the decisions of lending institutions; functionaries are heard and disposed of at least at the next higher level. Periodical review of the compliance of the fair practices code and the functioning of the grievances redressed mechanism at various levels of management will be done. A consolidated report of such reviews may be asked by the board at regular intervals.
- VI. **Factoring business:** Our Directors as decided and approved its Board Meeting dated June 30, 2022, that our Company will not pursue with activity of factoring of debt without prior approval of RBI.

Our Operational Process:

Investment Activities: Our Company is primarily engaged in the business of investing in securities of listed and unlisted companies. There are no prefixed criteria or predefined limitations to the Company's investments. Our investment scope and strategy depends on the opportunities and market conditions; both long term and short term and we invest in variety of sectors.

Lending Business: Our leads mainly come from contacts and referrals. The proposals our Company receives consist of short term and long term fund requirement from corporates of all sizes as well as non-corporates and represent a variety of industry sectors. All such proposals are discussed by the management and eventually filtered based upon the facts and verification. The filtered applications are further appraised on risk evaluation, qualitative and quantitative analysis and if determined by the management, the Loan agreement documents are executed and the corresponding disbursement is made. The loan schedule and track record of the client as per the agreed terms is continually monitored till the account is settled. The approximate flowchart of the lending vertical can be visualized as below:



OUR COMPETITIVE STRENGTHS:

Experienced Leadership Team

Our company is managed by people who have a proven track record of delivering results & they possess the right acumen necessary in the build out phase of any organisation. Our senior management have diverse experience in various financial services and functions related to our business. We believe that the knowledge and experience of our senior and mid-level management team members provides us with a significant competitive advantage as we seek to grow our business.

Internal Control and Risk Management

The Company believes that it has internal controls and risk management systems to assess and monitor risks. The Company seeks to monitor and control its risk exposure through a variety of separate but complementary financial and operational reporting systems. The Company believes it has effective procedures for evaluating and managing the market, operational and other risks to which it is exposed.

Strong Corporate Governance Standards

Creating an institution that is built to last requires strong corporate governance standards. The governance standards are further strengthened by strong policies and processes enshrined in the AoA, RBI, Companies Act and strong human resource. We have successfully placed process of credit evaluation, risk management, technology upliftment and business development. Further, we believe in fair trade practices and follow high standards of governance in managing the business of the Company.

OUR BUSINESS STRATEGY

Maintain and Expand Long-term Relationships with Clients

Our Company believes that business is a by-product of relationship. The business model is based on client relationships that are established over period of time rather than a project-based execution approach. Our Company believes that long-term client relationship fetches better dividends. Long-term relations are built on trust and continuous satisfaction of the customers helps in quality referrals. It helps understanding the basic approach of our Company, its products and its market. It also forms basis of further expansion for our Company, as we are able to monitor a potential product/ market closely.

Leveraging of our Marketing Skills and Relationships

We continue to enhance our business operations by ensuring that our network of customers increases through our marketing efforts. Our core competency lies in our deep understanding of our customers' buying preferences and behavior, which has helped us in achieving customer loyalty. We endeavor to continuously improve the product mix offered to the customers as well as strive to understand and anticipate any change in the expectation of our clients towards our products.

Strengthen our Loan Book

Our loan portfolio was FY 2020-21 and FY 2021-22, is Rs. 733.57 Lakhs and Rs. 634.89 Lakhs, respectively comprising of short term of loan to a few corporate and non-corporate clients. We provide both secured and unsecured loans based on the risk profiles of the clients. We intend to remain diversified in our loan book by strategically focusing on adjacent high growth and profitable lending businesses and further expand our lending and other businesses. We intend to continue to focus on developing a diversified funding model to achieve optimal cost of funds while balancing liquidity and concentration risks. As our cost of borrowings is determined by our financial discipline and business performance, we intend to source funding at competitive rates. We intend to further diversify and strengthen our profile, strategically adding additional funding resources.

Diversified credit profile, strong credit evaluation and risk management systems

We seek to diversify our credit risk and ensure that no individual credit product contributes a large portion to our overall credit book. We believe that this mitigates the risk of concentration to any particular product or sector and helps us to manage our risk exposure in a more effective manner.

MARKETING and SALES

Our sales and marketing network and relationship with the customers is critical for success of our Company. Our services are sold to the newer customers through word of mouth and through referrals. We provide our customers tailor made solutions. Our relationship with the clients is strong and established. To retain our customers, our company regularly interacts with them and focuses on gaining an insight into the additional needs of customers. We intend to expand our existing customer base by regularly approaching new customers and developing and maintaining our existing business relationship.

Competition

We face competition from organized as well as unorganized players in the domestic market. The financial services industry is highly competitive and we expect competition to intensify in the future. We face competition in the lending business from domestic and international banks as well as other NBFCs, fintech lending platforms and private unorganized lenders. Banks are increasingly expanding into retail loans in the rural and semi-urban areas of India. We are exposed to the risk that these banks continue to expand their operations into the markets in which we operate, which would result in greater competition and lower spreads on our loans. In particular, many of our competitors may

have operational advantages in terms of access to cost-effective sources of funding and in implementing new technologies and rationalising related operational costs.

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

Our Company has not taken any insurance cover at present. The Company will work towards taking insurance coverage to such amounts that will be sufficient to cover all normal risks associated with its operations and is in accordance with the industry standard.

Plant & Machinery

Since we are a service sector company, we do not own any major plant and machinery.

Collaborations

We have not entered into any technical or financial or any other collaboration agreement as on the date of filing the 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 full-time employees and on the payroll of our Company. The table below shows the functional breakdown of our employees:

Function / Department	Number of Employees
Senior Management	2
Middle Management	3
Others	2
Total	7

OUR PROPERTIES

The registered office of our company is located at 907-908, Dev Plaza, 9th Floor, Andheri Fire Station, Andheri (West), Mumbai - 400058 and owned by our Promoter Director, i.e. by Mr. Tilokchand Manaklal Kothari. Our Company has obtained the NOC dated 21-10-2015 from him to use the said premises as our registered office.

INTELLECTUAL PROPERTY

As on the date of this Letter of Offer, Our Company has made an application with the Trade Mark Registry, Mumbai to register its workmark. Beside this, 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. For details on our intellectual property, please refer to the chapter titled “Government and other Approvals” beginning on page no. 215 of this Letter of Offer.

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 Letter of Offer, our Board comprises of 5 (Five) Directors, of which 1 (One) Director is Executive Director, 3 (Three) Non-Executive Independent Director out of which 1 (One) is a 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 Letter of Offer:

Name, Designation/Occupation, Address, Din No., Date of Birth, Occupation, Nationality	Date Of Appointment/ Re-appointment & Term	Other Directorships
Mr. Tilokchand Manaklal Kothari S/o. Mr. Manaklal Ratanlal Kothari Date of Birth: 04-02-1965 Age: 56 years Designation: Executive Director Address: 702, Vijay Villa CHS, Nagardas Road, Near Sarvodaya Hotel, Vidhya Villa Compound, Andheri East, Mumbai 400069, Maharashtra, India DIN: 00413627 Occupation: Business Nationality: Indian	Appointed as Promoter Director w.e.f. 15-01-2011. Regularized as Executive Director w.e.f. 30-09-2011 for a term of 5 years	Companies <ul style="list-style-type: none"> • Trisha Studios Limited • Shalimar Productions Limited • Jagrecha Finance And Trades Private Limited • Sibsagar Trade And Agencies Private Limited • Sagar Portfolio Services Limited • Maharashtra Corporation Limited • Visagar Polytex Limited HUF- Tilokchand Manaklal Kothari HUF LLP- NIL Proprietary Firm-NIL Trust- Saraswati Educare Foundation
Mr. Kailash Ram Gopal Chhaparwal S/o. Mr. Ram Gopal Kanhaiyalal Chhaparwal Date of Birth: 01-07-1969 Age: 53 years Designation: Non- Executive Director Address: 4-D Stuti Apt., Nr. Ashok Pan House, City Light, Surat, SVR College, Gujarat 395007 DIN: 01211651 Occupation: Business Nationality: Indian	Appointed as Additional Director w.e.f. 30-11-2017; Regularization Non-Executive Director w.e.f. 29-09-2018 for a term of 5 years	<ul style="list-style-type: none"> • Nandini Texcom (India) Limited • Visagar Polytex Limited • Shalimar Productions Limited
Mr. Kuldeep Kumar S/o. Mr. Krishna Kumar Date of Birth: 24-05-1984 Age: 37 years Designation: Non-Executive Independent Director Address: 900/6, Gali No 1, Johari Nagar, Line Par, Bahadurgarh, Jhaggar, 124507, Haryana, India	Appointed as Additional Director w.e.f. 30-03-2019; Regularized as Non-Executive Independent Director w.e.f. 30-09-2020 for a term of 5 years	<ul style="list-style-type: none"> • Visagar Polytex Limited • Maharashtra Corporation Limited • Shalimar Productions Limited

Name, Designation/Occupation, Address, Din No., Date of Birth, Occupation, Nationality	Date Of Appointment/ Re-appointment & Term	Other Directorships
DIN: 08373716 Occupation: Services Nationality: Indian		
Mr. Sanjay Rajak S/o. Mr. Dharm Prakash Rajak Date of Birth: 02-10-1992 Age: 29 Years Designation: Non-Executive Independent Director Address: 142, Damdam, Bilaspur, Kotmi- 495119, Chattisgarh, India DIN: 08417877 Occupation: Service Nationality: Indian	Appointed as Additional Director w.e.f. 16-04-2019 Re-appointed as Non-Executive Independent Director w.e.f 30-09-2019 for a term of 5 years	<ul style="list-style-type: none"> • Maharashtra Corporation Limited • Shalimar Productions Limited
Ms. Madhu Bala Vaishnav D/o. Mr. Mohandas Vaishnav Date of Birth: 05-03-1983 Age: 38 years Designation: Non-executive Independent Director Address: Room No. 4/16, 18A Care New police line, Rajnandgaon 491441, Chattisgarh, India DIN: 08376551 Occupation: Service Nationality: Indian	Appointed as Additional Director w.e.f. 30-03-2019; Regularized as Non-Executive Independent Director w.e.f. 30-09-2020 for a term of 5 years	<ul style="list-style-type: none"> • Visagar Polytex Limited • Maharashtra Corporation Limited • Shalimar Productions Limited

Confirmations

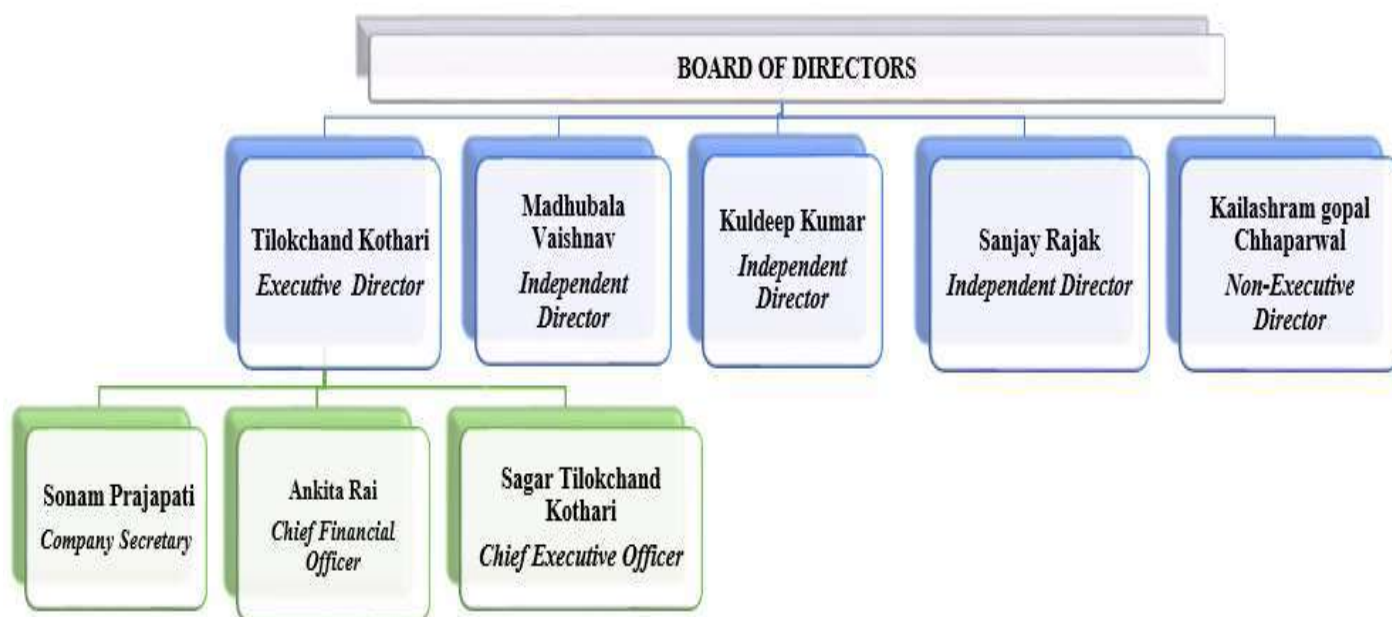
- There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director.
- There is no service contracts entered into by the Directors with our Company providing for benefits upon termination of employment.
- None of the Directors is categorized or are on the RBI List of willful 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 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 company 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 211 of this Letter of Offer.

Our Key Management Personnel and Senior Management Personnel

Name	Designation	Date of Appointment/ Re-Appointment (as the case may be)
Mr. Tilokchand Kothari	Executive Director	15-01-2011
Mr. Sagar Tilokchand Kothari	CEO	16-04-2019
Mrs. Ankita Rai	CFO	22-04-2022
Ms. Sonam Prajapati	CS & Compliance Officer	15-01-2021

Organization Structure of our Company



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Sr. No.	Particulars	Page Number
1	Audited Financial Statements of our Company for quarter ending September 30, 2022	83-119
2	Audited Financial Statements of our Company as at and for the financial year ended March 31, 2022	120-161
3	Audited Financial Statements of our Company as at and for the financial year ended March 31, 2021	162-196

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 September 30, 2022 till date of this Letter of Offer. We have not given Restated Financials because we fall under Part B of SEBI (ICDR), 2018.

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BHATTER & ASSOCIATES **CHARTERED ACCOUNTANTS**

302, 3rd Floor, Kapadia Chambers, Near Maheshwari Bhavan, 599, J.S.S. Road,
Chira Bazar, Marine Lines, Mumbai - 400 002. • E-mail : bhatrandassociates@gmail.com

PARTNER

CA. GOPAL BHATTER
B.Com. (Hons.), FCA, CS

CA. PAWAN BHATTER
B.Com., FCA, CS

CA. ROHIT TAWARI
B.Com., ACA

INDEPENDENT AUDITOR'S REPORT

To the Members of **Visagar Financial Services Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the standalone financial statements of **Visagar Financial Services Limited** ("the Company"), which comprise the balance sheet as at September 30, 2022, the statement of profit or Loss and Statement of Cash Flows for the half year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give 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 September 30, 2022, and Loss and its cash flows for the half year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters to be communicated in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flow Statement of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section

143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and the operating effectiveness of such controls.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of

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

Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 30th September 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 30th September 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid

to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

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

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts,

(i) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities 'Intermediaries', with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company 'Ultimate Beneficiaries' or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(ii) no funds have been received by the company from any person(s) or entity (ies), including foreign entities 'Funding Parties', with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party 'Ultimate Beneficiaries' or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on audit procedures carried out by us, that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

(iv) The Company has not declared or paid any dividends during the year and accordingly reporting on the compliance with section 123 of the Companies Act,2013 is not applicable for the year under consideration.

For M/s. Bhatte & Associates
Chartered Accountants
Firm Registration No. :131411W

Sd/-

CA Rohit Kumar Tawari
Partner
M. No. 197557
Place: Mumbai
Date: 08th December 2022
UDIN: 22197557BFBQVE4248

**ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON
THE FINANCIAL STATEMENTS OF VISAGAR FINANCIAL SERVICES LIMITED
FOR THE HALF YEAR ENDED SEPTEMBER 30, 2022**

[Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements'
in the Independent Auditors' Report]

- i.
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
The Company does not have any intangible assets.
 - b) As explained to us Fixed assets have been physically verified by the management during the year in accordance with the phased program of verification adopted by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The company does not own immovable property and hence reporting under clause i (c) is not applicable.
 - d) The Company has not revalued its property, plant and equipment (including right of use asset) during the year. Accordingly, paragraph 3 (i) (d) of the Order is not applicable.
 - e) In our opinion and according to the information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, paragraph 3 (i) (e) of the Order is not applicable.
- ii.
 - a) The Company is a service company, primarily rendering financial services. Accordingly, it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable.
 - b) The Company has not been sanctioned working capital limits in excess of 5 crore, in aggregate, at any points of time during the year, from banks or financial

institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.

- iii. (a) In our opinion and according to information and explanation given to us, the Company has made investments in/ provided any guarantee or security/ granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties.

(b) The Company does not have any subsidiaries, joint ventures and associates.

(c) In our opinion and according to information and explanation given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.

(d) In our opinion and according to information and explanation given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular;

(e) In our opinion and according to information and explanation given to us, there are no amounts overdue for more than ninety days.

(f) In our opinion and according to information and explanation given to us, there are no loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.

In our opinion and according to information and explanation given to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment

- iv. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.

- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be

- vi. deposits during the year. Accordingly, paragraph 3 (v) of the Order is not applicable.

vii. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities of the company and accordingly paragraph 3 (vi) of the order is not applicable.

viii. In our opinion and according to the information and explanations given to us:

(a) Amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities.

(b) No undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at September 30, 2022 for a period of more than six months from the date they became payable.

(c) Details of statutory dues referred to in sub-clause (a), which have not been deposited on account of dispute are given below:

Nature of the statute	Nature of dues	Period to which the amount relates	Amount
INCOME TAX ACT, 1961	Income Tax	AY 06-07	1,35,553
	Income Tax	AY 09-10	1,54,280
	Income Tax	AY 12-13	2,62,020
	Int. on Income Tax	AY 12-13	3,700
	Penalty under income Tax	AY 12-13	10,000
	Income Tax	AY 15-16	31,48,140
	Income Tax	AY 15-16	1,76,020
		Total	38,89,713.00

- ix. In our opinion and according to the information and explanations given to us, there are no transactions not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, paragraph 3 (viii) of the Order is not applicable.
- x.
 - a. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
 - b. In our opinion and according to the information and explanations given to us, the Company is not declared as a willful defaulter by any bank or financial institution or other lender.
 - c. In our opinion and according to the information and explanations given to us, the term loans obtained during the year were applied for the purpose for which they were availed.
 - d. In our opinion and according to the information and explanations given to us, funds raised on short term basis have not been utilised for long term purposes.
 - e. The Company does not have any subsidiaries/ associates/ joint-ventures and accordingly, paragraphs 3 (ix) (e) and 3 (ix) (f) of the Order are not applicable.
 - f. In our opinion and according to the information and explanations given to us, the company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- xi.
 - (a) In our opinion, according to the information explanation provided to us, no money has been raised by way of term loans during the year. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3(x) of the Order are not applicable to the Company.
 - (b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, paragraph 3 (x) (b) of the Order is not applicable.

- xii. a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year. Accordingly, paragraph 3 (xi) (a) of the Order is not applicable.
- (b) Since there is no fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year, paragraph 3 (xi) (b) of the Order is not applicable.
- (c) To the best of our knowledge and according to the information and explanations given to us, no whistle-blower complaint, have been received by the Company during the year.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- xvi. a) In our opinion and according to the information and explanations given to us, the Company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and the required registration has been obtained.
- b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (d) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3 (xvi) (c) of the Order is not applicable.
- (e) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) and it does not have any other companies in the Group. Accordingly, paragraph 3 (xvi) (d) of the Order is not applicable.

- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3 (xviii) of the Order is not applicable.
- xix. In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the board of directors and management plans, there are no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. The provisions of Section 135 of Companies Act, 2013 are not applicable to the company.
- xxi. In our opinion and according to the information and explanations given to us, the Company does not have investments in subsidiaries/ associates or joint venture companies. Accordingly, paragraph 3 (xxi) of the Order is not applicable.

For M/s. Bhatner & Associates
Chartered Accountants
Firm Registration No. :131411W

Sd/-

CA Rohit Kumar Tawari
Partner
M. No. 197557
Place: Mumbai
Date: 08th December 2022
UDIN: 22197557BFBQVE4248

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN
DATE ON THE FINANCIAL STATEMENTS OF VISAGAR FINANCIAL
SERVICES LTD**

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to financial statements of **Visagar Financial Services Limited** ("the Company") as of September 30, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls With Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at September 30, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For M/s. Bhatler & Associates

Chartered Accountants

Firm Registration No. :131411W

Sd/-

CA Rohit Kumar Tawari

Partner

M. No. 197557

Place: Mumbai

Date: 08th December 2022

UDIN: 22197557BFBQVE4248

VISAGAR FINANCIAL SERVICES LIMITED
Audited Balance Sheet as at September 30, 2022

	Notes	As at 30.09.2022	As at 31.03.2022
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	2	46,749	4,082
Capital work in Progress			
Investment Properties			
Goodwill		-	-
Other Intangible Assets		-	-
Intangible assets under development		-	-
Investments accounted for using the equity Method			
Financial Assets			
i) Investments	3	4,93,95,184	4,54,95,184
ii) Loans & Advances	4	10,74,46,557	6,34,89,400
iii) Other Financial Assets	5	-	-
Deferred Tax Assets		-	-
Other non-current assets	6	8,17,014	4,62,548
Total non-current assets		15,77,05,505	10,94,51,214
Current Assets			
Inventories	7	6,92,42,238	2,23,62,512
Financial Assets			
i) Investments			
ii) Trade Receivables	8	1,52,083	14,71,022
iii) Cash and Cash equivalents	9	9,53,765	8,68,174
iv) Bank balance other than (iii) above			
v) Loans		-	-
vi) Other financial assets		-	-

Current Tax Assets	10	18,49,468	18,49,468
Other Current Assets	11	54,60,484	-
Total current assets		<u>7,76,58,037</u>	<u>2,65,51,176</u>
TOTAL ASSETS		<u>23,53,63,542</u>	<u>13,60,02,390</u>
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	9,75,27,000	9,75,27,000
Other Equity	13	87,03,359	2,19,28,750
Total Equity		<u>8,88,23,641</u>	<u>11,94,55,750</u>
LIABILITIES			
Non Current Liabilities			
Financial liabilities			
i) Borrowings			
ii) Other Financial Liabilities			
Provisions	14	-	-
Employee benefit obligations		-	-
Deferred Tax Liabilities	15	-	-
Government grants		-	-
Other non-current liabilities		-	-
Total non-current liabilities		<u>-</u>	<u>-</u>
Current Liabilities			
Financial Liabilities			
i) Borrowings	16	14,59,66,125	1,62,42,000
ii) Trade Payables	17	3,88,647	-
iii) Other Financial Liabilities		-	-
Provisions		-	-
Employee benefits obligations		-	-
Government grants		-	-

Current tax liabilities	18	3,500	-
Other Current Liabilities	19	1,81,633	3,04,642
Total current liabilities		14,65,39,905	1,65,46,642
TOTAL LIABILITIES		14,65,39,905	1,65,46,642
TOTAL EQUITY AND LIABILITIES		23,53,63,542.00	13,60,02,390
For M/s. Bhattar & Associates Chartered Accountants Firm Reg. No : 131411W		For Visagar Financial Services Limited	
Sd/- (CA Rohit Kumar Tawari) Partner M. No: 197557 UDIN: 22197557BFBQVE4248 Place: Mumbai Date: 08.12.2022	Sd/- (Tilokchand Kothari) Director DIN: 00413627 Sd/- (Sonam Prajapati) Company Secretary	Sd/- (Kailash Ram Gopal Chhapparwal) Director DIN: 01211651 Sd/- (Ankita Rai) Chief Financial Officer	

VISAGAR FINANCIAL SERVICES LIMITED
Statement of Profit and Loss Account for the Half year ended September 30, 2022

	Notes	As at 30.09.2022	As at 31.03.2022
Income			
Revenue from Operations	20	23,31,07,399	16,82,30,069
Other Income	21	-	-
Total Income		<u>23,31,07,399</u>	<u>16,82,30,069</u>
Expense			
Purchases of Stock-In-Trade	22	30,72,71,078	16,57,12,029
Change In Inventories of Stock In Trade	23	-	-
		4,68,79,726	26,33,258
Employees Benefit Expenses	24	8,62,898	8,70,419
Finance Cost	25	12,444	97,090
Depreciation and Amortisation Expense	2	1,958	1,505
Other Expenses	26	24,70,855	17,99,387
Total Expenses		<u>26,37,39,508</u>	<u>16,58,47,172</u>
Profit / (Loss) Before Tax		- 3,06,32,109	23,82,897
Tax expense			
Current Tax			-
Deferred Tax			-
Profit / (Loss) for the period		- 3,06,32,109	23,82,897
Other Comprehensive Income			-
Total Comprehensive Income / (Loss) for the period		<u>- 3,06,32,109</u>	<u>23,82,897</u>

Earnings per equity share:	27	
Basic and Diluted	(0.31)	0.02
[Face Value Rs. 1 each]		
Summary of Significant Accounting Policies	1	
The accompanying notes are an integral part of Financial Statements As per our report of even date.		
For M/s. Bhatte & Associates Chartered Accountants Firm Reg. No: 131411W	For Visagar Financial Services Limited	
Sd/- (CA Rohit Kumar Tawari) Partner M. No: 197557 UDIN: 22197557BFBQVE4248	Sd/- (Tilokchand Kothari) Director DIN: 00413627	Sd/- (Kailash Ram Gopal Chhapparwal) Director DIN: 01211651
Place : Mumbai Date: 08.12.2022	Sd/- (Sonam Prajapati) Company Secretary	Sd/- (Ankita Rai) Chief Financial Officer

VISAGAR FINANCIAL SERVICES LIMITED			
CASH FLOW STATEMENT FOR THE HALF YEAR ENDED SEPTEMBER 30, 2022			
		30.09.2022	31.03.2022
PROFIT BEFORE TAX		(306.32)	23.83
Misc Income			
DEPR		0.02	0.01
Add : Securities Premium Reserve			-
OPERATING PROFIT BEFORE		(306.30)	23.84
CHANGE IN WORKING CAPITAL			
OTHER NON CURRENT INVESTMENTS		-	-
Other non current assets		4.63	18.53
Non current financial loan assets		(478.58)	75.48
Inventories		(468.79)	(26.33)
Trade receivable		13.19	(13.38)
Current financial loan assets		-	-
Other current assets		(62.79)	-
Current tax assets		-	(15.03)
Current tax liability			(0.61)
Current financial borrowing		-	(67.16)
Increase in Trade payables		3.89	-
Other financial liabilities		-	-
Other non current liabilities			(0.16)
Other current liabilities		(3.02)	(5.13)
Increase / Decrease in Provision		1.82	
Net change in working capital		(1,295.95)	(9.95)
Income tax payable		-	(2.25)

cash flow from operating activities	a	(1,295.95)	(12.20)												
Investment in Property, Plant and Equipment		-0.44	17.96												
Cash flow from investing activities	b	(0.44)	17.96												
Proceeds from Long term borrowings		1,297.24	-												
Cash flow from financing activities		1,297.24	-												
	c	1,297.24	-												
Net Cash flow	a+b+c	0.85	5.76												
Cash and Cash equivalents at the beginning		8.68	2.92												
Cash and Cash equivalents at the End		9.53	8.68												
<table> <tr> <td>For M/s. Bhatte & Associates Chartered Accountants Firm Reg. No: 131411W</td> <td colspan="3">For Visagar Financial Services Limited</td> </tr> <tr> <td>Sd/- (CA Rohit Kumar Tawari) Partner M. No: 197557</td> <td>Sd/- (Tilokchand Kothari) Director DIN: 00413627</td> <td>Sd/- (Kailash Ram Gopal Chhapparwal) Director DIN: 01211651</td> <td></td> </tr> <tr> <td>Place : Mumbai Date: 08.12.2022</td> <td>Sd/- (Sonam Prajapati) Company Secretary</td> <td>Sd/- (Ankita Rai) Chief Financial Officer</td> <td></td> </tr> </table>				For M/s. Bhatte & Associates Chartered Accountants Firm Reg. No: 131411W	For Visagar Financial Services Limited			Sd/- (CA Rohit Kumar Tawari) Partner M. No: 197557	Sd/- (Tilokchand Kothari) Director DIN: 00413627	Sd/- (Kailash Ram Gopal Chhapparwal) Director DIN: 01211651		Place : Mumbai Date: 08.12.2022	Sd/- (Sonam Prajapati) Company Secretary	Sd/- (Ankita Rai) Chief Financial Officer	
For M/s. Bhatte & Associates Chartered Accountants Firm Reg. No: 131411W	For Visagar Financial Services Limited														
Sd/- (CA Rohit Kumar Tawari) Partner M. No: 197557	Sd/- (Tilokchand Kothari) Director DIN: 00413627	Sd/- (Kailash Ram Gopal Chhapparwal) Director DIN: 01211651													
Place : Mumbai Date: 08.12.2022	Sd/- (Sonam Prajapati) Company Secretary	Sd/- (Ankita Rai) Chief Financial Officer													

The Company has only one class of Equity Shares having a par value of Rs. 1 per share. Each holder of Equity shares is entitled to one vote per share.

VISAGAR FINANCIAL SERVICES LIMITED

Statement of changes in Equity for the Half Year ended 30th September, 2022

A. EQUITY SHARE CAPITAL		Notes	(Amount in Rs)	
As at 1st April, 2021			9,75,27,000	
Changes in equity share capital			-	
As at 31st March, 2022			9,75,27,000	
Changes in equity share capital			-	
As at 30th September, 2022			9,75,27,000	
B. OTHER EQUITY		(Amount in Rs)		
	Reserve & Surplus			
	Securities Premium Reserve	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2021	59991000	24791	-	5,20,30,064
Profit for the year	0	0	23,82,897	23,82,897
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	23,82,897	23,82,897
Issuse of share capital	32509000			
Balance as at 31st March, 2022	27482000	24791	-	2,19,28,750
Balance as at 1st April, 2022	27482000	24791	-	2,19,28,750
Profit for the year	0	0	3,06,32,109	3,06,32,109
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	3,06,32,109	3,06,32,109
Balance as at 30th September, 2022	27482000	24791	-	87,03,359
			3,62,10,148	

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the half year ended September 30, 2022

Note 13. OTHER EQUITY

	Reserve & Surplus			
	Securities Premium Reserve	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2021	59991000	24791	-	5,20,54,853
Profit for the year	0	0	23,82,897	23,82,897
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	23,82,897	23,82,897
Issue of share capital	32509000			3,25,09,000
Balance as at 31st March, 2022	27482000	24791	55,78,039	2,19,28,750
Balance as at 1st April, 2022	27482000	24791	55,78,039	2,19,28,750
Profit for the year	0	0	3,06,32,109	3,06,32,109
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	3,06,32,109	3,06,32,109
Balance as at 30th September, 2022	27482000	24791	3,62,10,148	87,03,359

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the Half year ended September 30, 2022

Note 2. Property, Plant and Equipment

(Amount in Rs.)

	Computer	Electric Equipment	Furniture & Fixture	Total
Gross Carrying amount				
Deemed Cost as at 1st April, 2021	4,04,584	35,888	41,320	4,81,792
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2022	4,04,584	35,888	41,320	4,81,792
Additions	44,625	-	-	44,625
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 30th September, 2022	4,49,209	35,888	41,320	5,26,417
Accumulated Depreciation				
Balance as at 1st April, 2021	4,04,584	32,947	38,674	4,83,254
Additions	-	770	735	1,505
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2022	4,04,584	33,717	39,409	4,84,659
Additions	-	980.00	978.00	1,958
Disposals	-	-	-	0
Reclassification as held for sale	-	-	-	-

Balance as at 30th September, 2022	4,04,584	34,697	40,387	4,84,659
Net carrying amount				
Balance as at 1st April, 2021	0	2,941	2,646	5,587
Balance as at 31st March, 2022	0	2,171	1,911	4,082
Balance as at 30th September, 2022	44,625.00	1,191	933	46,749

VISAGAR FINANCIAL SERVICES LIMITED				
Notes to Financial Statements as at and for the Half year ended September 30, 2022				
Note 3. Investments				
	As at 30.09.2022		As at 31.03.2022	
	No. of Shares/ Units	Amount (Rs.)	No. of Shares/ Units	Amount (Rs.)
Investment in quoted Shares				
Maharashtra Corporation Ltd	2684430	27,27,771	2684430	27,27,771
Maharashtra Corporation Ltd Right Issue	25200000	63,00,000		
Shalimar Production Ltd	1000113	24,60,278	1000113	24,60,278
Visagar Polytex Ltd	16500000	46,20,000	16500000	46,20,000
Filmcity Media Limited	1730850	17,30,850	4130850	41,30,850
Osiajee Texfeb Ltd	349	11,629	349	11,629
Radford Global Shares	560500	11,21,000	560500	11,21,000
Rander Corporation Shares	61520	5,06,079	61520	5,06,079
Total (a)		1,94,77,607		1,55,77,607
Investment in Unquoted Shares				
Trisha Media Ltd	1863450	2,13,37,577	1863450	2,13,37,577
Visagar Textiles Pvt. Ltd.	2000	5,00,000	2000	5,00,000
Sagar Portfolio Pvt. Ltd.	21400	53,50,000	21400	53,50,000
Carari Impex Private Limited	3000	30,000	3000	30,000
Lariya Art Palace Private Limited	270000	27,00,000	270000	27,00,000
Total (b)		2,99,17,577		2,99,17,577
Other Investment				
Total (a+b)		4,93,95,184		4,54,95,184

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the Half year ended September 30, 2022

(Amount in Rs.)

	As at 30.09.2022	As at 31.03.2022
Note 4. Loans		
(Unsecured, considered good)		
Loans & Advances	10,74,46,557	6,34,89,400
	10,74,46,557	6,34,89,400
Note 5. Other Financial Assets		
Other assest	-	-
	-	-
Note 6. Other Non Current Assets		
Advance Payment of Tax	-	-
GST Receivable	8,17,014	4,62,548
	8,17,014	4,62,548
Note 8. Trade Receivables		
(Unsecured considered good)		
Outstanding for a period exceeding Six Month		
Other	1,52,083	14,71,022
	1,52,083	14,71,022
Note 9. Cash and Cash Equivalents		
Balances with Scheduled Bank	7,70,422	8,61,031
Cash on Hand	1,83,343	7,143
	9,53,765	8,68,174
Note 10. Current Tax Assets		
Balance with Government Authorities	18,49,468	18,49,468
	18,49,468	18,49,468
Note 11. Other Current Assets		
Share Issue expenses	54,60,484	-
	54,60,484	-
Note 14. Provisions		

Provision for tax	-	-
Provision for Sub-Assets	-	-
	-	-
Note 15. Deferred Tax Liabilities		
Deferred Tax Liability		
- On account of Depreciation difference	-	-
	-	-
Note 16. Borrowings		
Short Term Borrowings	14,59,66,125	1,62,42,000
	14,59,66,125	1,62,42,000
Note 17. Trade Payables		
Creditors against shares not received		-
Due to Others	3,88,647	-
	3,88,647	-
Note 18. Current Tax Liabilities		
Provisions for tax	-	-
Statutory due Payable	3,500	-
	3,500	-
Note 19. Other Current Liabilities		
Outstanding expenses	-	3,04,642
Other Liabilities	1,81,633	-
	1,81,633	3,04,642

VISAGAR FINANCIAL SERVICES LIMITED
Notes to Financial Statements as at and for the Half year ended September 30, 2022

	As at 30.09.2022	As at 31.03.2022
Note 20. Revenue from Operations		
Sale of Shares	23,24,45,322	16,66,22,494
Interest on non current investments	5,87,332	15,76,843
Dividend	74,745	30,732
Profiy/Loss on sale of shares		-
	23,31,07,399	16,82,30,069
Note 21. Other Income		
Misc. Income		-
	-	-
Note 22. Purchase of Stock In Trade		
Purchases	30,72,71,078	16,57,12,029
	30,72,71,078	16,57,12,029
Note 23. Change in Inventories of Stock-In-Trade		
Inventory at the Beginning	2,23,62,512	1,97,29,254
Inventory at the End	6,92,42,238	2,23,62,512
	-	-
	4,68,79,726	26,33,258
Note 24. Employees Benefit Expenses		
Salaries and Bonus	8,62,898	8,70,419
	8,62,898	8,70,419
Note 25. Finance cost		
Bank Charges	12,444	5,927
Interest	-	91,163
	12,444	97,090
Note 26. Other Expenses		

Advertisement & Sales Promotion Expenses	14,448	19,840
Commission Expenses	-	-
General Expenses	15,70,916	11,08,895
Legal & Professional Charges	35,000	10,000
Printing, Stationery & Communication	2,900	23,622
Director Sitting Fees	-	31,000
Listing Fees	7,63,591	5,56,030
Audit Fees	84,000	50,000
	24,70,855	17,99,387
Note 27. Earning Per Share		
Basis for calculation of Basic and Diluted Earnings per share is as under:		
Profit after tax (Rs.)	-3,06,32,109	23,82,897
Weighted Average Number of Equity Shares (Nos)	9,75,27,000.00	9,75,27,000.00
Face Value of each Equity Share (Rs.)	1	1
Basic and Diluted Earning Per Equity Share (Rs.)	0.31	0.02

VISAGAR FINANCIAL SERVICES LIMITED				
Notes to Financial Statements as at and for the Half year ended September 30, 2022				
Note 7. Inventory				(Amount in Rs.)
As at 30.09.2022			As at 31.03.2022	
	No. of Shares/ Units	Amount (Rs.)	No. of Shares/ Units	Amount (Rs.)
Asian Tea & Exports Limited			419	6,264
Alstone Textiles (India) Ltd	97600	9,76,600		
Bazel International Limited	1673	44,335	1673	44,335
BF Utilities Limited			100	30,840
Bharat Bijlee Limited			101	1,75,709
BSE Limited	10506	75,22,942	100	94,400
Central Depository Services (India) Limited	2590	34,00,179		
Century Plyboards (India) Ltd	200	1,27,330		
Easun Capital Markets Limited	950	29,498	1000	30,650
Dhenu Buildcon Infra Ltd.	92125	1,54,770	92125	1,54,770
Filmcity Media Limited			4130850	37,50,000
Finaventure Capital Limited	870	8,700	870	8,700
Global Capital Markets Limited	146384	9,28,854	64236	3,01,909
ICICI Bank Limited			500	3,31,250
Indian Oil Corporation Ltd	5000	3,63,614		
Jagran Prakashan Ltd	10000	5,64,500		
Kamat Hotels (India) Ltd	12783	11,36,372		
Maharashtra Corporation Limited			2684430	27,27,771

Moongipa Capital Finance Limited	5249	1,08,392	6940	1,55,456
Multipurpose Trading and Agencies Limited	1	8	1	8
Mukta Agriculture Limited	150144	9,68,433		
Northern Spirits Limited	9000	10,89,000		
NLC India Limited	10000	6,80,500		
Osiagee Texfab Limited			349	11,629
PNB Housing Finance Limited			2000	6,70,840
Power Mech Projects Limited			3913	27,89,382
Pradhin Limited	30000	9,99,890		
Party Cruisers Limited	14000	44,96,100		
Radhe Developers (India) Limited			1200	1,90,380
Rachana Infra Ltd	19000	1,13,02,757		
Rashel Agrotech Limited	129769	1,63,509	129769	1,63,509
Radford Global Ltd			560500	11,21,000
Rander Corporation Ltd			61520	5,06,079
Ruby Mills Ltd	1510	4,70,756		
Rubfila International Ltd	1100	98,615		
Rita Finance and Leasing Limited	6816	1,62,080		
Saboo Sodium Chloro Limited	10	165		165
Sagar Productions Limited	207	2,936	207	2,936
Sellwin Traders Ltd	261068	71,74,684	10000	1,40,000
Shalimar Productions Limited			1000113	24,60,278
Shivam Autotech Limited			100	2,980
SMZ Chemicals Ltd	142	1,420	142	1,420
Sakuma Exports Ltd	21734	3,65,135		

Sofcom Systems Limited	139836	97,53,604	14070	3,79,890
Speciality Papers Limited	11500	96,600	11500	96,600
Trisha Media Limited	1863450	47,68,361	1863450	47,68,361
Triumph Intetnational Fin India limited	5000	42,150	5000	42,150
Triveni Enterprises Ltd	2829128	83,37,581		
UFO Moviez India Limited	11600	14,10,560		
VA Tech Wabag Ltd	500	1,44,400		
Voltaire Leasing & Finance Limited	1760	42,510	1761	42,510
Vantage Knowledge Academy Limited	270731	11,47,899	270731	11,47,899
Yes Bank	10000	1,56,500	750	12,442
TOTAL		6,92,42,238		2,23,62,512

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the Half year ended September 30, 2022

Fair Value

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments

		(Amount in Rs.)
		Carrying Value
	As on 30.09.2022	As on 31.03.2022
Financial Assets		
Investments	4,93,95,184	4,54,95,184
Loans		
- Loans & Advances to others		
- Loans & Advances to others	10,74,46,557	6,34,89,400
Other Financial Assets - Deposits	-	-
Trade Receivables	1,52,083	14,71,022
Cash & Cash equivalents	9,53,765	8,68,174
Total	15,79,47,589	11,13,23,780
Financial Liabilities		
Borrowings	14,59,66,125	1,62,42,000
Trade Payables		
- Trade Payables to others	-	-
Other Financial Liabilities		
- Other Payables	1,81,633	3,04,642
Total	14,61,47,758	1,65,46,642
The management assessed that Carrying Values approximate their fair value largely due to the short-term maturities of these instruments, hence the same has not been disclosed.		

VISAGAR FINANCIAL SERVICES LIMITED



INDEPENDENT AUDITOR'S REPORT

To the Members of **Visagar Financial Services Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the standalone financial statements of **Visagar Financial Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2022, the statement of Loss and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give 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 March 31, 2022, and Loss and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There are no key audit matters to be communicated in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flow Statement of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our

audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatement in the Financial Statements.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
- c) The Balance Sheet, the Statement of Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the matter to be included in the Auditor's Report under section 197(16), In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts,
 - (i) no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities 'Intermediaries', with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company 'Ultimate Beneficiaries' or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
 - (ii) no funds have been received by the company from any person(s) or entity(ies), including foreign entities 'Funding Parties', with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party 'Ultimate Beneficiaries' or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - (iii) Based on audit procedures carried out by us, that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us believe that the representations under sub-clause (i) and (ii) contain any material misstatement.

- v. The Company has not declared or paid any dividends during the year and accordingly reporting on the compliance with section 123 of the Companies Act, 2013 is not applicable for the year under consideration.

For S C Mehra & Associates LLP
Chartered Accountants
Firm Registration No.106156W

Sd/-

CA S C Mehra
Partner
M. No. 039730
Place: Mumbai
Date: 30-05-2022
UDIN: 22039730AJXYJY1479

**ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE
ON THE FINANCIAL STATEMENTS OF VISAGAR FINANCIAL SERVICES
LIMITED FOR THE YEAR ENDED MARCH 31, 2022**

[Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements'
in the Independent Auditors' Report]

- i.
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
The Company does not have any intangible assets.
 - b) As explained to us Fixed assets have been physically verified by the management during the year in accordance with the phased program of verification adopted by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The company does not own immovable property and hence reporting under clause i(c) is not applicable.
 - d) The Company has not revalued its property, plant and equipment (including right of use asset) during the year. Accordingly, paragraph 3 (i) (d) of the Order is not applicable.
 - e) In our opinion and according to the information and explanations given to us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder. Accordingly, paragraph 3 (i) (e) of the Order is not applicable.

- ii. a) The Company is a service company, primarily rendering financial services. Accordingly, it does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable.

b) The Company has not been sanctioned working capital limits in excess of 5 crore, in aggregate, at any points of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the Order is not applicable.
- iii. (a) In our opinion and according to information and explanation given to us, the Company has made investments in/ provided any guarantee or security/ granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties.

(b) The Company does not have any subsidiaries, joint ventures and associates.
(c) The aggregate amount during the year and balance outstanding at the balance sheet date with respect to loans or advances and guarantees or security to other than subsidiaries, joint ventures and associates are Rs. 48.76 Lakhs and Rs. 634.89 Lakhs respectively.

(d) In our opinion and according to information and explanation given to us, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest.

(e) In our opinion and according to information and explanation given to us, in respect of loans and advances in the nature of loans, the schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts are regular.

(f) In our opinion and according to information and explanation given to us, there are no amounts overdue for more than ninety days.

(g) In our opinion and according to information and explanation given to us, there are no loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

In our opinion and according to information and explanation given to us, the company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment

- iv. In our opinion and according to information and explanation given to us, the company has not granted any loans or provided any guarantees or given any security or made any investments to which the provision of section 185 and 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the order is not applicable.
- v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits or amounts which are deemed to be deposits during the year. Accordingly, paragraph 3 (v) of the Order is not applicable.
- vi. The Central Government of India has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Act for any of the activities of the company and accordingly paragraph 3 (vi) of the order is not applicable.
- vii. In our opinion and according to the information and explanations given to us:
 - (a) Amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been generally regularly deposited by the Company with the appropriate authorities.
 - (b) No undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues were in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
 - (c) Details of statutory dues referred to in sub-clause (a), which have not been deposited on account of dispute are given below:

Nature of the statute	Nature of dues	Period to which the amount relates	Amount
INCOME TAX ACT, 1961	Income Tax	AY 06-07	1,35,553
	Income Tax	AY 09-10	1,54,280
	Income Tax	AY 12-13	2,62,020
	Int. on Income Tax	AY 12-13	1,600
	Penalty under income Tax	AY 12-13	10,000
	Income Tax	AY 15-16	31,48,140
	Income Tax	AY 15-16	1,76,020
		Total	38,87,613.00

- viii. In our opinion and according to the information and explanations given to us, there are no transactions not recorded in the books of account that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Accordingly, paragraph 3 (viii) of the Order is not applicable.
- ix. a. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- b. In our opinion and according to the information and explanations given to us, the Company is not declared as a wilful defaulter by any bank or financial institution or other lender.
- c. In our opinion and according to the information and explanations given to us, the term loans obtained during the year were applied for the purpose for which they were availed.
- d. In our opinion and according to the information and explanations given to us, funds raised on short term basis have not been utilised for long term purposes.

e. The Company does not have any subsidiaries/ associates/ joint-ventures and accordingly, paragraphs 3 (ix) (e) and 3 (ix) (f) of the Order are not applicable.

f. In our opinion and according to the information and explanations given to us, the company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

- x. (a) In our opinion, according to the information explanation provided to us, no money has been raised by way of term loans during the year. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3(x) of the Order are not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, paragraph 3 (x) (b) of the Order is not applicable.

- xi. a) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year. Accordingly, paragraph 3 (xi) (a) of the Order is not applicable.

b) Since there is no fraud by the Company or no material fraud on the Company by any person has been noticed or reported during the year, paragraph 3 (xi) (b) of the Order is not applicable.

c) To the best of our knowledge and according to the information and explanations given to us, no whistle-blower complaint, have been received by the Company during the year.

- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

- xiii. In our opinion and according to the information and explanations given to us, the transactions with the related parties are in compliance with section 177 and 188 of the Act. Where applicable, the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable.
- xvi. a) In our opinion and according to the information and explanations given to us, the Company is required to be registered under section 45-IA of the Reserve Bank of India Act 1934 and the required registration has been obtained.
- b) In our opinion and according to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.
- (c) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, paragraph 3 (xvi) (c) of the Order is not applicable.
- (d) In our opinion and according to the information and explanations given to us, the Company is not a Core Investment Company (CIC) and it does not have any other companies in the Group. Accordingly, paragraph 3 (xvi) (d) of the Order is not applicable.

- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, paragraph 3 (xviii) of the Order is not applicable.
- xix. In our opinion and according to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the board of directors and management plans, there are no material uncertainty exists as on the date of the audit report that Company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.
- xx. The provisions of Section 135 of Companies Act, 2013 are not applicable to the company.
- xxi. In our opinion and according to the information and explanations given to us, the Company does not have investments in subsidiaries/ associates or joint venture companies. Accordingly, paragraph 3 (xxi) of the Order is not applicable.

For S C Mehra & Associates LLP
Chartered Accountants
Firm Registration No.106156W

Sd/-

CA S C MEHRA
Partner
M. No. 039730
Place: Mumbai
Date: 30.05.2022
UDIN: 22039730AJXYJY1479

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN
DATE ON THE FINANCIAL STATEMENTS OF VISAGAR FINANCIAL
SERVICES LTD**

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to financial statements of **Visagar Financial Services Limited** ("the Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an

audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls With Reference to Financial Statements

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

detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For S C Mehra & Associates LLP
Chartered Accountants
Firm Registration No.106156W

Sd/-

Place: Mumbai
Date: 30.05.2022

CA S C Mehra
Partner
M. No. 039730
UDIN: 22039730AJXYJY1479

VISAGAR FINANCIAL SERVICES LIMITED

Balance Sheet as at March 31, 2022

	Notes	As at 31.03.2022	As at 31.03.2021
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	2	4,082	5,587
Capital work in Progress			
Investment Properties			
Goodwill		-	-
Other Intangible Assets		-	-
Intangible assets under development		-	-
Investments accounted for using the equity Method			
Financial Assets			
i) Investments	3	45,495,184	47,291,578
ii) Loans & Advances	4	63,489,400	71,037,068
iii) Other Financial Assets	5	-	-
Deferred Tax Assets		-	-
Other non-current assets	6	462,548	2,315,067
Total non-current assets		109,451,214	120,649,300
Current Assets			
Inventories	7	22,362,512	19,729,253
Financial Assets			
i) Investments			
ii) Trade Receivables	8	1,471,022	133,399
iii) Cash and Cash equivalents	9	868,174	292,316
iv) Bank balance other than (iii) above			
v) Loans		-	-
vi) Other financial assets		-	-
Current Tax Assets	10	1,849,468	346,274
Other Current Assets	11	-	-
Total current assets		26,551,176	20,501,242
TOTAL ASSETS		136,002,390	141,150,542
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	97,527,000	65,018,000
Other Equity	13	21,928,750	52,054,853
Total Equity		119,455,750	117,072,853

VISAGAR FINANCIAL SERVICES LIMITED


LIABILITIES			
Non Current Liabilities			
Financial liabilities			
i) Borrowings			
ii) Other Financial Liabilities			
Provisions	14	-	225,000
Employee benefit obligations		-	-
Deferred Tax Liabilities	15	-	16,328
Government grants		-	-
Other non-current liabilities		-	-
Total non-current liabilities		-	241,328
Current Liabilities			
Financial Liabilities			
i) Borrowings			
ii) Trade Payables			
iii) Other Financial Liabilities			
Provisions		-	-
Employee benefits obligations		-	-
Government grants		-	-
Current tax liabilities	18	-	61,320
Other Current Liabilities	19	304,642	817,541
Total current liabilities		16,546,642	23,836,361
TOTAL LIABILITIES		16,546,642	24,077,689
TOTAL EQUITY AND LIABILITIES		136,002,390	141,150,542

For S C Mehra & Associates LLP

For Visagar Financial Services Limited

Chartered Accountants

Firm Reg. No : 106156W/W100305

Sd/-

Sd/-

Sd/-

(CA S C Mehra)

Tilokchand Kothari

 Kailash Ram Gopal
Chhaparwal

Partner

Director

Director

M. No: 039730

DIN: 00413627

DIN: 01211651

Sd/-

Sd/-

Place : Mumbai

Sonam Prajapati

Ankita Rai

Date: 30.05.2022

Company Secretary

Chief Financial Officer

VISAGAR FINANCIAL SERVICES LIMITED			
Statement of Profit and Loss Account for the year ended March 31, 2022			
	Notes	2021-22	2020-21
Income			
Revenue from Operations	20	165,710,069	665,648,545
Other Income	21	-	-
Total Income		165,710,069	665,648,545
Expense			
Purchases of Stock-In-Trade	22	165,712,029	665,601,019
Change In Inventory of Stock-In-Trade	23	-7,633,795	2,988,071
Employee Benefit Expenses	24	870,119	921,239
Finance Cost	25	97,690	244
Depreciation and Amortisation Expense	26	1,505	4,897
Other Expenses	26	1,799,888	1,876,188
Total Expenses		165,617,172	669,315,796
Profit / (Loss) Before Tax		2,382,897	-3,472,351
Tax expense			
Current Tax			-
Deferred Tax			-
Profit / (Loss) for the period		2,382,897	-3,472,351
Other Comprehensive Income			
Total Comprehensive Income / (Loss) for the period		2,382,897	-3,472,351
Earnings per equity share:	27		
Basic and Diluted		0.07	(0.11)
(Face Value Rs. 1 each)			
Summary of Significant Accounting Policies 1			
The accompanying notes are an integral part of Financial Statements			
As per our report of even date.			
For S C Melus & Associates LLP		For Visagar Financial Services Limited	
Chartered Accountants			
Firm Reg. No : 100156W/V100305			
Sd/-	Sd/-	Sd/-	
CA S C Melus	Tilokchand Kothari	Kailash Ram Gopal Chhaparwal	
Partner	Director	Director	
M. No: 039730	DIN: 00413627	DIN: 01211651	
	Sd/-	Sd/-	
Place : Mumbai	Sonam Prajapati	Ankita Rai	
Date: 30.05.2022	Company Secretary	Chief Financial Officer	

VISAGAR FINANCIAL SERVICES LIMITED															
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022															
		2021-22	2020-21												
PROFIT BEFORE TAX		2,367,897	(3,472,752)												
Misc Income															
DEPR		1,505	4,997												
OPERATING PROFIT BEFORE		2,364,402	(3,467,755)												
CHANGE IN WORKING CAPITAL			-												
OTHER NON CURRENT INVESTMENTS			3,400,000												
Other Non current Assets		1,852,519													
Non current financial loan assets		7,547,668	(5,467,272)												
Investments		(7,633,759)	(7,548,071)												
Trade receivable		(1,337,623)	(1,75,089)												
Current financial loan assets		-	-												
Other current assets			11,025												
Current tax assets		(1,503,184)	(61,645)												
Current tax liability		(61,370)													
Current financial borrowing		(6,715,800)	9,767,000												
trade payable		-	(1,440)												
Other financial liabilities															
Other non current liabilities		(16,325)													
Other current liabilities		(517,899)	(9,500)												
net change in working capital		(995,535)	(445,357)												
Income tax payable		(225,000)													
Cash flow from operating activities	A	(1,220,535)	(445,357)												
Sale of Investments		1,798,294													
Cash flow from investing activities	B	1,798,294	-												
Cash flow from financing activities															
Proceeds from issue of share capital	C														
	A+B+C	577,759	(445,357)												
Cash opening balance		292,316	747,669												
Cash and Cash equivalents at the end of the year		868,175	302,312												
<table> <tr> <td>for S C Mehra & Associates LLP Chartered Accountants Firm Reg. No : 1061505/VV100005</td><td colspan="2">For Visagar Financial Services Limited</td><td></td></tr> <tr> <td>Sd/- (CA S C Mehra) Partner M. No: 009730</td><td>Sd/ Tilokchand Kothari Director DIN: 00413627</td><td>Sd/- Kailash Ram Gopal Chhagarwal Director DIN: 01211651</td><td>Sd/-</td></tr> <tr> <td>Place: Mumbai Date: 30.05.2022</td><td>Sd/ Sonam Prajapati Company Secretary</td><td>Sd/- Ankita Rai Chief Financial Officer</td><td></td></tr> </table>				for S C Mehra & Associates LLP Chartered Accountants Firm Reg. No : 1061505/VV100005	For Visagar Financial Services Limited			Sd/- (CA S C Mehra) Partner M. No: 009730	Sd/ Tilokchand Kothari Director DIN: 00413627	Sd/- Kailash Ram Gopal Chhagarwal Director DIN: 01211651	Sd/-	Place: Mumbai Date: 30.05.2022	Sd/ Sonam Prajapati Company Secretary	Sd/- Ankita Rai Chief Financial Officer	
for S C Mehra & Associates LLP Chartered Accountants Firm Reg. No : 1061505/VV100005	For Visagar Financial Services Limited														
Sd/- (CA S C Mehra) Partner M. No: 009730	Sd/ Tilokchand Kothari Director DIN: 00413627	Sd/- Kailash Ram Gopal Chhagarwal Director DIN: 01211651	Sd/-												
Place: Mumbai Date: 30.05.2022	Sd/ Sonam Prajapati Company Secretary	Sd/- Ankita Rai Chief Financial Officer													

VISAGAR FINANCIAL SERVICES LIMITED

1. Significant Accounting Policies

1.1 Basis of Preparation

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

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

These financial statements for the year ended 31st March, 2022 are the fifth financials with comparatives, prepared under Ind AS and the financial statements for the year ended 31st March, 2018 are the first financials with comparatives, prepared under Ind AS. For all previous periods, the Company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2017.

The financial statements have been prepared on a historical cost basis, except for the following:

- a) Certain financial assets and liabilities that are measured at fair value;
- b) Assets held for sale measured at lower of carrying amount or fair value less cost to sell;
- c) Defined benefit plans – plan assets measured at fair value

1.2 Summary of Significant Accounting Policies

a) Current vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after reporting period, or

VISAGAR FINANCIAL SERVICES LIMITED

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- Expected to be settled in normal operating cycle.
- Held primarily for the purpose of trading
- Due to be settled within twelve months after reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

b) Use of estimates and judgements

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

c) Property, Plant & Equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

Property, plant & equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. In case of assets acquired in exchange for a non-monetary asset, the cost of such an item of property, plant and equipment is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company identifies and determines cost of each component/ part of the asset separately. If the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

VISAGAR FINANCIAL SERVICES LIMITED

An item of Property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised. 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 appropriate.

d) Depreciation on Property, Plant & Equipment

Depreciation on Property, Plant & Equipment is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management which is as per the rates specified in Schedule II to the Companies Act, 2013.

e) Inventories

Inventories are valued at the lower of cost or net realizable value.

f) 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.

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

g) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

h) Employee Benefits

Short term benefits and post employment benefits are accounted in the period during which the services have been rendered.

i) Taxation

Current income tax

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

VISAGAR FINANCIAL SERVICES LIMITED

compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount

VISAGAR FINANCIAL SERVICES LIMITED

of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.
 Impairment losses are recognised in the statement of profit and loss.

k) Provisions

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. The expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs.

l) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Investments and other financial assets**(i) Classification**

The Company classifies its financial assets in the following measurement categories:

- (1) Those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) Those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

VISAGAR FINANCIAL SERVICES LIMITED

Debt Instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

Amortised Cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss: Assets that do not meet the criteria for amortised cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.

Equity Instruments:

The Company measures its equity investment other than in subsidiaries, joint ventures and associates at fair value through profit and loss.

(iii) Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

a) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

VISAGAR FINANCIAL SERVICES LIMITED				
Notes to Financial Statements as at and for the year ended March 31, 2022				
Note 2: Property, Plant and Equipment				(Amount in Rs.)
	Computer	Electric Equipment	Furniture & Fixture	Total
Gross Carrying amount				
Deemed Cost as at 1st April, 2020	404,584	35,888	41,320	481,792
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2021	404,584	35,888	41,320	481,792
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2022	404,584	35,888	41,320	481,792
Accumulated Depreciation				
Balance as at 1st April, 2020	401,639	31,920	37,749	471,457
Additions	2,945	1,007	925	4,897
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2021	404,584	32,927	38,674	476,274
Additions	-	770.00	735.00	1,505
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2022	404,584	33,717	39,409	484,659
Net carrying amount				
Balance as at 1st April, 2020	2,945	3,968	3,571	10,483
Balance as at 31st March, 2021	0	2,941	2,616	5,557
Balance as at 31st March, 2022	-	2,171	1,911	4,082

VISAGAR FINANCIAL SERVICES LIMITED				
Notes to Financial Statements as at and for the year ended March 31, 2022				
Note 3. Investments				
	As at 31.03.2022		As at 31.03.2021	
	No. of Shares/ Units	Amount (Rs.)	No. of Shares/ Units	Amount (Rs.)
Investment in quoted Shares				
Maharashtra Corporation Ltd	2684430	2,727,771	2684430	2,727,771
Shalimar Production Ltd	1000113	2,460,278	1000113	2,460,278
Visagar Polytex Ltd (Warrant)	16500000	4,620,000	16500000	4,620,000
Filmcity Media Limited	4130650	4,130,850		
Osajee Tusteb Ltd	349	11,629	-	-
Radford Global Shares	560500	1,121,000	-	-
Rander Corporation Shares	61520	506,079	-	-
Mystic Electronics Limited	-	-	171660	8,592,966
Total (a)		15,577,607		18,401,035
Investment in Unquoted Shares				
Trisha Media Ltd	1663450	21,337,577	2281850	22,818,500
Visagar Textiles Pvt. Ltd.	2000	500,000	2000	500,000
Sagar Portfolio Pvt. Ltd.	21400	5,350,000	21400	5,350,000
Mukta Agriculture limited		-	80401	222,043
Caran Impex Private Limited	3000	30,000	-	-
Lariya Art Palace Private Limited	270000	2,700,000	-	-
Total (b)		29,917,577		28,890,543
Other Investment				
Total (c)		-		-
Total (a+b+c)		45,495,184		47,291,578

VISAGAR FINANCIAL SERVICES LIMITED		
Notes to Financial Statements as at and for the year ended March 31, 2022		
	(Amount in Rs.)	
	As at 31.03.2022	As at 31.03.2021
Note 4. Loans		
(Unsecured, considered good)		
Loans & Advances	63,489,400	71,037,068
	63,489,400	71,037,068
Note 5. Other Financial Assets		
Other asset	-	-
	-	-
Note 6. Other Non Current Assets		
Advance Payment of Tax	-	2,315,067
GST Receivable	462,548	
	462,548	2,315,067

VISAGAR FINANCIAL SERVICES LIMITED				
Notes to Financial Statements as at and for the year ended March 31, 2022				
Note 7. Inventory				
Particulars	As at 31.03.2022		(Amount in Rs.)	
	No. of Shares/ Units	Amount (Rs.)	No. of Shares/ Units	Amount (Rs.)
Arian Iva de Imports Limited	419	6,294	1100	20,480
Babel International Limited	1673	44,300		
BE Utilities Limited	100	30,510		
Bharat Eplex Limited	101	175,709		
BSE Limited	100	94,400		
Basant Capital Markets Limited	1000	30,680		
BCT, Enterprises Ltd			23795	301,378
BIB Ltd			1001	6,369
Brilliant Leasing Finance Limited			270	65
Chandana solutions Ltd			10	4
Chennai Builders Infra Ltd	91175	151,770	97451	267,557
Citycity Media Limited	4120000	3,720,000	4120000	3,720,000
Finventure Capital Limited	570	8,700	570	83,827
Global Capital Markets Limited	61736	201,909		
ICTCT Bank Limited	500	331,750		
Maharashtra Corporation Limited	2864430	2,727,773		
Monoppy Capital Finance Limited	8940	155,456		
Multipurpose Trading and Agencies Limited	1	0		
Investment Growth & Securities Limited			22960	520,425
Inspira industries Ltd			21	94
Mark Investments Ltd			25	815
Mukta Agriculture Ltd			101715	879,156
Mukta Agriculture Limited			200000	5,400,000
Mystic Electronics Limited			395666	2,635,515
Nourture global Ventures Ltd			64019	1,014,830
Orange Techab Limited	349	11,679	349	11,679
Quora Corp Ltd			411	260,740
PNE Housing Finance Limited	2000	670,840		
Powar Mach Projects Limited	3913	2,739,352		
Radii Developers (India) Limited	1700	190,500		
Radiel Apptech Limited	129769	163,509	129769	163,509
Radiel Global Ltd	560500	1,121,000	560500	8,110,775
Rander Corporation Ltd	81370	306,079	81370	722,660
Sahni Sridhar Chitra Limited	18	185		
Sage Productions Limited	207	5,366	207	5,366
Sellwits Traders Ltd	10000	140,000	27	515
Shalimar Productions Limited	1000113	2,190,775		
Shivan Autotech Limited	100	7,900		
SME Chemicals Ltd	142	1,420	142	1,420
Solcom Systems Limited	14070	879,890		
Speciality Papers Limited	11500	96,600	11500	96,600
Treha Media Limited	1563450	4,766,361		
Triumph International Fin India limited	5000	42,150	5000	42,150
Uto movies india Ltd			2165	194,942
Vantage Corporate Services Limited			63677	337,759
Vantage Leasing & Finance Limited	1791	42,910		
Vantage Knowledge Academy Limited	270781	1,147,899	268380	17,239
Yes Bank	750	15,442	750	12,442
TOTAL		22,362,512		19,729,253

VISAGAR FINANCIAL SERVICES LIMITED		
Notes to Financial Statements as at and for the year ended March 31, 2022		
	(Amount in Rs.)	
	As at 31.03.2022	As at 31.03.2021
Note 8. Trade Receivables		
(Unsecured considered good)		
Outstanding for a period exceeding Six Month		
Other	1,471,022	133,399
	1,471,022	133,399
Note 9. Cash and Cash Equivalents		
Balances with Scheduled Bank	861,031	175,978
Cash on Hand	7,143	116,338
	868,174	292,316
Note 10. Current Tax Assets		
Balance with Government Authorities	1,849,468	346,274
	1,849,468	346,274
Note 11. Other Current Assets		
Share Issue expenses	-	-
	-	-

VISAGAR FINANCIAL SERVICES LIMITED				
Notes to Financial Statements as at and for the year ended March 31, 2022				
			(Amount in Rs)	
			As at 31.03.2022	As at 31.03.2021
Note 12. Equity Share Capital				
Authorised				
10000000 [31st March 2021: 35,000,000 of Rs 2 Each] Equity Shares of Rs. 1 each			100,000,000	70,000,000
Issued, Subscribed and Fully Paid up				
97527000 [31st March 2021: 32,509,000 of Rs 2 Each] Equity Shares of Rs. 1 each			97,527,000	65,018,000
			97,527,000	65,018,000
A. Reconciliation of the number of shares				
Equity Shares	As at 31st March 2022		As at 31st March 2021	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	32,509,000	65,018,000	32,509,000	65,018,000
Balance as at the end of the year	97,527,000	97,527,000	32,509,000	65,018,000
B. Details of equity Shares held by shareholders holding more than 5% of the aggregate shares in the Company				
Name of Shareholder	As at 31st March 2022		As at 31st March 2021	
	Nos.	% of Holding	Nos.	% of Holding
Shreevishnu Management Services Pvt. Ltd.	-	0	2,301,894	7.05
Aaryadweep Infracon Pvt. Ltd.	-	0	2,182,975	6.71
Total	-	-	4,484,869	13.79
C. Terms/ Rights Attached to the Equity Shares				
The Company has only one class of Equity Shares having a par value of Rs. 1 per share. Each holder of Equity shares is entitled to one vote per share.				

VISAGAR FINANCIAL SERVICES LIMITED				
Statement of changes in Equity for the year ended 31st March, 2022				
A. EQUITY SHARE CAPITAL	Notes			(Amount in Rs)
As at 1st April, 2020				65,015,000
Changes in equity share capital				-
As at 31st March, 2021				65,015,000
Changes in equity share capital (Issue of Bonus Shares)				32,509,000
As at 31st March, 2022				97,524,000
B. OTHER EQUITY	(Amount in Rs)			
	Reserve & Surplus			
	Securities Premium Reserve	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2020	30991300	24791	-4,466,665	31,527,106
Profit for the year	0	0	-5,472,251	-5,472,251
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	-5,472,251	-5,472,251
Balance as at 31st March, 2021	30991300	24791	-7,968,936	32,054,053
Balance as at 1st April, 2021	30991300	24791	-7,968,936	32,054,053
Profit for the year	0	0	2,362,697	2,362,697
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	2,362,697	2,362,697
Issue of share capital	32509000	0	-	32509000
Balance as at 31st March, 2022	27462300	24791	-5,606,239	21,880,752

VISAGAR FINANCIAL SERVICES LIMITED				
Notes to Financial Statements as at and for the year ended March 31, 2022				
Note 13. OTHER EQUITY				
	Reserve & Surplus			
	Securities Premium Reserve	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2020	59991000	24791	-4,488,685	55,527,106
Profit for the year	0	0	-3,472,251	-3,472,251
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	-3,472,251	-3,472,251
Balance as at 31st March, 2021	59991000	24791	-7,960,936	52,054,855
Balance as at 1st April, 2021	59991000	24791	-7,960,936	52,054,855
Profit for the year	0	0	2,382,897	2,382,897
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	2,382,897	2,382,897
Issue of share capital	32509000	-	-	32509000
Balance as at 31st March, 2022	27482000	24791	-5,578,039	21,928,750

VISAGAR FINANCIAL SERVICES LIMITED		
Notes to Financial Statements as at and for the year ended March 31, 2022		
	(Amount in Rs.)	
	As at 31.03.2022	As at 31.03.2021
Note 14. Provisions		
Provision for tax	-	130,000
Provision for Sub-Assets	-	95,000
	-	225,000
Note 15. Deferred Tax Liabilities		
Deferred Tax Liability		
- On account of Depreciation difference	-	16,328
	-	16,328
Note 16. Borrowings		
Short Term Borrowings	16,242,000	22,957,500
	16,242,000	22,957,500
Note 17. Trade Payables		
Creditors against shares not received		-
Due to Others		-
	-	-
Note 18. Current Tax Liabilities		
Provisions for tax	-	61,320
Statutory due Payable		-
	-	61,320
Note 19. Other Current Liabilities		
Outstanding expenses	304,642	777,541
Other Liabilities	-	40,000
	304,642	817,541

VISAGAR FINANCIAL SERVICES LIMITED		
Notes to Financial Statements as at and for the year ended March 31, 2022		
	As at 31.03.2022	As at 31.03.2021
Note 20. Revenue from Operations		
Sale of Shares	166,627,494	664,346,437
Interest Income	1,376,843	1,394,770
Dividend	30,733	2,348
Profit/Loss on sale of shares	-	-
	168,230,669	665,843,545
Note 21. Other Income		
Misc. Income	-	-
	-	-
Note 22. Purchase of Stock In Trade		
Purchases	165,712,029	669,801,019
	165,712,029	669,801,019
Note 23. Change in Inventories of Stock-In-Trade		
Inventory at the Beginning	19,729,254	16,741,183
Inventory at the End	22,362,512	19,729,254
	-2,633,258	-2,988,071
Note 24. Employees Benefit Expenses		
Salaries and Bonus	870,419	921,239
	870,419	921,239
Note 25. Finance cost		
Bank Charges	5,927	244
Interest	91,163	-
	97,090	244
Note 26. Other Expenses		
Advertisement & Sales Promotion Expenses	19,840	12,830
Commission Expenses	-	-
General Expenses	1,108,895	1,076,437
Legal & Professional Charges	10,000	22,400
Printing, Stationery & Communication	23,622	62,811
Director Sitting Fees	31,000	40,000
Listing Fees	556,030	322,500
Audit Fees	50,000	40,000
	1,799,388	1,576,468
Note 27. Earning Per Share		
Basis for calculation of Basic and Diluted Earnings per share is as under:		
Profit after tax (Rs.)	2,382,897	-3,472,251
Weighted Average Number of Equity Shares (Nos)	97,327,000.00	32,509,000.00
Face Value of each Equity Share (Rs.)	1	2
Basic and Diluted Earning Per Equity Share (Rs.)	0.0244	-0.1068

VISAGAR FINANCIAL SERVICES LIMITED		
Notes to Financial Statements as at and for the year ended March 31, 2022		
Note 26: Fair Value		
Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments		
Particulars	(Amount in Rs.)	
	As on 31.03.2022	As on 31.03.2021
Financial Assets		
Investments	45,493,184	47,291,378
Loans		
- Loans & Advances to others		
- Loans & Advances to others	63,489,400	71,037,068
Other Financial Assets - Deposits	-	-
Trade Receivables	1,471,022	133,399
Cash & Cash equivalents	868,174	292,316
Total	111,323,780	118,751,361
Financial Liabilities		
Borrowings	16,242,000	22,957,500
Trade Payables		
- Trade Payables to others	-	-
Other Financial Liabilities		
- Other Payables	301,642	817,541
Total	16,543,642	23,775,041
The management assessed that Carrying Values approximate their fair value largely due to the short-term maturities of these instruments, hence the same has not been disclosed.		

28. Related Party Transactions

Name of related parties in Transactions with company and description of relationship

Directors and Key Managerial Personnel (KMP):

Mr. Sagar Kothari	- Chief Executive Officer
Ms. Sonam Prajapati	- Company Secretary
*Ms. Ankita Rai	- Chief Financial Officer
Mr. Tilokchand Kothari	- Executive Director

29. Transaction with Related Parties during the Year

(Amount in Rs.)

Name of Related Party	Nature of Transaction	Year ending March 31, 2022	Outstanding as on March 31, 2022	Year ending March 31, 2021
Mr. Sagar Kothari	Remuneration	NA	NA	NA
Ms. Sonam Prajapati	Remuneration	425000	47000	84,839
*Ms. Ankita Rai	Remuneration	NA	NA	NA
Mr. TilokchandManakdal Kothari	Loan Taken	24968000	NA	NA
Mr. TilokchandManakdal Kothari	Loan Taken Repaid	24968000	NA	NA

*Ms. Ankita Rai was appointed w.e.f. 22.04.2022.

In accordance with Accounting Standard Ind AS 108 'Operating Segment' the Company has only one reportable business segment and have only one reportable geographic segment in India.

30. Capital Risk Management:

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

31. Contingent Liabilities: Rs. 40,42,798/ (Previous Year - Nil)

32. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and deposits to landlords) and from its financing activities. The Company generally doesn't have collateral.

Trade Receivables and Security Deposits

Customer credit risk is managed by business through the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of each

customer is assessed and credit limits are defined in accordance with this assessment. Outstanding customer receivables and security deposits are regularly monitored.

Liquidity Risk

The company's principal source of liquidity is cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived

33. Certain Balances of parties under sundry debtors, creditors, loans and advances are subject to confirmations/reconciliation.

34. There was no expenditure/earning in Foreign Currency during the year.

For S C Mehra & Associates LLP

Chartered Accountants

Firm Registration No. 106156W/W100305

Sd/-

(CA S C Mehra)
Partner
M. No: 039730

Place : Mumbai
Date :30.05.2022

For Visagar Financial Services Limited

Sd/-

(Tilokchand Kothari)
Director
DIN: 00413627

(Sonam Prajapati)
Company Secretary

Sd/-
(Ankita Rai)
Chief Financial Officer

Sd/-

(Kailash Ram Gopal Chhaparwal)
Director
DIN: 01040247

(Sagar Kothari)
Chief Executive Officer

Audited Financial Statements of our Company as at and for the financial year ended March 31, 2021

VISAGAR FINANCIAL SERVICES LIMITED

INDEPENDENT AUDITOR'S REPORT

To the Members of **Visagar Financial Services Limited**

Report on the Audit of Financial Statements

Opinion

We have audited the standalone financial statements of **Visagar Financial Services Limited** ("the Company"), which comprise the balance sheet as at March 31, 2021, the statement of Loss and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give 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 March 31, 2021, and Loss and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

VISAGAR FINANCIAL SERVICES LIMITED

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. There is no matters to be key financial matter to be communicated in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flow Statement of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 financial

statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

VISAGAR FINANCIAL SERVICES LIMITED

- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31st March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Limitation on Scope due to covid-19 : We wish to highlight that due to the COVID 19 induced restrictions on physical movement and strict timelines, the entire audit team could not visit the company's office for undertaking the required audit procedures as stated in SAP and therefore caused inherent limitation on audit procedures.

The opinion expressed in the present report is after considering information, facts and inputs made available to us through electronic means by the company's management.

VISAGAR FINANCIAL SERVICES LIMITED

Thus the same has put a limitation on scope of our audit and we wish to bring to the attention of users towards the same.

For S C Mehra Associates LLP
Chartered Accountants
Firm Registration No.106156W

Sd/-
CA S C Mehra
Partner
M. No. 039730
UDIN: 21039730AAAALS7777

Place: Mumbai
Date:25.06.2021

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Visagar Financial Services Limited FOR THE YEAR ENDED MARCH 31, 2021

[Referred to in paragraph under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

- i. In respect of its Fixed Assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b) As explained to us Fixed assets have been physically verified by the management during the year in accordance with the phased program of verification adopted by the management which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The title deeds of the immovable properties held by the company are in the name of the company.
- ii. As explained to us, there is no physical verification of inventory during the year & inventories are in Demat form. Therefore, paragraph 3(ii) of the Order is not applicable.
- iii. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provision of clause iii (a), (b) and (c) of the Order are not applicable to the company and hence not commented upon.
- iv. In our opinion and according to the information and explanations given to us, the Company has not either directly or indirectly, granted any loan to any of its directors or to any other person in whom the director is interested, in accordance with the provision of section 185 of the Act and the Company has not made investments through more than two layers of investment companies in accordance with the provisions of section 186 of the Act. The provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. In our opinion and according to the information and explanations given to us, there are no amounts outstanding which are in the nature of deposits as on March 31, 2021 and the Company has not accepted any deposits during the year.

VISAGAR FINANCIAL SERVICES LIMITED

- vi. The provision of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provision stated in paragraph 3(vi) of the Order are not applicable to the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has Tds payable on Professional Fees of Rs. 22,500/- and is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, goods and service tax, cess and any other statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts are payable in respect of income-tax, goods and service tax and any other statutory dues which were applicable to the company were in arrears, as at March 31, 2021 for a period of more than six months from the date they became payable.
- viii. In our opinion and according to the information and explanations given by the management, we are of the opinion that, the company has not defaulted in repayment of dues to financial institutions or banks or debenture holders during the year.
- ix. In our opinion, according to the information explanation provided to us, no money has been raised by way of term loans during the year. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the provisions stated in paragraph 3(ix) of the Order are not applicable to the Company.
- x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.
- xi. According to the information and explanations given to us, the company has not paid / provided any managerial remuneration. Therefore, paragraph 3(xi) of the Order is not applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

VISAGAR FINANCIAL SERVICES LIMITED

- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 188 of the Act where applicable and details of such transaction have been disclosed in the financial statement as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and the registration has been obtained

For S C Mehra Associates LLP
Chartered Accountants
Firm Registration No.106156W

Sd/-
CA S C Mehra
Partner
M. No. 039730
UDIN: 21039730AAAALS7777

Place: Mumbai
Date: 25.06.2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Visagar Financial Services Limited

[Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

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

We have audited the internal financial controls with reference to financial statements of **Visagar Financial Services Limited** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that

we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls With Reference to Financial Statements

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

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

VISAGAR FINANCIAL SERVICES LIMITED

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

Opinion

In our opinion, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For S C Mehra Associates LLP
Chartered Accountants
Firm Registration No.106156W

Sd/-
CA S C Mehra
Partner
M. No. 039730
UDIN: 21039730AAAALS7777

Place: Mumbai
Date:25.06.2021

VISAGAR FINANCIAL SERVICES LIMITED
Balance Sheet as at March 31, 2021

	Notes	As at 31.03.2021	As at 31.03.2020
ASSETS			
Non - Current Assets			
Property, Plant and Equipment	2	5,587	10,484
Capital work In Progress			
Investment Properties			
Goodwill		-	-
Other Intangible Assets		-	-
Intangible assets under development		-	-
Investments accounted for using the equity Method			
Financial Assets			
I) Investments	3	47,291,578	52,691,578
II) Loans & Advances	4	71,037,068	62,569,798
III) Other Financial Assets	5	-	-
Deferred Tax Assets		-	-
Other non-current assets	6	2,315,067	2,315,065
Total non-current assets		120,649,300	117,586,925
Current Assets			
Inventories	7	19,729,253	16,741,183
Financial Assets			
I) Investments			
II) Trade Receivables	8	133,399	5,301
III) Cash and Cash equivalents	9	292,316	747,670
IV) Bank balance other than (III) above			
V) Loans		-	-
VI) Other financial assets		-	-
Current Tax Assets	10	346,274	284,629
Other Current Assets	11	-	11,025
Total current assets		20,501,242	17,789,808
TOTAL ASSETS		141,150,542	135,376,733
EQUITY AND LIABILITIES			
EQUITY			
Equity Share Capital	12	65,018,000	65,018,000
Other Equity	13	52,054,853	55,527,106
Total Equity		117,072,853	120,545,106
LIABILITIES			
Non Current Liabilities			
Financial liabilities			
I) Borrowings			
II) Other Financial Liabilities			
Provisions	14	225,000	225,000
Employee benefit obligations		-	-
Deferred Tax Liabilities	15	16,328	16,328
Government grants		-	-
Other non-current liabilities		-	-
Total non-current liabilities		241,328	241,328

Current Liabilities

Financial Liabilities			
I) Borrowings	16	22,957,500	13,690,500
II) Trade Payables	17	-	-
III) Other Financial Liabilities		-	-
Provisions		-	-
Employee benefits obligations		-	-
Government grants		-	-
Current tax liabilities	18	61,320	61,320
Other Current Liabilities	19	817,541	838,479
Total current liabilities		23,836,361	14,590,299
TOTAL LIABILITIES		24,077,689	14,831,627
TOTAL EQUITY AND LIABILITIES		141,150,542	135,376,733

For S C Mehra & Associates LLP

Chartered Accountants

Firm Reg. No : 106156W/W100305

Sd/-

(CA S C Mehra)

Partner

M. No: 039730

Place : Mumbai

Date: 25.06.2021

For Visagar Financial Services Limited

Sd/-

(Tilokchand Kothari)

Director

DIN: 00413627

Sd/-

(Sonam Prajapati)

Company Secretary

Sd/-

(Kailash Ram

Gopal

Chhapparwal)

Director

DIN: 01211651

Sd/-

(Sagar Kothari)

Chief Executive
Officer

VISAGAR FINANCIAL SERVICES LIMITED

Statement of Profit and Loss Account for the year ended March 31, 2021

	Notes	2020-21	2019-20
Income			
Revenue from Operations	20	665,843,545	15,211,141
Other Income	21	-	-
Total Income		665,843,545	15,211,141
Expense			
Purchases of Stock-In-Trade	22	669,801,019	7,840,691
Change In Inventories of Stock In Trade	23	-2,988,071	5,277,144
Employees Benefit Expenses	24	921,239	2,118,045
Finance Cost	25	244	4,558
Depreciation and Amortisation Expense	2	4897	7,814
Other Expenses	26	1,576,468	2,807,700
Total Expenses		669,315,796	18,055,952
Profit / (Loss) Before Tax		-3,472,251	-2,844,811
Tax expense			
Current Tax			-
Deferred Tax			-
Profit / (Loss) for the period		-3,472,251	-2,844,811
Other Comprehensive Income			-
Total Comprehensive Income / (Loss) for the period		-3,472,251	-2,844,811
Earnings per equity share:	27		
Basic and Diluted		(0.11)	(0.09)
[Face Value Rs. 2 each]			
Summary of Significant Accounting Policies	1		

The accompanying notes are an Integral part of Financial Statements

As per our report of even date.

For S C Mehra & Associates LLP Chartered Accountants Firm Reg. No : 106156W/W100305	For Visagar Financial Services Limited	
Sd/-	Sd/-	Sd/-
(CA S C Mehra)	(Tilokchand Kothari)	(Kailash Ram Gopal Chhapparwal)
Partner	Director	Director
M. No: 039730	DIN: 00413627	DIN: 01211651
Place : Mumbai	Sd/-	Sd/-
Date: 25.06.2021	(Sonam Prajapati)	(Sagar Kothari)
	Company Secretary	Chief Executive Officer

VISAGAR FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2021			
		2020-21	2019-20
PROFIT BEFORE TAX		(3,472,252)	(2,844,811)
Misc Income			
DEPR		4,897	7,814
OPERATING PROFIT BEFORE		(3,467,355)	(2,836,997)
CHANGE IN WORKING CAPITAL			-
OTHER NON CURRENT INVESTMENTS		5,400,000	87,764
Non current financial loan assets		(8,467,272)	20,808,451
inventories		(2,988,071)	5,277,144
trade receivable		(128,099)	(2,494)
current financial loan assets		-	-
other current assets		11,025	(73,593)
current tax assets		(61,645)	(100,756)
current financial borrowing		9,267,000	(23,134,500)
trade payables		(1,440)	53,906
other financial liabilities		-	(158,680)
other current liabilities		(9,500)	315,845
net change in working capital		(445,357)	236,090
Income tax payable			-
cash flow from operating activities	a	(445,357)	236,090
purchase of property plant and equipment			
cash flow from investing activities	b	-	-
Cash flow from financing activities			
proceeds form issue of share capital	c		
	a+b+c	(445,357)	236,090
cash op.balance		747,669	511,579
cash cl. Balance		302,312	747,669
cash & cash at the end of year		(445,357)	236,090

For S C Mehra & Associates LLP

Chartered Accountants

Firm Reg. No : 106156W/W100305

Sd/-

(CA S C Mehra)

Partner

M. No: 039730

Place : Mumbai

Date: 25.06.2021

For Visagar Financial Services Limited

Sd/-

(Tilokchand Kothari)

Director

DIN: 00413627

Sd/-

(Sonam Prajapati)

Company Secretary

Sd/-

(Kailash Ram Gopal

Chhaparwal)

Director

DIN: 01211651

Sd/-

(Sagar Kothari)

Chief Executive
Officer

VISAGAR FINANCIAL SERVICES LIMITED

1. Significant Accounting Policies

1.1 Basis of Preparation

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

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

These financial statements for the year ended 31st March, 2021 are the fourth financials with comparatives, prepared under Ind AS and the financial statements for the year ended 31st March, 2020 are the first financials with comparatives, prepared under Ind AS. For all previous periods, the Company had prepared its financial statements in accordance with the accounting standards notified under companies (Accounting Standard) Rule, 2006 (as amended) and other relevant provisions of the Act (hereinafter referred to as 'Previous GAAP') used for its statutory reporting requirement in India.

The accounting policies are applied consistently to all the periods presented in the financial statements, including the preparation of the opening Ind AS Balance Sheet as at 1st April, 2017.

The financial statements have been prepared on a historical cost basis, except for the following:

- a) Certain financial assets and liabilities that are measured at fair value;
- b) Assets held for sale-measured at lower of carrying amount or fair value less cost to sell;
- c) Defined benefit plans - plan assets measured at fair value

1.2 Summary of Significant Accounting Policies

a) Current vs Non-Current Classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- Expected to be settled in normal operating cycle.
- Held primarily for the purpose of trading
- Due to be settled within twelve months after reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

VISAGAR FINANCIAL SERVICES LIMITED

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalent. The Company has identified twelve months as its operating cycle.

b) Use of estimates and judgements

The estimates and judgments used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

c) Property, Plant & Equipment

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at April 1, 2017, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

Property, plant & equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met, directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. In case of assets acquired in exchange for a non-monetary asset, the cost of such an item of property, plant and equipment is measured at fair value unless (a) the exchange transaction lacks commercial substance or (b) the fair value of neither the asset received nor the asset given up is reliably measurable. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

An item of Property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

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 appropriate.

d) Depreciation on Property, Plant & Equipment

Depreciation on Property, Plant & Equipment is calculated on a written down value (WDV) basis using the rates arrived at based on the useful lives estimated by the management which is as per the rates specified in Schedule II to the Companies Act, 2013.

e) Inventories

Inventories are valued at the lower of cost or net realizable value.

f) 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.

VISAGAR FINANCIAL SERVICES LIMITED

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

g) Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

h) Employee Benefits

Short term benefits and post employment benefits are accounted in the period during which the services have been rendered.

i) Taxation

Current income tax

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.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

VISAGAR FINANCIAL SERVICES LIMITED

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

j) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal or its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses, are recognised in the statement of profit and loss.

k) Provisions

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. The expense relating to any provision is presented in the statement of profit or loss, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs.

l) Contingent Liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

n) Investments and other financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- (1) Those to be measured subsequently at fair value (either through other comprehensive income, or through the Statement of Profit and Loss), and
- (2) Those measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

VISAGAR FINANCIAL SERVICES LIMITED

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value. Transaction costs of financial assets carried at fair value through the Profit and Loss are expensed in the Statement of Profit and Loss.

Debt Instruments:

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following categories:

Amortised Cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss: Assets that do not meet the criteria for amortised cost are measured at fair value through Profit and Loss. Interest income from these financial assets is included in other income.

Equity instruments:

The Company measures its equity investment other than in subsidiaries, joint ventures and associates at fair value through profit and loss.

(iii) Impairment of financial assets

The Company measures the expected credit loss associated with its assets based on historical trend, industry practices and the business environment in which the entity operates or any other appropriate basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

o) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

Diluted earnings per shares

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

VISAGAR FINANCIAL SERVICES LIMITED

Statement of changes in Equity for the year ended 31st March, 2021

A. EQUITY SHARE CAPITAL	Notes	(Amount in Rs)
As at 1st April, 2019		65,018,000
Changes in equity share capital		-
As at 31st March, 2020		65,018,000
Changes in equity share capital		-
As at 31st March, 2021		65,018,000

B. OTHER EQUITY	(Amount in Rs)		
	Reserve & Surplus		
	Securities Premium Reserve	Retained Earnings	Total
Balance as at 1st April, 2019	59991000	-1,619,082	58,371,918
Profit for the year	0	-2,844,811	-2,844,811
Other comprehensive income for the year	0	-	-
Total comprehensive income for the year	0	-2,844,811	-2,844,811
Balance as at 31st March, 2020	59991000	-4,463,893	55,527,107
Balance as at 1st April, 2020	59991000	-4,463,893	55,527,107
Profit for the year	0	-3,472,251	-3,472,251
Other comprehensive income for the year	0	-	-
Total comprehensive income for the year	0	-3,472,251	-3,472,251
Balance as at 31st March, 2021	59991000	-7,936,144	52,054,853

VISAGAR FINANCIAL SERVICES LIMITED
Notes to Financial Statements as at and for the year ended March 31, 2021

Note 2. Property, Plant and Equipment

(Amount in Rs.)

	Computer	Electric Equipment	Furniture & Fixture	Total
Gross Carrying amount				
Deemed Cost as at 1st April, 2019	404,584	35,888	41,320	481,792
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2020	404,584	35,888	41,320	481,792
Additions	-	-	-	-
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2021	404,584	35,888	41,320	481,792
Accumulated Depreciation				
Balance as at 1st April, 2019	396,459	30,534	36,501	463,594
Additions	5,180	1,386	1,248	10,066
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2020	401,639	31,920	37,749	473,560
Additions	2,945	1,027	925	4,897
Disposals	-	-	-	-
Reclassification as held for sale	-	-	-	-
Balance as at 31st March, 2021	404,584	32,947	38,674	478,357
Net carrying amount				
Balance as at 1st April, 2019	8,125	5,354	4,819	18,297
Balance as at 31st March, 2020	2,945	3,968	3,571	10,484
Balance as at 31st March, 2021	-	2,941	2,646	5,587

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2021

Note 3. Investments

	As at 31.03.2021		As at 31.03.2020	
	No. of Shares/ Units	Amount (Rs.)	No. of Shares/ Units	Amount (Rs.)
Investment in quoted Shares				
Maharashtra Corporation Ltd	434430	2,727,771	434430	2,727,771
Shalimar Production Ltd	1000113	2,460,278	1000113	2,460,278
Visagar Polytex Ltd	4620000	4,620,000	4620000	4,620,000
Oslajee Texfeb Ltd			40000	400,000
Total (a)		9,808,049		10,208,049
Investment in Unquoted Shares				
Trisha Media Ltd	2281850	22,818,500	2241850	22,418,500
Visagar Textiles Pvt. Ltd.	50000	500,000	50000	500,000
Sagar Portfolio Pvt. Ltd.	21400	5,350,000	21400	5,350,000
Mystic Electronics Limited	171860	8,592,986	171860	8,592,986
Mukta Agriculture limited	80401	222,043	280401	5,622,043
Total (b)		37,483,529		42,483,529
Other Investment				
UTI Investment Fund				-
Total (c)		-		-
Total (a+b+c)		47,291,578		52,691,578

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2021

	(Amount in Rs.)	
	As at 31.03.2021	As at 31.03.2020
Note 4. Loans		
(Unsecured, considered good)		
Loans & Advances	71,037,068	62,569,798
	71,037,068	62,569,798
Note 5. Other Financial Assets		
Advance given against shares	-	-
	-	-
Note 6. Other Non Current Assets		
Advance Payment of Tax	2,315,067	2,315,065
	2,315,067	# 2,315,065

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2021

Note 7. Inventory

(Amount in Rs.)

	As at 31.03.2021		As at 31.03.2020	
	No. of Shares/ Units	Amount (Rs.)	No. of Shares/ Units	Amount (Rs.)
Anupam Finserv Ltd			1829	32,905
Asian Tea	1100	20,480	1100	20,480
Axis Cades			-	-
B.T. Syndicate Ltd			145	2,114
BCL Enterprises Ltd	23795	301,378	40930	724,024
BIB Ltd	1001	6,366		
Brijlaxmi Leasing Finance Limited	270	68	300	73
Cressanda solution Ltd	10	4		
Dhenu Buildcon Ltd.	92481	262,557	93282	264,832
Filmcity Media Limited	4130850	3,750,000	4130850	3,750,000
Finaventure Capital Limited	870	53,827	870	4,915
Garnet International Limited			240	17,400
Inventure Growth & Securities Limited	22965	530,425	-	-
Jalpan Industries Ltd	11	94		
Mask Investments Ltd	15	518		
Mangalam Industries Finance Ltd			1000	300
Mukta Agriculture Limited	104218	579,186	122608	966,616
Mukta Agriculture Limited -2	200000	5,400,000		
Mystic Electronics Limited	399060	2,839,515	590850	4,604,530
Nouveau global Ventures Ltd	64019	1,014,520	60222	968,335
Oslajee	349	11,629	5559	185,609
Quess Corp Ltd	411	260,740		
Rashel Agrotech Limited	129709	163,509	129709	163,509
Radford Global Ltd	560500	3,110,775	560500	3,110,775
Rander Corporation Ltd	61520	722,860	61520	722,860
Sagar Productions	207	2,936	207	2,936
Sellwin Traders Ltd	27	318		
SMZ Chemicals Ltd	142	1,420	142	1,420
Speciality Papers Limited	11500	96,600	11500	96,600
Stratmont Industries Ltd			18036	325,549
Triupp International Fin India limited	5000	42,150	5000	42,150
Ufo movies india Ltd	2188	194,942		
Vantage Corporate Services Limited	43877	332,759	43877	332,759
Vantage Knowledge	268530	17,236		
yes Bank	750	12,442	1000	62,114
Zenith Birla Limited			23503	211,997
Zodiac Ventures Limited			2829	126,320
		19,729,253		16,741,183

Note 8. Trade Receivables

(Unsecured considered good)

Outstanding for a period exceeding Six Month
Other

133,399	5,301
133,399	5,301

Note 9. Cash and Cash Equivalents

Balances with Scheduled Bank

Cash on Hand

175,978	275,875
116,338	471,795
292,316	747,670

Note 10. Current Tax Assets

Balance with Government Authorities

346,274	284,629
346,274	284,629

Note 11. Other Current Assets

Share Issue expenses

-	11,025
-	11,025

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2021

(Amount in Rs)

As at 31.03.2021 As at 31.03.2020
Note 12. Equity Share Capital
Authorised

35,000,000 [31st March 2020: 35,000,000 and 1st April 2017: 35,000,000] Equity Shares of Rs. 2 each

70,000,000 70,000,000

Issued, Subscribed and Fully Paid up

32,509,000 [31st March 2020: 32,509,000 and 1st April 2017: 32,509,000] Equity Shares of Rs.2 each

65,018,000 65,018,000

65,018,000 65,018,000
A. Reconciliation of the number of shares

Equity Shares	As at 31st March 2021		As at 31st March 2020	
	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	32,509,000	65,018,000	32,509,000	65,018,000
Balance as at the end of the year	32,509,000	65,018,000	32,509,000	65,018,000

B. Details of equity Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Name of Shareholder	As at 31st March 2021		As at 31st March 2020	
	Nos.	% of Holding	Nos.	% of Holding
Bhavoshali Management Services Pvt. Ltd.	2,301,894	7.08	2,301,894	7.08
Aaryadeep Infrahomes Pvt. Ltd.	2,182,975	6.71	2,182,975	6.71
Total	4,484,869	13.79	4,484,869	13.79

C. Terms/ Rights Attached to the Equity Shares

The Company has only one class of Equity Shares having a par value of Rs. 1 per share. Each holder of Equity shares is entitled to one vote per share.

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2021

Note 13. OTHER EQUITY

	Reserve & Surplus			
	Securities Premium Reserve	General Reserve	Retained Earnings	Total
Balance as at 1st April, 2019	59991000	24791	-1,643,873	58,371,918
Profit for the year	0	0	-2,844,812	-2,844,812
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	-2,844,812	-2,844,812
Balance as at 31st March, 2020	59991000	24791	-4,488,685	55,527,106
Balance as at 1st April, 2020	59991000	24791	-4,488,685	55,527,106
Profit for the year	0	0	-3,472,251	-3,472,251
Other comprehensive income for the year	0	0	-	-
Total comprehensive income for the year	0	0	-3,472,251	-3,472,251
Balance as at 31st March, 2021	59991000	24791	-7,960,936	52,054,853

Note 14. Provisions

Provision for tax
Provision for Sub-Assets

130,000	130,000
95,000	95,000
225,000	225,000

Note 15. Deferred Tax Liabilities

Deferred Tax Liability
- On account of Depreciation difference

16,328	16,328
16,328	16,328

Note 16. Borrowings

Short Term Borrowings

22,957,500	13,690,500
22,957,500	13,690,500

Note 17. Trade Payables

Creditors against shares not received
Due to Others

-	-
-	-
-	-

Note 18. Current Tax Liabilities

Provisions for tax
Statutory due Payable

61,320	61,320
-	-
61,320	61,320

Note 19. Other Current Liabilities

Outstanding expenses
Other Liabilities

777,541	768,479
40,000	70,000
817,541	838,479

VISAGAR FINANCIAL SERVICES LIMITED

Notes to Financial Statements as at and for the year ended March 31, 2021

	As at 31.03.2021	As at 31.03.20
Note 20. Revenue from Operations		
Sale of Shares	664,246,427	13,291,720
Interest on non current investments	1,594,770	1,812,890
Dividend	2,348	271
Profit/Loss on sale of shares		106,260
	665,843,545	15,211,141
Note 21. Other Income		
Misc. Income	-	-
	-	-
Note 22. Purchase of Stock In Trade		
Purchases	669,801,019	7,840,691
	669,801,019	7,840,691
Note 23. Change in Inventories of Stock-In-Trade		
Inventory at the Beginning	16,741,183	22,018,327
Inventory at the End	19,729,254	16,741,183
	-2,988,071	5,277,144
Note 24. Employees Benefit Expenses		
Salaries and Bonus	921,239	2,118,045
	921,239	2,118,045
Note 25. Finance cost		
Bank Charges	244	4,558
Interest	-	-
	244	4,558
Note 26. Other Expenses		
Advertisement & Sales Promotion Expenses	12,320	56,416
Commission Expenses	-	-
General Expenses	1,076,437	2,239,235
Legal & Professional Charges	22,400	38,000
Printing, Stationery & Communication	62,811	97,549
Director Sitting Fees	40,000	4,000
Listing Fees	322,500	322,500
<u>Auditor's Remuneration</u>		
Audit Fees	40,000	50,000
	1,576,468	2,807,700
Note 27. Earning Per Share		
Basis for calculation of Basic and Diluted Earnings per share is as under:		
Profit after tax (Rs.)	-3,472,251	-2,844,811
Weighted Average Number of Equity Shares (Nos)	#REF!	#REF!
Face Value of each Equity Share (Rs.)	2	2
Basic and Diluted Earning Per Equity Share (Rs.)	#REF!	#REF!

29. Related Party Transactions

Name of related parties in Transactions with company and description of relationship

Key Managerial Personnel (KMP):

Mr. Sagar Kothari	- Chief Executive Officer
Ms. Kalpana Sajwan	- Company Secretary
Ms. Sonam Prajapati	- Company Secretary
Ms. Shalini Bose	- Company Secretary
Mr. Kalpesh Khut	- Chief Financial Officer

30. Transaction with Related Parties during the Year

Remuneration to Key Managerial Personnel (KMP)

(Amount in Rs.)

Name of Related Party	Nature of Transaction	Year ending March 31, 2021	Year ending March 31, 2020
Mr. Sagar Kothari	Remuneration	NA	NA
***Ms. Kalpana Sajwan	Remuneration	1,30,000	NA
*Ms. Sonam Prajapati	Remuneration	84,839	NA
**Ms. Shalini Bose	Remuneration	65,000	5,43,000
Mr. Kalpesh Khut	Remuneration	1,14,500	6,01,804

**Ms. Sonam Prajapati appointed w.e.f 15.01.2021.*

***Ms. Shalini Bose resigned on 06.05.2020.*

****Ms. Kalpana Sajwan was appointed w.e.f. 03.08.2020 and resigned on 16.12.2020.*

In accordance with Accounting Standard Ind AS 108 'Operating Segment' the Company has only one reportable business segment and have only one reportable geographic segment in India.

31. Capital Risk Management:

The Company aim to manages its capital efficiently so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders.

The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. We consider the amount of capital in proportion to risk and manage the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

32. Contingent Liabilities: Nil(Previous Year – Nil)

33. Financial risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk.

Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and deposits to landlords) and from its financing activities. The Company generally doesn't have collateral.

Trade Receivables and Security Deposits

Customer credit risk is managed by business through the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of each customer is assessed and credit limits are defined in accordance with this assessment. Outstanding customer receivables and security deposits are regularly monitored.

Liquidity Risk

The company's principal source of liquidity is cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived

34. Certain Balances of parties under sundry debtors, creditors, loans and advances are subject to confirmations/reconciliation.
35. There was no expenditure/earning in Foreign Currency during the year.

For S C Mehra & Associates LLP

Chartered Accountants

Firm Registration No. 106156W/W100305

For Visagar Financial Services Limited

Sd/-

(CA S C Mehra)

Partner

M. No: 039730

Sd/-

(Tilokchand Kothari)

Director

DIN: 00413627

Sd/-

(Kailash Ram Gopal Chhaparwal)

Director

DIN: 01040247

Place : Mumbai

Date : 30.06.2020

Sd/-

(Sonam Prajapati)

Company Secretary

Sd/-

(Sagar Kothari)

Chief Executive Officer

ACCOUNTING RATIOS

Statements of Accounting Ratios

The following table present certain accounting and other ratios computed on the basis of amounts derived from the Unaudited Financial Statement:

(Rs. in Lakhs, unless otherwise specified)

Sr. No.	Particulars	As on Sept. 30, 2022 (Unaudited)	as on Sept. 30, 2021 (Unaudited)
A.	Net worth	888.24	1153.58
B.	Net Profit after Tax	(306.32)	(17.16)
C.	No. of Shares outstanding at the end of the year	975.27	650.18
	Weighted average number of shares outstanding		
D.	- for basic earnings per share	975.27	325.09
E.	Basic earnings per share (B/D)	(0.31)	(0.02)
F.	Return on net worth (%) (B/A)	(0.35)%	(1.49)
	Net Asset Value per share of Re. 1 each		
G.	- based on weighted average number of shares (A/D)	0.91	3.55
H.	EBITDA	(306.18)	(17.15)
I.	Face value	Re. 1.00	Rs. 2.00

*** Stock Split from Rs.2/- to Re.1/- on Ex-split date 20/01/2022.

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Audited Financial Statements as mentioned above:

(Rs. in Lakhs, unless otherwise specified)

Sr. No.	Particulars	Based on Audited Financial Statements	
		FY 2021-22	FY 2020-2021
A.	Net worth	1194.56	1170.73
B.	Net Profit after Tax	23.83	(34.72)
C.	No. of Shares outstanding at the end of the year	975.27	650.18
	Weighted average number of shares outstanding		
D.	- for basic earnings per share	975.27	325.09
E.	Basic earnings per share (B/D)	0.02	(0.11)
F.	Return on net worth (%) (B/A)	1.99%	(2.97%)
	Net Asset Value per share of Re. 1 each ***		
G.	- based on weighted average number of shares (A/D)	1.22	3.60
H.	EBITDA	24.82	(34.67)
I.	Face value	Re.1.00	2.00

*This includes capital reserves and other reserves

**Net Worth is derived from the Financial Information and comprises of equity share capital and other equity.

*** Stock Split From Rs.2/- to Re.1/- on Ex-split date 20/01/2022.

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

1) Basic Earnings Per Share = $\frac{\text{Net Profit after Tax as per Financial statement}}{\text{Weighted average number of equity shares outstanding during the Period /year}}$

2) Diluted Earnings Per Share = $\frac{\text{Net Profit after Tax as per Financial statement}}{\text{Weighted average number of equity shares outstanding during the}}$

Period /year for the effects of all dilutive potential equity shares

$$3) \text{ Return on net worth (\%)} = \frac{\text{Net Profit after Tax as per Financial statement}}{\text{Net worth}}$$

$$4) \text{ Net Asset Value per share} = \frac{\text{Net Worth}}{\text{Number of Equity Shares subscribed and fully paid outstanding as at the end of the period / year.}}$$

- 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

(Rs. In Lakhs)

Particulars	Pre Issue as on as on March 31, 2022	Post Issue
Borrowing		
Short - Term Debt	162.42	1202.66
Long - Term Debt	-	-
Total Debt	162.42	1202.66
Shareholders' Funds		
Share Capital		
- Equity	975.27	5949.15
Less: Calls - in – arrears	-	[●]
Share Application money		
- Preference	-	-
Reserves & Surplus Including Premium	219.29	219.29
Total Shareholders' Funds	1194.56	6168.44
Long - Term Debt / Shareholders Fund	-	-
Short - Term Debt / Shareholders Fund	0.136	0.026

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 financial statements as of and for the Fiscal 2022 and 2021 and half yearly ending on September 30, 2022 included in this Letter of Offer. Our audited financial statements for Fiscal 2022 and 2021 are prepared in accordance with Ind AS. Unless otherwise stated, the financial information used in this chapter is derived from the Audited Financial Statements of our Company.

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 22 and 17 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 Visagar Financial Services Limited on a standalone basis, as applicable in the relevant period, unless otherwise stated.

Overview of the Company

Our company was originally incorporated as ‘INCA Finlease Private Limited’ at Mumbai on March 01, 1994 with Registrar of Companies, Mumbai. Subsequently, it was converted to a Public Limited via EGM resolution dated May 28, 1994 and obtained fresh certificate upon conversion of the Company from Private Limited to Public Limited from The Registrar of Companies, Mumbai on July 08, 1994. The Company got listed on BSE Limited on August 25, 1995. Subsequently, the name of our Company was changed to ‘Visagar Financial Services Limited’ on February 11, 2011 vide fresh certificate of Incorporation. The Corporate Identification Number of our Company is (CIN) L99999MH1994PLC076858 and its registration number is 76858.

Visagar Financial Services Ltd. (VFSL) is a Non-Banking Financial Company (NBFC) registered with RBI to carry on the business of NBFC without accepting public deposits under Section 45 IA of the Reserve Bank of India Act, 1934 bearing Registration no. B-13.00857 dated May 26, 1998.

Our Company is a non-deposit taking Non-Banking Financial Company registered with the RBI. VFSL is primarily engaged in the business of investing in securities of listed and unlisted companies. Our investment strategy depends on the opportunities, market conditions; both long term and short term and we invest in variety of sectors. The company generates maximum revenue from the sale of shares. Our loan portfolio was FY 2020-21 and FY 2021-22, is Rs. 733.52 Lakhs and Rs. 634.89 Lakhs, respectively comprising of short term of loan to a few corporate and non-corporate clients. We provide both secured and unsecured loans based on the risk profiles of the clients. We need financial resources to fuel the growing demand and to seize the opportunities presented by the market from time to time.

For further details, see “Business Overview” on page 72.

COVID 19 Pandemic:

An outbreak of COVID-19 was recognised as a pandemic by the WHO on March 11, 2020. In response to the COVID-19 outbreak, the governments of many countries, including India, have taken preventive or protective actions such as imposing country-wide lockdowns, as well as restrictions on travel and business operations. Since May 2020 many of these measures have been lifted. Due to a government mandated lockdown in India, we had to temporarily shut down our operations from mid-March 2020 to May 2020. We have resumed operations gradually from June 2020. We have proactively engaged with our clients to reassure them and to demonstrate our commitment to restart our operations and to build confidence in the safety protocols deployed at our office.

Significant Developments Subsequent to the Last Financial Year (since the last balance sheet date)

Except as stated in this Letter of Offer and as disclosed below, to our knowledge, no circumstances have arisen since March 31, 2022, 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 material liabilities:

1. The Board of Directors of our Company has, at its meeting held on 16th April, 2022, approved the amendment in the object clause of Memorandum of Association (MOA) by inserting new Clause after sub-clause (A) of main Object, Increase in Share Capital of the Company and Right Issue of Equity Shares to the existing Shareholders of the Company.
2. The Company at its Extra-Ordinary General Meeting held on 25th May, 2022 has approved the amendments in the object clause of Memorandum of Association (MOA) and increase in Authorized Share Capital of the Company.
3. The Board of Directors of our Company has, at its meeting held on 30th May, 2022, approved the unaudited financial results for the First quarter and year ended March 31, 2023.
4. The Board of Directors of our Company at its meeting held on 30th May, 2022, has approved the audited standalone financial results for the year ended March 31, 2022 and approved by the shareholders of the Company at annual general meeting of the Company to be held on September 30, 2022. Notice for the AGM was sent to the shareholders on September 06, 2022.
5. The Board of Directors of our Company has, at its meeting held on 02nd August, 2022, approved the unaudited financial results for the quarter and half year ended June 30, 2022.
6. The Board of Directors of our Company has, at its meeting held on 14th November, 2022, approved the half year ended September 30, 2022.
7. The Board of Directors of our Company has at its meeting held on 07th October, 2022, recommended and approved the appointment of M/s Bhattar and Associates, Chartered Accountants as Peer Review and Statutory Auditors of our Company. The same was approved by the Shareholder at their Extra-Ordinary General Meeting held on November 04, 2022.

Key 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 22. Our Company's future results of operations could be affected potentially by the following factors:

- Our ability to increase the Revenue Generation;
- Our ability to increase the Size and composition of our loan portfolio;
- Our ability to maintain the existing Size and composition of our loan portfolio;
- Our ability to successfully implement its strategy and its growth and expansion plans;
- Increasing competition in the industry;
- Any adverse outcome in the legal proceedings in which we are involved;
- Growth In Indian Economy;
- General Economic and business condition;
- Our Financial Expenses;
- Stock Market Trends;
- Availability of Cost-Effective Sources of Funding and Fluctuations in Interest Rates;
- Fluctuations in foreign and Indian currency;
- Increasing competition in the Industry;
- Our ability to attract and retain clients;
- 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, Stock Exchanges 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 82 of this Letter of Offer.

Change In Accounting Policies

Except as mentioned in chapter “*Financial Information*” on page 82 of this 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 primarily consists of Revenue from Interest Income, Dividend Income and Investment Income. For detailed breakup, see chapter titled “Our Business” on page 72 of this Letter of Offer.
- **Other Income** - Other income primarily comprises Misc. Income, Commission & Brokerage.

Expenses

Our expenses comprise of Purchase of Stock-in-trade.

- **Purchase of stock-in-trade** - Purchase of stock-in- trade primarily comprises of Securities (Equity Shares & Derivatives).
- **Changes in inventories of Finished Goods, Stock-in-Trade and Work-in-Progress** - Changes in inventories of Securities (Shares).
- **Employee benefit expenses** - Our employee benefit expenses mainly include Salaries.
- **Finance costs** - Our finance costs mainly include Bank Charges.
- **Depreciation and amortization expenses** - Our depreciation and amortization expenses comprise of depreciation on furniture, fixtures, electricals and computers.
- **Other expenses** - Other expenses mainly include General expenses, Listing Fees, Legal & Professional charges and Printing & Stationery 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.

DISCUSSION ON RESULTS OF OPERATIONS:

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company financial years ended March 31, 2022, 2021 and as on September 30, 2022.

Our Results of Operation

Half yearly ending on September 30, 2022 compared to half yearly ending on September 30, 2021

(Rs. In Lakhs)				
Particulars	As on September 30, 2022	% of Total Income	As on September 30, 2021	% of Total Income
Revenue from Operations				
Other Operating Revenue	2324.45	99.72	1056.83	99.30
Other Income	6.62	0.28	7.50	0.70
Total Revenue	2331.07	100.00	1064.33	100.00
Cost of Material Consumed				
Purchase of Stock in trade	3072.71	131.82	1095.60	102.94
Changes in Inventories of Stock-in-Trade	-468.80	-20.11	-23.50	-2.20
Employee Benefit Expense	8.63	0.37	3.14	0.30
Other Expenses	24.83	1.07	6.24	0.59
Financial Costs				
Depreciation and Amortization Expense	0.02	0.00	0.01	0.00
Total Expenses	2637.39	113.14	1081.49	101.61
Profit Before Exceptional and Extra Ordinary items and Tax	-306.32	-13.14	-17.16	-1.61
Exceptional Item				
Profit Before Tax	-306.32	-13.14	-17.16	-1.61
Tax expense:				
- Current Tax	-	-	-	-
- Prior Period Tax	-	-	-	-
- Deferred tax	-	-	-	-
Net Tax expenses				
Profit / (Loss) for the period from continuing operation(A)	-306.32	-13.14	-17.16	-1.61
Profit/ (Loss) from discontinuing operation(B)				
Total other comprehensive Income for the period	-306.32	-13.14	-17.16	-1.61
Profit/ (Loss) from continuing and discontinuing operation(C)=(A)+(B)	-306.32	-13.14	-17.16	-1.61

COMPARISON OF THE FINANCIAL PERFORMANCE OF PERIOD ENDING SEPTEMBER 30, 2022 WITH SEPTEMBER 30, 2021

Revenue from Operations

During the period under review the Company's Turnover has increased from Rs. 1064.33 Lakhs in September 30, 2021 to Rs. 2331.07 Lakhs in September d 30, 2022

Expenses

During the period under review the Company's expenses has increased from Rs. 1081.49 Lakh in September 30, 2021 to Rs. 2637.39 Lakh in September 30, 2022

Change in inventories of Stock in Trade

During the year under review the Company's Change in inventories of Stock in Trade was Rs. (23.50) Lakhs in September 30, 2021 and Rs. (468.80) Lakhs in September 30, 2022

Employee benefit expense

During the period Employee Benefit Expenses has been Increased from Rs. 3.14 Lakhs in September 30, 2021 to Rs.8.63 Lakhs in September 30, 2022.

Finance cost

During the period there was No Finance cost for both the Quarters.

Depreciation and amortisation expense

During the period there was No Depreciation and amortisation expense for both the Quarters.

Other expenses

During the period the other expenses has been increased from Rs.6.24 Lakhs in September 30, 2021 to Rs. 24.83 Lakhs in September 30, 2022.

Tax expenses

During the period there were no tax expenses incurred to Company.

Profit/(Loss) for the year

During the period the company has net loss in the Company of Rs. 17.16 Lakhs in September 30, 2021 as compared to net loss of Rs. Rs. 306.32 Lakhs in the September 30, 2022.

Comparison of financial years March 31, 2022 and March 31, 2021**(Rs. In Lakhs)**

Particulars	As on March 31			
	2022	% of Total Income	2021	% of Total Income
Revenue from Operations				
Other Operating Revenue	1682.30	100.00%	6658.43	100%
Other Income	-	-	-	-
Total Revenue	1682.30	100%	6658.43	100%
Cost of Material Consumed				
Purchase of Stock in trade	1657.12	98.50%	6698.01	100.59%
Changes in Inventories of Stock-in-Trade	-26.33	-1.57%	-29.88	-0.45%
Employee Benefit Expense	8.70	0.52%	9.21	0.14%
Other Expenses	17.99	1.07%	15.76	0.24%
Financial Costs	0.97	0.06%	0.02	0.00%
Depreciation and Amortization Expense	0.02	0.00%	0.05	0.00%
Total Expenses	1658.47	98.58%	6693.15	100.52%
Profit Before Exceptional and Extra Ordinary items and Tax	23.83	1.42%	-34.72	-0.52%
Exceptional Item	-	-	-	-
Profit Before Tax	23.83	1.42%	-34.72	-0.52%
Tax expense:	-	-	-	-
- Current Tax	-	-	-	-
- Prior Period Tax	-	-	-	-
- Deferred tax	-	-	-	-
Net Tax expenses	-	-	-	-

Particulars	As on March 31			
	2022	% of Total Income	2021	% of Total Income
Profit / (Loss) for the period from continuing operation(A)	23.83	1.42%	-34.72	-0.52%
Profit/ (Loss) from discontinuing operation(B)	-	-	-	-
Total other comprehensive Income for the period	23.83	1.42%	-34.72	-0.52%
Profit/ (Loss) from continuing and discontinuing operation(C)=(A)+(B)	23.83	1.42%	-34.72	-0.52%

COMPARISON OF FY 2022 WITH FY 2021

There has been little change in revenue from Interest income during FY 2022 vis-à-vis FY 2021. The Majority of the Operating Income of the Company comes from Investment Income. There was a change in our investment strategy owing to volatile markets during and post Covid-19 in FY 2021 pandemic and the opportunities presented thereafter in FY 2022. Hence while the revenue decreased from Rs. 6642.46 Lacs to Rs. 1666.22 Lacs, the bottomline for the same periods increased from a loss of Rs. 34.72 Lacs to a profit of Rs. 23.83 Lacs owing to opportunities in trading in equity markets post pandemic period.

Revenue from Operations

During the year under review the Company's Turnover has decreased from Rs. 6,658.43 Lakhs in FY 20-21 to Rs. 1,682.30 Lakhs in FY 21-22

Expenses

During the year the expenses has been decreased from Rs. 6,693.15 Lakhs in FY 20-21 to Rs1,658.47 Lakhs in FY 21-22.

Change in inventories of Stock in Trade

During the year the change in stock of inventory has been decreased from Rs. 29.88 Lakhs in FY 20-21 to Rs.26.33 Lakhs in FY 21-22.

Employee benefit expense

During the year Employee Benefit Expenses has been decreased from Rs. 9.21 Lakhs in FY 20-21 to Rs.8.70 Lakhs in FY 21-22.

Finance cost

During the year the Finance cost has been increased from Rs. 0.0024 Lakhs in FY 20-21 to Rs. 0.97 Lakhs in FY 21-22.

Depreciation and amortisation expense

During the year the Depreciation and amortization expenses has been decreased from Rs. 0.049 Lakhs in FY 20-21 to Rs.0.015 Lakhs in FY 21-22.

Other expenses

During the year the other expenses has been increased from Rs. 15.76 Lakhs in FY 20-21 to Rs.17.99 Lakhs in FY 21-22.

Tax expenses

During the year there were no tax expenses incurred to Company.

Profit/(Loss) for the year

During the year the company has net profit in the Company of Rs. 23.83 Lakhs compared to net loss of Rs. Rs. 34.72 Lakhs in the previous year.

COMPARISON OF FY 2021 WITH FY 2020**Revenue from Operations**

During the year under review the Company's Turnover has increased from Rs. 152.11 Lakhs in FY 19-20 to Rs. 6,658.43 Lakhs in FY 20-21

Expenses

During the year the expenses has been increased from Rs. 180.56 Lakhs in FY 19-20 to Rs. 6,693.15 Lakhs in FY 20-21.

Change in inventories of Stock in Trade

During the year the change in stock of inventory has been decreased from Rs. 52.77 Lakhs in FY 19-20 to Rs.-29.88 Lakhs in FY 20-21.

Employee benefit expense

During the year Employee Benefit Expenses has been decreased from Rs.21.18 Lakhs in FY 19-20 to Rs. 9.21 Lakhs in FY 20-21.

Finance cost

During the year the Finance cost has been decreased from Rs. 0.0456 Lakhs in FY 19-20 to Rs. 0.0024 Lakhs in FY 20-21.

Depreciation and amortisation expense

During the year the Depreciation and amortization expenses has been decreased from Rs. 0.078 Lakhs in FY 19-20 to Rs. 0.049 Lakhs in FY 20-21.

Other expenses

During the year the other expenses has been decreased from Rs.28.077 Lakhs in FY 19-20 to Rs. 15.76 Lakhs in FY 20-21.

Tax expenses

During the year there were no tax expenses incurred to Company.

Profit/(Loss) for the year

During the year the company has incurred loss of Rs. 34.72 Lakhs compared to net loss of Rs. Rs. 28.45 Lakhs in the previous year.

Liquidity And Capital Resources

The table below summaries our cash flows from our Audited Financial Information for the financial year ended March 31, 2022 and 2021 and half yearly ending on September 30, 2022:

(Rs. in Lakhs)			
Particulars	As on Sept. 30, 2022	FY 2021-22	FY 2020-21
Net cash generated from / (used in) operating activities	-1295.95	-12.21	- 4.45
Net cash generated from / (used in) Investing Activities	-0.44	17.96	-
Net cash generated from / (used in) from financing activities	-	-	-
Net Increase / (decrease) in Cash & Cash Equivalents	0.85	5.76	- 4.45
Cash and cash equivalents at the beginning of the year	8.68	2.92	7.48
Cash and cash equivalents at the end of the year	9.53	8.68	3.02

FY 2021-22

Net Cash generated from Operating Activities: During the year the Cash Flow from Operating Activities has been decreased from Rs. -4.45 Lakhs in FY 20-21 to Rs. -12.21 Lakhs in FY 21-22.

Net Cash used in Investing Activities: During the year the Cash Flow from Investing Activities has been Increased from Nil in FY 20-21 to Rs. 17.96 Lakhs in FY 21-22.

Net Cash flow used in Financing Activities: NIL

FY 2020-21

Net Cash generated from Operating Activities: During the year the Cash Flow from Operating Activities has been Decreased from Rs. 2.36 Lakhs in FY 19-20 to Rs. -4.45 Lakhs in FY 20-21.

Net Cash used in Investing Activities: NIL

Net Cash flow used in Financing Activities: NIL

Financial Indebtedness

Our total outstanding secured borrowings from banks & Financial Institutions is bifurcated into following manner for the period mentioned below:

(Rs. In Lakhs)			
Category of Borrowings	As on Sept. 30, 2022	FY 2021-22	FY 2020-21
Short Term Borrowings	1459.66	162.42	229.58
Unsecured Loans			
Sagar Portfolio Services Limited	350.00	11.57	11.57
Bazel International Ltd	37.50	-	-
Orchard Road Properties Pvt Ltd	350.00	-	-
Voltaire Leasing and Finance Ltd	300.00	-	-
Nishant Inbuild Ltd	63.16	-	-
Jagrecha Financial and Traders Pvt. Ltd.	-	5.25	-
Shalimar Productions Ltd.	154.00	80.60	67.00
Syrupy Trading Pvt. Ltd.	-	65.00	-
Asha Kothari	-	-	17.25
Tilokchand Kothari	205.00	-	133.755
Grand Total	1459.66	162.42	229.58

Contingent Liabilities

The following table sets forth our contingent liabilities and commitments:

(Rs. In Lakhs)			
Particulars	As on Sept. 30, 2022	FY 2021-22	FY 2020-21
Direct and indirect taxation matters			
Income Tax for the A.Y 06-07	1.35	1.35	Nil
Income Tax for the A.Y 09-10	1.54	1.54	Nil
Income Tax for the A.Y 12-13	2.62	2.62	Nil
Interest on Income Tax for the A.Y 12-13	0.037	0.016	Nil
Penalty under Income Tax for the A.Y 12-13	0.1	0.1	Nil
Income Tax for the A.Y 15-16	31.48	31.48	Nil
Income Tax for the A.Y 15-16	1.76	1.76	Nil
TDS Demand	1.55	1.55	Nil
Total	40.44	40.43	Total

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 financial statements of the current period. The same has been addressed in chapter titled “Financial Statements” beginning on page 82 of this Letter of Offer.

Related Party Transactions

For details of our related party transactions, see “Note 29- Related Party Transactions” on page nos. 159 and 194 of this 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 established 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 exposes 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 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. 22 of this 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. 22 of this 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 22 and 200 respectively of this Letter of Offer, and elsewhere in this Letter of Offer, there are no known factors to our knowledge which would have a material adverse impact on the relationship between costs and income of our Company. Our Company’s future costs and revenues will be determined by demand/supply situation and government policies.

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 NBFC-Category NBFC-ICC (NBFCs-Non-systematically important non-Deposit Taking Company categorized as Investment and Credit Company i.e. ICC.)

For details on revenue break-up from each segment, kindly refer the chapter titled “Our Business” beginning on Page 72 of this Letter of Offer.

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

The Board of Directors of our Company has, at its meeting held on 16th April, 2022, approved the amendment in the object clause of Memorandum of Association (MOA) by inserting new Clause after sub-clause (A) of main Object, Increase in Share Capital of the Company and Right Issue of Equity Shares to the existing Shareholders of the Company.

The Company at its Extra-Ordinary General Meeting held on 25th May, 2022 has approved the amendments in the object clause of Memorandum of Association (MOA) and increase in Authorized Share Capital of the Company.

Our Company via its BOD held 30-06-2022, have approved not to pursue with the activity of Factoring of Debt without the prior approval received from Reserve Bank of India. Except as mentioned above, we have not announced and do not expect to announce in the near future any new products or business segments.

8. The extent to which business is seasonal

Our Company's lending business is dependent upon the financial soundness and success of our clients whose own businesses may be seasonal in nature. Whereas our Investment activity is dependent on the overall Securities & Debt market and performance of security/ shares of various Companies.

9. Any significant dependence on a single or few suppliers or customers

We do not have any material dependence on a single or few suppliers. We have a wide customer base and do not have any material dependence on any particular customer.

10. Competitive conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in the sections "Risk Factors" and "Our Business" on pages 22 and 72, respectively of this Letter of Offer.

SECTION VI- LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION 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 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 profit after tax on basis, i.e., Rs. 2.38 Lakh (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 Letter of Offer. All information provided below is as of the date of this Letter of Offer.

(A) Litigations Relating to Our Company

- | | | |
|----|--|-------|
| a) | Labour Cases filed against the Company | : NIL |
| b) | Labour Cases filed by the Company | : NIL |
| c) | Civil Cases filed against the Company | : NIL |
| d) | Civil Cases filed by the Company | : NIL |
| e) | Criminal cases against the Company | : NIL |
| f) | Criminal cases filed by the Company | : YES |
| g) | Notices served on the Company | : NIL |

1. CRIMINAL CASE FILED BY THE COMPANY

The Company has filed a complaint under section 138 of the Negotiable Instruments Act at Metropolitan Magistrate Court, Esplanade, Mumbai against Mr. Suresh Sharma, proprietor of M/s Chitragrahi Films for the dishonor of cheques amounting to Rs. 12,00,000/- (Rupees Twelve Lacs Only) issued by him in favor of the Company towards repayment of the Loan amount extended to him by the Company. The matter bearing C.C. no 2742/SS/2019 is currently pending at the Metropolitan Magistrate Court, Esplanade, Mumbai.

(B) Litigation Relating to the Promoters of Our Company

- | | |
|--|-------|
| a) Criminal Case against our Promoters | : YES |
| 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 |

1. CRIMINAL CASE FILED AGAINST OUR PROMOTER

An FIR was filed against the Promoter & Director Mr. Tilokchand Kothari, case no 39/2019 in DCB CID Property Cell Byculla u/s 406, 420, 467, 468, 471, 506 and 34 of IPC amounting to Rs. 1,22,58,184.00. A chargesheet no 629/PW/2021 has been submitted on 29/09/2021 by the DCB CID Property Cell Byculla at the Chief Metropolitan Magistrate Esplanade Court, Mumbai. The Promoter/ Director has filed Writ Petition, WP no 4048/2021, at the High Court of Bombay seeking quashing of the aforesaid FIR and all the charges levied in it and the same shall be moved in the High Court of Bombay at appropriate time. The matter is currently pending.

(C) Litigations Relating to the Directors of Our Company

- | | |
|--|-------|
| a) Criminal case against our Directors | : YES |
| 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 |

1. CRIMINAL CASE AGAINST OUR DIRECTORS

Please refer to point A (1) for the criminal case against our Director.

(D) 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 | : YES |

1. NOTICES SERVED ON THE OUR PROMOTER GROUP AND GROUP COMPANIES/ ENTITIES

Our Group Company Visagar Polytex Limited (VPL) received notice from Dy. Director of ESIC bearing Notice No. C-18 (Adhoc) dt.: 08-02-2017 and after several hearings, order u/s 45A bearing No. 39000538930000108 – INS. III / 2017 dt.: 30-06-2017 claiming Rs.53,41,050/- (Fifty-Three Lakh Forty-One Thousand Fifty) for the period 06/2012 to 01/2017 was received. VPL filed appeal on 28.08.2017 before the ESIC Appellate Authority which was dismissed vide order dated 22.09.2017 for the want of pre-deposit of 25% of the ordered amount. Thereafter, a writ petition under Articles 226 and 227 was filed before Gujrat High Court vide R/Special Civil Application No. 1880 of 2018, in January 2018 seeking waiver of pre-deposit of 25%. That vide order dated 14.07.2021, the Hon'ble Gujrat High Court observed that the applicant could request the Appellate Authority for waiver of the same and disposed off the matter.

That VPL then filed an application for waiver of pre-deposit amount before the ESIC Appellate Authority and on 10.01.2022 submitted Demand Draft of Rs. 5,00,000 bearing 10% of the ordered amount. That the management of VPL submitted letter dated April 2022, requesting the Hon'ble Appellate Authority to list the matter for hearing. The matter is yet to be taken up by the Hon'ble Appellate Authority.

TAX PROCEEDINGS

A summary of tax proceedings, in a consolidated manner, involving our Company, our Promoters, our Group Companies or our Directors are stated below:

Particulars	No. of cases	Aggregate amount involved (in Rs.)
Our Company		
Direct Tax	4	38,87,613
Indirect Tax	7	1,55,190
Our Promoters		
Direct Tax	7	64,04,588
Indirect Tax	-	-
Our Group Companies		
Direct Tax	32	15,31,67,643
Indirect Tax	34	19,23,631.50
Our Directors		
Direct Tax	3	4,24,138
Indirect Tax	-	-

LEGAL NOTICES RECEIVED BY OUR COMPANY, OUR PROMOTERS, OUR GROUP COMPANIES, AND OUR DIRECTORS

There are no legal notices received by Our Company, Our Promoters, Our Group Companies and Our Directors as on the date of filing this Letter of Offer.

ISSUES OF MORAL TURPITUDE OR CRIMINAL LIABILITY ON THE PART OF OUR COMPANY

There is no outstanding matter of moral turpitude or criminal liability against our Company as on the date of this Letter of Offer except as mentioned below:

Nature of cases	Number of cases	Amount involved
Proceedings involving issues of moral turpitude or criminal liability on the part of our Director/Promoter	1	Rs. 1,22,58,184.00/-

OTHER STATUTORY LIABILITIES ON THE GROUP COMPANY

There is no outstanding matter under other Statutory Liabilities on any of our Group Company as on the date of this Letter of Offer except as mentioned below:

Name of the Group Company	Nature of cases	Number of cases	Amount involved
Visagar Polytex Limited	ESIC Order Demand which is currently under appeal	1	Rs. 53,41,050.00/-

MATERIAL VIOLATIONS OF THE STATUTORY REGULATIONS BY OUR COMPANY

There are no material violations of the statutory regulations by our Company as on the date of this Letter of Offer.

PROCEEDINGS INITIATED AGAINST OUR COMPANY FOR ECONOMIC OFFENCES

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

DISCIPLINARY ACTION INCLUDING PENALTY IMPOSED BY SEBI OR STOCK EXCHANGES IN THE LAST FIVE FINANCIAL YEARS INCLUDING OUTSTANDING ACTION

- **AGAINST THE PROMOTERS**
- **AGAINST THE COMPANY**

DISCIPLINARY ACTION INCLUDING PENALTY IMPOSED BY RBI IN THE LAST FIVE FINANCIAL YEARS INCLUDING OUTSTANDING ACTION

- **AGAINST THE PROMOTERS**
- **AGAINST THE COMPANY**

As on the date of the Letter of Offer, except as stated above, there have been no disciplinary action including penalty imposed by SEBI or RBI or Stock Exchanges against our Company and Promoters in the last five financial years including outstanding action.

OUTSTANDING LITIGATION AGAINST OTHER PERSONS AND COMPANIES WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY

As on the date of the Letter of Offer, there is no outstanding litigation against other persons and companies whose outcome could have a material adverse effect on our Company.

DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

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

DISCLOSURES PERTAINING TO FRAUDULENT BORROWER

Our Company or any of our Promoters or Group Companies or Directors are not declared as 'Fraudulent Borrower' by the lending banks or financial institution or consortium, in terms of RBI master circular dated July 01, 2016.

NON-PAYMENT OF STATUTORY DUES

As on the date of the Letter of Offer there have been no (i) instances of non-payment or defaults in payment of statutory dues by our Company, (ii) over dues to companies or financial institutions by our Company, (iii) defaults against companies or financial institutions by our Company, or (iv) contingent liabilities not paid for.

OUTSTANDING DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March, 2022 as Micro, Small or Medium Enterprises. Consequently, the amount paid / payable to these parties during the year is NIL. Further, there is no small- scale undertaking or any other creditor to whom the Company owes a sum exceeding Rs. 1 lakh which is outstanding for more than thirty (30) days.

MATERIAL DEVELOPMENT SINCE MARCH 31, 2022

There have not arisen, since the date of the last financial statements disclosed in this Letter of Offer and as disclosed to the stock exchange, 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 216 and 200, respectively of this 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 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: YES

Our company has confirmed that except as mentioned below our Company has not made any other applications nor has it registered any other type of intellectual property including trademarks/copyrights/patents etc.

TM Name	TM/ Application No.	TM Type	Date of Application
VISAGAR	7673689	WORD; Class 36	13-09-2022

As on the date of this Letter of Offer, the company does not hold any other kind of Intellectual Property Rights except as mentioned above.

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 Letter of Offer and as disclosed to the stock exchange, 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 200 of this 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 April 16, 2022, 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 December 20, 2022; Monday, determined the Issue Price as Re. 1.00 per Rights Equity Share and the Rights Entitlement as 51 (Fifty-One) Rights Equity Shares for every 10 (Ten) Equity Shares held on the Record Date. The Issue Price is Re. 1.00 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 Re. 1.00 per Rights Equity Share, which constitutes as determined by our Board at its sole discretion.

This Letter of Offer has been approved by our Board pursuant to their resolutions dated January 03, 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 November 17, 2022. 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 INE309H20012 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. 224 of this 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 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 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 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 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 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 Letter of Offer has not been filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is Rs. 4973.877 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.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF 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 LETTER OF OFFER. THE FILING OF THE 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 LETTER OF OFFER.

Disclaimer Clauses from our Company and Directors

Our Company and Directors accept no responsibility for statements made other than in this 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 Letter of Offer.

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

Disclaimer with respect to the jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in 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 Letter of Offer has been submitted to BSE. The Disclaimer Clause as intimated by BSE to us, post scrutiny of this Letter of Offer is set out below:

“BSE Limited (“the **Exchange**”) has given, vide its letter reference no. DCS/RIGHT/VJ/FIP/2821/2022-23 dated November 17, 2022 permission to this Company to use the Exchange’s name in this 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 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 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 or project of this Company;

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

It is to be distinctly understood that the permission given by BSE Limited should not in any way be deemed or construed that the 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 letter of offer. The investors are advised to refer to the 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 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 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 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 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 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 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 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 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 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 Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and 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 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 Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

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 Letter of Offer and Abridged Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any securities or rights for sale in the United States or as a solicitation therein of an offer to buy any of the said securities or rights. Accordingly, this Letter of Offer / Abridged Letter of Offer 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 Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires the Rights Entitlements and the Equity Shares will be deemed to have declared, represented, warranted and agreed, by accepting the delivery of the 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 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 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 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 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 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.

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. Big Share Services Private 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 30 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 224 of this 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

Name	: Adroit Corporate Services Private Limited
Address	: 18-20, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai 400059, Maharashtra, India;
Tel No.	: +91 22 42270400
Email Id	: info@adroitcorporate.com
Investor Grievance Email	: info@adroitcorporate.com
Contact Person	: Ms. Diviya Nadar
Website	: www.adroitcorporate.com
SEBI Registration No.	: INR000002227

Company Secretary and the Compliance Officer of our Company

Name	: MS. SONAM PRAJAPATI
Address	: 907-908, Dev Plaza, 9th Floor, S.V. Road, Andheri (West), Mumbai - 400 058
Tel No.	: +91 22 67424815
Email Id	: info@visagar.com
Website	: www.vfsl.org

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.adroitcorporate.com. Further, helpline numbers provided by the Registrar for guidance on the Application process and resolution of difficulties are (info@adroitcorporate.com / +91 91 22 42270400).

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 is not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this Letter of Offer.

Further, SEBI has pursuant to the SEBI Rights Issue Circular stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to our Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see 'Making Application by Eligible Equity Shareholders holding Equity Shares in physical form' beginning on page no. 230 of this Letter of Offer.

Investors are requested to note that application in this issue can only be made through ASBA.

The Rights Entitlement on the Securities, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Securities to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Securities pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

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.

OVERVIEW

This Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI 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 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 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 Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this 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.vfsl.org;
- (ii) The Registrar at www.adroitcorporate.com;
- (iii) The Stock Exchange at 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.adroitcorporate.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.vfsl.org).

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 Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an

Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the 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 addresses 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. 227 of this 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 235.*

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 233. 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 227.

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.

Do's for Investors applying through ASBA:

- a) 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.
- b) 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.

- c) 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.
- d) 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.
- e) 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.
- f) 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.
- g) 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.
- h) 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 Visagar Financial Services 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 Re. 1.00 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 Entitlements nor the Rights Equity Shares have been, or will be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions outside the United States in compliance with Regulation S under the US Securities Act ("Regulation S") to existing shareholders located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar or any other person acting on behalf of the Company have reason to believe is in the United States or

is outside of India and United States and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer.

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

I/ We acknowledge that we, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

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

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.adroitcorporate.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.adroitcorporate.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 228.

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.

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 244.

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

Additional General instructions for Investors

- a) Please read this 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 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 228.
- 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 a 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 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.

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 48.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is February 02, 2023; Thursday, i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, **subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).**

If the Application Form is not submitted with an SCSB, uploaded with the Stock 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 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 244.**

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.

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

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)

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

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. 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.adroitcorporate.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.vfsl.org).

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 INE309H20012. 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.adroitcorporate.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, **“VISAGAR FINANCIAL SERVICES LIMITED – UNCLAIMED SECURITIES SUSPENSE ACCOUNT”**) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as 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 January 31, 2023; Tuesday 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 An Trading Of Rights Entitlement

Renouncees

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 INE309H20012 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 January 12, 2023; Thursday to January 25, 2023; Wednesday (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- INE309H20012 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 Renouncees on or prior to the Issue Closing Date.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN INE309H20012, 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 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 Renouncees 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 41.

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 Re. 1.00 per Rights Equity Share in this Issue. On Application, Investors will have to pay Re. 1.00 per Rights Equity Share.

The Issue Price for Rights Equity Shares has been arrived at by our Company at its board meeting held on December 20, 2022; Monday] 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 51 (Fifty-One) rights Equity Shares for every 10 (Ten) 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 51 (Fifty-One) Right Equity Shares for every 10 (Ten) 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 10 Equity Shares or is not in the multiple of 10 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 9 Equity Shares, such Equity Shareholder will be entitled to 45 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 2 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 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 DCS/RIGHT/VJ/FIP/2821/2022-23 dated November 17, 2022. 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: 531025; Script Id: VISAGAR) under the ISIN: INE309H01038. 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 48.

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 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 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 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 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 info@adroitcorporate.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 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 info@adroitcorporate.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 OF ASBA ACCOUNTS” ON PAGE 245.

Payment Schedule of Rights Equity Shares

The Issue Price of Re. 1.00 per Rights Equity Share shall be payable on application.

VIII. Issue Schedule

PARTICULARS	SCHEDULE
Last Date for Credit of Rights Entitlements	: January 11, 2023; Wednesday

Issue Opening Date	: January 12, 2023; Thursday
Last Date for On Market Renunciation of Rights Entitlements#	: January 25, 2023; Wednesday
Issue Closing Date*	: February 02, 2023; Thursday
Finalization of Basis of Allotment (on or about)	: February 14, 2023; Tuesday
Date of Allotment (on or about)	: February 15, 2023; Wednesday
Date of Credit (on or about)	: February 16, 2023; Thursday
Date of Listing (on or about)	: March 01, 2023; Wednesday

* 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 (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., January 31, 2023; Tuesday 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. February 01, 2023; Wednesday.

For details, see “General Information - Issue Schedule” on page 42.

IX. Basis of Allotment

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
- b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Rights Equity Share each if they apply for additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (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 Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
- e) Allotment to any other person, 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 January 09, 2006 with NSDL and an agreement dated February 03, 2009 with CDSL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialized form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by email and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by email and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

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 Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed “**Visagar Financial Services Limited – Rights Issue**” on the envelope and postmarked in India or in the email) to the Registrar at the following address:

Name	: Adroit Corporate Services Private Limited
Address	: 18-20, Jaferbhoy Industrial Estate, Makwana Road, Marol Naka, Andheri (East), Mumbai 400059, Maharashtra, India;
Tel No.	: +91 22 42270400

Email Id : info@adroitcorporate.com
Investor Grievance Email : info@adroitcorporate.com
Contact Person : Ms. Diviya Nadar
Website : www.adroitcorporate.com
SEBI Registration No. : INR000002227

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.adroitcorporate.com). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 22 42270400.

This Issue will remain open for a minimum 7 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 Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company fall under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. Our Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (OCBs) have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

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

RESTRICTIONS ON PURCHASES AND REALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements and Issue Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States (other than to persons in the United States who are U.S. QIBs and QPs).

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This 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.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or the Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the US Securities Act or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged, transferred or delivered, directly or indirectly within the United States except pursuant to an applicable exemption from, or a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. The Rights Entitlements and Rights Equity Shares referred to in this Letter of Offer are being offered in offshore transactions outside the United States in compliance with Regulations under the US Securities Act and the applicable laws of the jurisdiction where those offers and sales are made. Neither receipt of this Letter of Offer, nor any of its accompanying documents constitutes an offer of the Rights Entitlements or the Rights Equity Shares to any Eligible Equity Shareholder other than the Eligible Equity Shareholder who has received this Letter of Offer and its accompanying documents directly from our Company or the Registrar.

Representations, Warranties and Agreements by Purchasers

Each person outside of the United States by accepting the delivery of this Letter of Offer and its accompanying documents, submitting an Application Form for the exercise of any Rights Entitlements and subscription for any Rights Equity Shares and accepting delivery of any Rights Entitlements or any Rights Equity Shares, will be deemed to have represented, warranted and agreed as follows on behalf of itself and, if it is acquiring the Rights Entitlements or the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, on behalf of each owner of such account (such person being the “purchaser”, which term shall include the owners of the investor accounts on whose behalf the person acts as fiduciary or agent):

1. The purchaser (i) is aware that the Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the US Securities Act and are being distributed and offered outside the United States in reliance on Regulation S, (ii) is, and the persons, if any, for whose account it is acquiring such Rights Entitlements and/or the Rights Equity Shares are, outside the United States and eligible to subscribe for Rights Entitlements and Rights Equity Shares in compliance with applicable securities laws, and (iii) is acquiring the Rights Entitlements and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulations.
2. No offer or sale of the Rights Entitlements or the Rights Equity Shares to the purchaser is the result of any

“directed selling efforts” in the United States (as such term is defined in Regulations).

3. The purchaser is, and the persons, if any, for whose account it is acquiring the Rights Entitlements and the Rights Equity Shares are, entitled to subscribe for the Rights Equity Shares, and the sale of the Rights Equity Shares to it will not require any filing or registration by, or qualification of, our Company with any court or administrative, governmental or regulatory agency or body, under the laws of any jurisdiction which apply to the purchaser or such persons.
4. The purchaser, and each account for which it is acting, satisfies (i) all suitability standards for investors in investments in the Rights Entitlements and the Rights Equity Shares imposed by the jurisdiction of its residence, and (ii) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of its jurisdiction of residence.
5. The purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, and, if the purchaser is exercising the Rights Entitlements and acquiring the Rights Equity Shares as a fiduciary or agent for one or more investor accounts, the purchaser has the full power and authority to make the acknowledgements, representations, warranties and agreements contained herein and to exercise the Rights Entitlements and subscribe for the Rights Equity Shares on behalf of each owner of such account.
6. The purchaser is aware and understands (and each account for which it is acting has been advised and understands) that an investment in the Rights Entitlements and the Rights Equity Shares involves a considerable degree of risk and that the Rights Entitlements and the Rights Equity Shares are a speculative investment, and further, that no U.S. federal or state or other agency has made any finding or determination as to the fairness of any such investment or any recommendation or endorsement of any such investment.
7. The purchaser understands (and each account for which it is acting has been advised and understands) that no action has been or will be taken to permit an offering of the Rights Entitlements or the Rights Equity Shares in any jurisdiction (other than the filing of the Letter of Offer with SEBI and the Stock Exchange); and it will not offer, resell, pledge or otherwise transfer any of the Rights Entitlements or the Rights Equity Shares which it may acquire, or any beneficial interests there in, in any jurisdiction or in any circumstances in which such offer or sale is not authorised or to any person to whom it is unlawful to make such offer, sale, solicitation or invitation except under circumstances that will result in compliance with any applicable laws and/or regulations. The purchaser agrees to notify any transferee to whom it subsequently reoffers, resells, pledges or otherwise transfers the Rights Entitlements and the Rights Equity Shares of the restrictions set forth in the Letter of Offer under the heading **“Restrictions on Purchases and Resales”**.
8. The purchaser (or any account for which it is acting) is an Eligible Equity Shareholder and has received an invitation from our Company, addressed to it and inviting it to participate in this Issue.
9. Neither the purchaser nor any of its affiliates or any person acting on its or their behalf has taken or will take, directly or indirectly, any action designed to, or which might be expected to, cause or result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Rights Entitlements or the Rights Equity Shares pursuant to the Issue.

Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, the purchaser (i) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (ii) will have carefully read and reviewed a copy of this Letter of Offer and its accompanying documents; (iii) will have possessed and carefully read and reviewed all information relating to our Company and our group and the Rights Entitlements and the Rights Equity Shares which it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below), and will have had a reasonable opportunity to ask questions of and receive answers from officers and representatives of our Company concerning the financial condition and results of operations of our Company and the purchase of the Rights Entitlements or the Rights Equity Shares, and any such questions have been answered to its satisfaction; (iv) will have possessed and reviewed all information that it believes is necessary or appropriate in connection with an investment in the Rights Entitlements and the Rights Equity Shares; (v) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgment, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company or its affiliates (including any research reports) (other than, with respect to our Company and any information contained in this Letter of Offer); and (vi) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of Rights Equity Shares being subscribed.
10. Without limiting the generality of the foregoing, the purchaser acknowledges that (i) the Rights Equity Shares are listed on BSE Limited and the National Stock Exchange of India Limited and our Company is therefore required

to publish certain business, financial and other information in accordance with the rules and practices of BSE Limited and the National Stock Exchange of India Limited (which 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 the information on its website and its press releases, announcements, investor education presentations, annual reports, collectively constitutes "Exchange Information"), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; (ii) our Company does not expect or intend to become subject to the periodic reporting and other information requirements of the Securities and Exchange Commission; and (iii) neither our Company nor any of its affiliates, has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

11. The purchaser understands that the Exchange Information and this Letter of Offer have been prepared in accordance with content, format and style which is either prescribed by SEBI, the Stock Exchange or under Indian laws, which differs from the content, format and style customary for similar offerings in the United States. In particular, the purchaser understands that (i) our Company's financial information contained in the Exchange Information and this Letter of Offer have been prepared in accordance with Ind AS, Companies Act, and other applicable statutory and/or regulatory requirements and not in a manner suitable for an offering registered with the U.S. SEC, and (ii) this Letter of Offer does not include all of the information that would be required if our Company were registering the Issue of the Rights Entitlements and the Rights Equity Shares with the U.S. SEC, such as a description of our business and industry, detailed operational data, our management's discussion and analysis of our financial condition and results of operations and audited financial statements for prior years.
12. The purchaser acknowledges that (i) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Letter of Offer and the Exchange Information (collectively, the "Information"), has been prepared solely by our Company and no recommendation, promise, representation or warranty (express or implied) is or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by any of them or their affiliates.
13. The purchaser will not hold our Company or their affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information.

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 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 Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Registrar Agreement dated November 21, 2022 between our Company and the Registrar to the Issue.
2. Bankers to the Issue Agreement dated November 21, 2022 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 March 01, 1994 under the name of “INCA Finlease Private Limited”.
3. Copy of fresh Certificate of Incorporation dated July 08, 1994 under the name of “INCA Finlease Limited” issue consequent to change in the stature of the company.
4. Copy of fresh Certificate of Incorporation dated February 11, 2011 under the name of “Visagar Financial Services Limited” issue consequent to change of name of the company.
5. Copy of the Resolutions passed by our Board dated April 16, 2022 approving the Rights Issue and other related matters.
6. Copy of the Resolutions of our Board dated October 14, 2022 approving and adopting the Draft Letter of Offer.
7. Copy of the Resolution of our Committee of Directors dated December 20, 2022, finalizing the terms of the Issue including Issue Price, Record Date and the Rights Entitlement Ratio.
8. Copy of the Resolutions of our Board dated January 03, 2023 approving and adopting the Letter of Offer.
9. Copy of annual reports of our Company for the last 5 financial year.
10. Copy of audited financial report for half year ending September 30, 2022.
11. Statement of Tax Benefits dated October 08, 2022 issued by M/s Bhatler and Associates, Chartered Accountants.
12. 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, Legal Consultant to the Company, and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
13. Copy of Prospectus in respect of the initial public offering of Equity Shares by our Company.
14. Tripartite Agreement dated January 09, 2006 between our Company, NSDL and the Registrar to the Company.
15. Tripartite Agreement dated February 03, 2009 between our Company, CDSL and Registrar to the Company.
16. In-principal approval issued by the BSE vide its letter DCS/RIGHT/VJ/FIP/2821/2022-23 dated November 17, 2022.

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 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 Letter of Offer are true and correct.

Name of the Directors

Signature

Mr. Tilokchand Manaklal Kothari

Executive Director

DIN No.: 00413627

b

Mr. Kailash Ram Gopal Chhapparwal

Non-Executive Director

DIN No.: 01211651

Mr. Kuldeep Kumar

Non- Executibve Independent Director

DIN No.: 08373716

Mr. Sanjay Rajak

Non- Executive Independent Director

DIN No.: 08417877

Ms. Madhu Bala Vaishnav

Non- Executive Independent Director

DIN No.: 08376551

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Ms. Ankita Rai

SIGNED BY THE COMPANY SECRETARY & COMPLIANCE OFFICER

Ms. Sonam Prajapati

Place: Mumbai

Date: January 03, 2023