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SONA MACHINERY LIMITED

Our Company was originally incorporated as a Private Limited Company under the name of "Sona Machinery Private Limited" on February 12, 2019 under the provisions of the Companies Act, 2013 with the Registrar of Companies, Delhi. Subsequently, pursuant to Special Resolution passed by the Shareholders at the Extraordinary General Meeting, held on September 21, 2023, our Company was converted into a Public Limited Company and consequently the name of our Company was changed from "Sona Machinery Private Limited" to "Sona Machinery Limited" vide a fresh certificate of incorporation Consequent upon conversion to public company dated October 17, 2023, issued by the Registrar of Companies, Delhi and bearing CIN U29256DL2019PLC345856. For further details of incorporation, change of name and registered office of our Company, please refer to chapter titled "History and Corporate Structure" beginning on page 116 of the Red Herring Prospectus.

Registered Office: Unit No. 701, 7th floor, KLJ Tower, Plot No. B-5, Netaji Subhash Place, Maurya Enclave, North West Delhi, Delhi – 110034, India.

Corporate Office: F-16 & C-1, Sec A-3, Tronica City, GZB, Loni, Ghaziabad-201103, Uttar Pradesh India.

Tel No: +91-8448984368; **E-mail:** cs@sonamachinery.com; **Website:** www.sonamachinery.com; **Contact Person:** Supriya, Company Secretary & Compliance Officer

OUR PROMOTERS: VASU NAREN & SHWETA BAISLA

"THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON SME PLATFORM OF NSE."

We are primarily engaged in the business agro-processing equipment manufacturer, manufacturing equipments for the processing of rice, pulses, wheat, spices, Barnyard Millet etc.

THE ISSUE

INITIAL PUBLIC OFFER OF UPTO 36,24,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE "EQUITY SHARES") OF SONA MACHINERY LIMITED ("OUR COMPANY" OR "THE ISSUER") AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF [●] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹ [●] LAKHS ("PUBLIC ISSUE") OUT OF WHICH 1,82,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 34,42,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE 26.41% AND 25.08% RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- **QIB PORTION:** NOT MORE THAN 50.00% OF THE NET ISSUE
- **NON-INSTITUTIONAL PORTION :** NOT LESS THAN 15.00% OF THE NET ISSUE
- **RETAIL PORTION:** NOT LESS THAN 35.00% OF THE NET ISSUE
- **MARKET MAKER PORTION:** UPTO 1,82,000 EQUITY SHARES OR 5.08% OF THE ISSUE

PRICE BAND: RS. 136 TO RS. 143 PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH

THE FLOOR PRICE IS 13.6 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 14.3 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.

BIDS CAN BE MADE FOR A MINIMUM OF 1,000 EQUITY SHARES AND IN MULTIPLES OF 1,000 EQUITY SHARES THEREAFTER.

RISKS TO INVESTORS:

- We have very short span of operating history as company.
- We generate our major portion of revenue from our operations in certain geographical regions and any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.
- The Merchant Banker associated with the Issue has handled 41 public issues in the past three years out of which 1 issue closed below the Issue Price on listing date.
- Average cost of acquisition of Equity Shares held by the Individual Promoters is

Sr. No.	Name of the Promoters	Average cost of Acquisition (in ₹)
1.	Vasu Naren	0.03
2.	Shweta Baisla	0.00

- The Weighted average cost of acquisition compared to floor price and cap price

Types of transactions	Weighted average cost of acquisition(₹ per Equity Shares)	Floor price (i.e. ₹ 136)	Cap price (i.e. ₹ 143)
WACA of primary issuance(exceeding 5% of the pre issue capital)	NA^	NA^	NA^
WACA for secondary sale / acquisition (exceeding 5% of the pre issue capital)	NA^^	NA^^	NA^^
Weighted average cost of acquisition of primary issuances/ secondary transactions as per paragraph 8(c) above	0.00	Not Defined	Not Defined

Note:

[^]There were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) above, in last 18 months from the date of the Red Herring Prospectus. ^{^^}There were no secondary transactions as mentioned in paragraph 8(b) above, in last 18 months from the date of the Red Herring Prospectus.

BID/ISSUE PROGRAM

BID/ ISSUE OPENS ON⁽¹⁾: TUESDAY, MARCH 05, 2024

BID/ ISSUE CLOSES ON: THURSDAY, MARCH 07, 2024

⁽¹⁾Our Company in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/ Issue Opening Date in accordance with the SEBI (ICDR) Regulations, 2018.

In case of any revisions in the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/ Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Issue Period for a minimum of three Working Days, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and the terminals of the other members of the Syndicate and by intimation to SCSBs, the Sponsor Bank, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCR") read with Regulation 253 of the SEBI (ICDR) Regulations, as amended, wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "**Issue Procedure**" beginning on page 209 of the Red Herring Prospectus.

Bidders/ Applicants should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidders/Applicants may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidders/Applicants as available on the records of the depositories. These Demographic Details may be used, among other things, for or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk. Bidders/Applicants should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Investors must ensure that their PAN is linked with Aadhar and are in compliance with CBOT Notification dated February 13, 2020 and press release dated June 25, 2021.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS: For information on the main objects and other objects of our Company, see "**History and Corporate Structure**" on page 116 of the Red Herring Prospectus and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, see the section "**Material Contracts and Documents for Inspection**" on page 247 of the Red Herring Prospectus.

LIABILITY OF MEMBERS AS PER MOA: The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.

AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE: The Authorized share Capital of the Company is ₹ 15,00,00,000/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lakhs Only) Equity Shares of Rs. 10/- each. The issued, subscribed and paid-up share capital of the Company before the issue ₹ 10,10,00,00/- (Rupees Ten Crores Ten Lakhs) divided into 1,01,00,000 (One Crore One Lakh) Equity Shares of Rs. 10 each. For details of the Capital Structure, see "**Capital Structure**" on page 55 of the Red Herring Prospectus.

NAMES OF THE SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: Given below are the names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association of our Company, Narender Kumar- 70,000, Vasu Naren- 30,000 shares aggregating to 1,00,000 Equity Shares of Rs. 10/- each. Details of the main objects of the Company as contained in the Memorandum of Association, see "**History and Corporate Structure**" on page 116 of the Red Herring Prospectus. For details of the share capital and capital structure of the Company see "**Capital Structure**" on page 55 of the Red Herring Prospectus.

LISTING: The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the NSE Emerge. Our Company has received an 'in-principle' approval from the National Stock Exchange of India Limited (hereinafter referred to as NSE) for the listing of the Equity Shares pursuant to letter Ref.: NSE/LIST/3118 dated February 07, 2024. For the purposes of the Issue, the Designated Stock Exchange shall be NSE. A signed copy of the Red Herring Prospectus dated February 27, 2024 has been delivered for filing to the ROC and Prospectus shall be delivered for filing to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Issue Closing Date, see "**Material Contracts and Documents for Inspection**" on page 247 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018. The Red Herring Prospectus has been filed with SEBI. In terms of the SEBI Regulations, the SEBI shall not issue any observation on the Offer Document. Hence there is no such specific disclaimer clause of SEBI. However, investors may refer to the entire Disclaimer Clause of SEBI beginning on page 191 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF NSE ("NSE EMERGE") (THE DESIGNATED STOCK EXCHANGE): It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to the Offer Document for the full text of the Disclaimer Clause of NSE.

TRACK RECORD OF BOOK RUNNING LEAD MANAGERS: The Merchant Banker associated with the Issue has handled 41 public issues in the past three years out of which 1 issue closed below the Issue Price on listing date.

GENERAL RISK: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The 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 the Red Herring Prospectus. Specific attention of the investors is invited to "**Risk Factors**" on page 22 of the Red Herring Prospectus.

ASBA * | Simple, Safe, Smart way of Application- Make use of it!!! *Applications Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For details, check section on ASBA below.

Mandatory in Public Issues from January 01, 2016. No cheque will be accepted



UPI-Now available in ASBA for Retail Individual Investors (RII)**

Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI – Now available in ASBA for RIIs applying through Registered Brokers, DPs & RTAs. RIIs also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account.

Investors have to apply through the ASBA process. ASBA has to be availed by all the investors except anchor investor. UPI may be availed by Retail Individual Investors. For details on the ASBA and the UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "**Issue Procedure**" beginning on page 209 of the Red Herring Prospectus. The process is also available on the website of Association of Investment Bankers of India ("AIBI"), the Stock Exchanges and in the General Information Document.

*ASBA forms can be downloaded from the website of NSE ("NSE Emerge")

**List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. HDFC Bank Limited has been appointed as Sponsor Bank for the Issue, in accordance with the requirements of the SEBI circular dated November 1, 2018, as amended. For UPI related queries, investors can contact NPCI at the toll free number-18001201740 and Mail Id-ipo.upi@npci.org.in. For list of UPI Apps and Banks live on IPO, please refer to the link www.sebi.gov.in. For issue related grievance investors may contact: Hem Securities Limited-Ajay Jain (+91 141 -4051000) (Email Id: ib@hemsecurities.com).

BOOK RUNNING LEAD MANAGER TO THE ISSUE

REGISTRAR TO THE ISSUE

COMPANY SECRETARY AND COMPLIANCE OFFICER

HEM SECURITIES LIMITED

MAASHITLA SECURITIES PRIVATE LIMITED

SONA MACHINERY LIMITED

Supriya

Address: Unit No. 701, 7th floor, KLJ Tower, Plot No. B-5, Netaji Subhash Place, Maurya Enclave, North West Delhi, Delhi – 110034, India. **Tel. No.** +91-8448984368; **E-mail:** cs@sonamachinery.com; **Website:** www.sonamachinery.com

Investors can contact the Company Secretary and Compliance Officer or the BRLMs or the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account and refund orders, etc.

ESCROW COLLECTION BANK/ REFUND BANK/ PUBLIC ISSUE ACCOUNT BANK/ SPONSOR BANK: HDFC Bank Limited. | **LINK TO DOWNLOAD ABRIDGED PROSPECTUS:** <https://www.sonamachinery.com/investors> | **UPI:** Retail Individual Bidders can also Bid through UPI Mechanism.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Red Herring Prospectus.

Place: Delhi **Date:** February 27, 2024

Disclaimer: Sona Machinery Limited is proposing, subject to applicable statutory and regulatory requirements, receipt of requisite approvals, market conditions and other considerations, to make an initial public offer of its Equity Shares the Red Herring Prospectus dated February 27, 2024 has been filed with the Registrar of Companies, Delhi, and thereafter with SEBI and the Stock Exchanges. The RHP is available on the website of NSE Emerge at https://www.nseindia.com/companies-listing/corporate-filings-offer-documents#sme_offer and is available on the websites of the BRLM at <a href="http://

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SONA MACHINERY LIMITED



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Corporate Office: F-16 & C-1, Sec A-3, Tronica City, GZB, Loni, Ghaziabad-201103, Uttar Pradesh India. **Tel No:** +91-8448984368; **E-mail:** cs@sonamachinery.com; **Website:** www.sonamachinery.com;

Contact Person: Supriya, Company Secretary & Compliance Officer

OUR PROMOTERS: VASU NAREN & SHWETA BAISLA

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THE ISSUE

INITIAL PUBLIC OFFER OF UPTO 36,24,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE "EQUITY SHARES") OF SONA MACHINERY LIMITED ("OUR COMPANY" OR "THE ISSUER") AT AN ISSUE PRICE OF ₹ [•] PER EQUITY SHARE (INCLUDING SHARE PREMIUM OF [•] PER EQUITY SHARE) FOR CASH, AGGREGATING UP TO ₹[•] LAKHS ("PUBLIC ISSUE") OUT OF WHICH 1,82,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹ [•] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [•] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 34,42,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN ISSUE PRICE OF ₹[•] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹[•] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE 26.41% AND 25.08% RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- **QIB PORTION:** NOT MORE THAN 50.00% OF THE NET ISSUE

- **NON-INSTITUTIONAL PORTION:** NOT LESS THAN 15.00% OF THE NET ISSUE

- **RETAIL PORTION:** NOT LESS THAN 35.00% OF THE NET ISSUE

- **MARKET MAKER PORTION:** UPTO 1,82,000 EQUITY SHARES OR 5.08% OF THE ISSUE

PRICE BAND: RS. 136 TO RS. 143 PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH

**THE FLOOR PRICE IS 13.6 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 14.3 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.
BIDS CAN BE MADE FOR A MINIMUM OF 1,000 EQUITY SHARES AND IN MULTIPLES OF 1,000 EQUITY SHARES THEREAFTER.**

RISKS TO INVESTORS:

- We have very short span of operating history as company.
- We generate our major portion of revenue from our operations in certain geographical regions and any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.
- The Merchant Banker associated with the Issue has handled 41 public issues in the past three years out of which 1 Issue closed below the Issue Price on listing date.
- Average cost of acquisition of Equity Shares held by the Individual Promoters is

Sr. No.	Name of the Promoters	Average cost of Acquisition (in ₹)
1.	Vasu Naren	0.03
2.	Shweta Baisla	0.00

and the Issue Price at the upper end of the Price Band is Rs. 143 per Equity Share.

- The Price/ Earnings ratio based on Diluted EPS for Fiscal 2023 for the company at the upper end of the Price Band is 18.79
- Weighted Average Return on Net worth for Fiscals 2023, 2022 and 2021 is 76.19%.
- The Weighted average cost of acquisition of all Equity Shares transacted in the last 1 year, 18 months and 3 years from the date of RHP is as given below:

Period	Weighted Average Cost of Acquisition (in Rs.)	Upper end of the Price Band (Rs. 143) is "X" times the weighted Average cost of Acquisition	Range of acquisition price: Lowest Price – Highest Price (in Rs.)
Last 1 year	Nil	NA	0-0
Last 18 months/ Last 3 years	N/A	N/A	N/A

• The Weighted average cost of acquisition compared to floor price and cap price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 136)	Cap price (i.e. ₹ 143)
WACA of primary issuance(exceeding 5% of the pre issue capital)	NA^	NA^	NA^
WACA for secondary sale / acquisition (exceeding 5% of the pre issue capital)	NA^^	NA^^	NA^^
Weighted average cost of acquisition of primary issuances/secondary transactions as per paragraph 8(c) above	0.00	Not Defined	Not Defined

Note:

^aThere were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) above, in last 18 months from the date of the Red Herring Prospectus.

^{a^}There were no secondary transactions as mentioned in paragraph 8(b) above, in last 18 months from the date of the Red Herring Prospectus.

BASIS FOR ISSUE PRICE

Investors should read the following summary with the section titled "**Risk Factors**", the details about our Company under the section titled "**Our Business**" and its financial statements under the section titled "**Financial Information of the Company**" beginning on page 22, 92 and 136 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

Price Band/ Issue Price shall be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of the qualitative and quantitative factors as described in this section. The face value of the Equity Shares is ₹ 10/- each and the Issue Price is [•] times of the face value at the lower end of the Price Band and [•] times of the face value at the upper end of the Price Band.

For the purpose of making an informed investment decision, the investors should also refer "**Risk Factors**", "**Our Business**" and "**Financial Statement as restated**" beginning on page 22, 92 and 136 respectively of the Red Herring Prospectus.

QUALITATIVE FACTORS

We believe the following business strengths allow us to successfully compete in the industry:

- Diversified product range appealing to a wide range of customers;
- Quality Assurance ensuring standardized quality of our products;
- Diversified revenue from multiple geographies;
- Experienced Promoter with senior management, backed by sales team having industry knowledge

For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled "**Our Business**" beginning on page 92 of the Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please refer section titled "**Financial Information of the Company**" on page 136 of the Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):

As per the Restated Financial Statements:

Sr. No.	F.Y./Period	Basic & Diluted (₹)	Weights
1.	Financial Year ending March 31, 2023	7.61	3
2.	Financial Year ending March 31, 2022	3.23	2
3.	Financial Year ending March 31, 2021	0.28	1
	Weighted Average	4.93	6
	For the Period Ended November 30, 2023	6.41	

Notes:

i. The figures disclosed above are based on the Restated Financial Statements of the Company.

ii. The Face value of each Equity Share is ₹ 10.00.

iii. Earnings per Share has been calculated in accordance with Accounting Standard 20 – "Earnings per Share" issued by the Institute of Chartered Accountants of India.

iv. The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.

v. Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/ period

vi. Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of diluted potential equity shares outstanding during the year/ period.

2. Price Earnings (P/E) Ratio in relation to the Price Band of ₹ 136 to ₹ 143 per Equity Share of Face Value of ₹ 10/- each fully paid up:

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on the Basic & Diluted EPS, as restated for period ending March 31, 2023	17.87	18.79
P/E ratio based on the Weighted Average EPS, as restated.	27.59	29.01

Note:

i) The P/E ratio of our Company has been computed by dividing Issue Price with EPS.

Key Performance Indicators of our Company

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	As of and for the year/period ended			
	November 30, 2023*	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from Operations ⁽¹⁾	6,275.28	8,096.63	4,451.59	604.19
EBITDA ⁽²⁾	948.35	1,196.15	535.79	40.40
EBITDA Margin (%) ⁽³⁾	15.11%	14.77%	12.04%	6.69%
PAT ⁽⁴⁾	647.82	768.36	326.47	27.81
PAT Margin (%) ⁽⁵⁾	10.32%	9.49%	7.33%	4.60%
RoE (%) ⁽⁶⁾	44.49%	102.70%	162.63%	117.81%
RoCE (%) ⁽⁷⁾	46.61%	80.20%	77.56%	81.47%

* Not Annualised

Notes:

(1) Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements

(2) EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income

(3) 'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations

(4) 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.

(5) Net worth means the aggregate value of the paid-up share capital and reserves and surplus of the company.

(6) Return on Net Worth is ratio of Profit after Tax and Net Worth.

(7) Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as shareholders' equity plus total borrowings (current & non-current).

Explanation for KPI metrics:

KPI	Explanations

Continued from previous page

c) Since there are no such transactions to report to under (a) and (b) therefore, information based on last 5 primary or secondary transactions (secondary transactions where Promoter/ Promoter Group entities or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction), not older than 3 years prior to the date of this certificate irrespective of the size of transactions, is as below:

Primary Transactions:

Except as disclosed below, there have been no primary transactions in the last three years preceding the date of the Red Herring Prospectus:

Date of Allotment	No. of equity shares allotted	Issue Price per equity shares (₹)	Nature of Allotment	Nature of consideration	Total Consideration (in ₹ lakhs)
September 13, 2023	1,00,00,000	Nil	Bonus Issue	Other than Cash	Nil

Secondary Transactions:

The details of the last five secondary transactions by the Promoters, members of the Promoter Group or shareholder(s) having the right to nominate director(s) in the Board of Directors of our Company are a party to the transaction, in the last three years preceding the date of the Red Herring Prospectus, are as follows:

Date of Transfer	Name of Transferor	Name of Transferee	No. of Equity Shares	No. of Equity Shares	Nature of Transaction	Total Consideration
September 20, 2023	Vasu Naren	Shweta Baisla	3,00,000	Nil	Transfer by way of Gift	Nil
	Abhishek Kumar Maddhesiya	1	50.00	Transfer	50.00	
	Shweta Baisla	Abhishek Rai	1	50.00	Transfer	50.00
	Rajeev Chauhan	1	50.00	Transfer	50.00	
	Ankit Aggarwal	1	50.00	Transfer	50.00	

Weighted average cost of acquisition & issue price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price (i.e. ₹ 136)	Cap Price (i.e. ₹ 143)
Weighted average cost of acquisition of primary/ new issue as per paragraph 8(a) above.	NA^	NA^	NA^
Weighted average cost of acquisition for secondary sale/ acquisition as per paragraph 8(b) above.	NA^AA	NA^AA	NA^AA
Weighted average cost of acquisition of primary issuances/ secondary transactions as per paragraph 8(c) above	0.00	Not Defined	Not Defined

Note:

^AThere were no primary/ new issue of shares (equity/ convertible securities) as mentioned in paragraph 8(a) above, in last 18 months from the date of the Red Herring Prospectus.

^{AA}There were no secondary transactions as mentioned in paragraph 8(b) above, in last 18 months from the date of the Red Herring Prospectus.

This is a Book Built Issue and the price band for the same shall be published 2 working days before opening of the Issue in all editions of the English national newspaper Business Standard, all editions of Hindi national newspaper Business Standard and Delhi edition of regional newspaper Pratah Kiran where the registered office of the company is situated each with wide circulation.

The Issue Price of ₹ [•] will be determined by our Company in consultation with the BRLM and will be justified by us in consultation with the BRLM on the basis of the above information. Investors should read the abovementioned information along with "Our Business", "Risk Factors" and "Restated Financial Statements" on pages 92, 22 and 136 respectively of the Red Herring Prospectus to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "Risk Factors" or any other factors that may arise in the future and you may lose all or part of your investments.

BID/ ISSUE PROGRAM

BID/ ISSUE OPENS ON⁽¹⁾: TUESDAY, MARCH 05, 2024

BID/ ISSUE CLOSES ON: THURSDAY, MARCH 07, 2024

"Our Company in consultation with the BRLM may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid / Issue Opening Date in accordance with the SEBI (ICDR) Regulations, 2018."

In case of any revisions in the Price Band, the Bid/ Issue Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of three Working Days, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and the terminals of the other members of the Syndicate and by intimation to SCSBs, the Sponsor Bank, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of the SEBI (ICDR) Regulations, as amended, wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "**Issue Procedure**" beginning on page 209 of the Red Herring Prospectus.

Bidders/ Applicants should note that on the basis of PAN, DP ID and Client ID as provided in the Bid cum Application Form, the Bidders/Applicants may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidders/Applicants as available on the records of the depositories. These Demographic Details may be used, among other things, for or unblocking of ASBA Account or for other correspondence(s) related to an Issue. Bidders/Applicants are advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants' sole risk. Bidders/Applicants should ensure that PAN, DP ID and the Client ID are correctly filled in the Bid cum Application Form. The PAN, DP ID and Client ID provided in the Bid cum Application Form should match with the PAN, DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected. Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form is active. Investors must ensure that their PAN is linked with Aadhar and are in compliance with CBDT Notification dated February 13, 2020 and press release dated June 25, 2021.

CONTENTS OF THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AS REGARDS ITS OBJECTS: For information on the main objects and other objects of our Company, see "**History and Corporate Structure**" on page 116 of the Red Herring Prospectus and Clause III of the Memorandum of Association of our Company. The Memorandum of Association of our Company is a material document for inspection in relation to the Issue. For further details, see the section "**Material Contracts and Documents for Inspection**" on page 247 of the Red Herring Prospectus.

LIABILITY OF MEMBERS AS PER MOA: The liability of the members is limited and this liability is limited to the amount unpaid, if any, on the shares held by them.

AMOUNT OF SHARE CAPITAL OF THE COMPANY AND CAPITAL STRUCTURE: The Authorized share Capital of the Company is Rs.15,00,00,00/- (Rupees Fifteen Crores) divided into 1,50,00,000 (One Crore Fifty Lakhs Only) Equity Shares of Rs.10/- each. The issued, subscribed and paid-up share capital of the Company before the issue Rs.10,10,00,00/- (Rupees Ten Crores Ten Lakhs) divided into 1,01,00,000 (One Crore One Lakhs) Equity Shares of Rs. 10 each. For details of the Capital Structure, see "**Capital Structure**" on the page 55 of the Red Herring Prospectus.

NAME OF THE SIGNATORIES TO THE MEMORANDUM OF ASSOCIATION OF THE COMPANY AND THE NUMBER OF EQUITY SHARES SUBSCRIBED BY THEM: Given below are the names of the signatories of the Memorandum of Association of the Company and the number of Equity Shares subscribed for by them at the time of signing of the Memorandum of Association of our Company, Narender Kumar- 70,000, Vasu Naren- 30,000 shares aggregating to 1,00,000 Equity Shares of Rs.10/- each. Details of the main objects of the Company as contained in the Memorandum of Association, see "**History and Corporate Structure**" on page 116 of the Red Herring Prospectus. For details of the share capital and capital structure of the Company see "**Capital Structure**" on page 55 of the Red Herring Prospectus.

LISTING: The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the NSE Emerge. Our Company has received an 'in-principle' approval from the National Stock Exchange of India Limited (hereinafter referred to as NSE) for the listing of the Equity Shares pursuant to letter Ref.: NSE/LIST/3118 dated February 07, 2024. For the purposes of the Issue, the Designated Stock Exchange shall be NSE. A signed copy of the Red Herring Prospectus dated February 27, 2024 has been delivered for filing to the ROC and Prospectus shall be delivered for filing to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/ Issue Closing Date, see "**Material Contracts and Documents for Inspection**" on page 247 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI"): Since the Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018. The Red Herring Prospectus has been filed with SEBI. In terms of the SEBI Regulations, the SEBI shall not issue any observation on the Offer Document. Hence there is no such specific disclaimer clause of SEBI. However, investors may refer to the entire Disclaimer Clause of SEBI beginning on page 191 of the Red Herring Prospectus.

DISCLAIMER CLAUSE OF NSE ("NSE EMERGE") (THE DESIGNATED STOCK EXCHANGE): It is to be distinctly understood that the permission given by NSE should not in any way be deemed or construed that the Offer Document has been cleared or approved by NSE nor does it certify the correctness or completeness of any of the contents of the Offer Document. The investors are advised to refer to the Offer Document for the full text of the Disclaimer Clause of NSE.

TRACK RECORD OF BOOK RUNNING LEAD MANAGERS: The Merchant Banker associated with the Issue has handled 41 public issues in the past three years out of which 1 issue closed below the Issue Price on listing date.

GENERAL RISK: Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The 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 the Red Herring Prospectus. Specific attention of the investors is invited to "**Risk Factors**" on page 22 of the Red Herring Prospectus.

ASBA * | Simple, Safe, Smart way of Application- Make use of it!!! *Applications Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For details, check section on ASBA below.

Mandatory in Public Issues from January 01, 2016. No cheque will be accepted



UPI-Now available in ASBA for Retail Individual Investors (RII)**

Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI – Now available in ASBA for RIIs applying through Registered Brokers, DPs & RTAs. RIIs also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account.

Investors have to apply through the ASBA process. "ASBA has to be availed by all the investors except anchor investor. UPI may be availed by Retail Individual Investors. For details on the ASBA and the UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Issue Procedure" beginning on page 209 of the Red Herring Prospectus. The process is also available on the website of Association of Investment Bankers of India ("AIBI"), the Stock Exchanges and in the General Information Document.

*ASBA forms can be downloaded from the website of NSE ("NSE Emerge")

** List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. HDFC Bank Limited has been appointed as Sponsor Bank for the Issue, in accordance with the requirements of the SEBI circular dated November 1, 2018, as amended. For UPI related queries, investors can contact NPCI at the toll free number-18001201740 and Mail Id- ipo.upi@npci.org.in. For the list of UPI Apps and Banks live on IPO, please refer to the link www.sebi.gov.in. For issue related grievance investors may contact: Hem Securities Limited-Ajay Jain (+91 141 -4051000) (Email Id: ib@hemsecurities.com).

BOOK RUNNING LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE	COMPANY SECRETARY AND COMPLIANCE OFFICER
HEM SECURITIES LIMITED Address: 904, A Wing, Naman Midtown, Senapati Bapat Marg, Elphinstone Road, Lower Parel, Mumbai-400013, Maharashtra, India Tel. No.: +91-22-49060000; Email: ib@hemsecurities.com Investor Grievance Email: redressal@hemsecurities.com Website: www.hemsecurities.com Contact Person: Ajay Jain SEBI Reg. No.: INM000010981	MAASHITLA SECURITIES PRIVATE LIMITED Address: 451, Krishna Apra Business Square, Netaji Subhash Place, Pitampura, New Delhi, 110034, India. Tel No: +91-11-45121795; Email: ipo@maashitla.com Investor Grievance ID: investor.ipo@maashitla.com Website: www.maashitla.com ; Contact Person: Mukul Agrawal SEBI Reg. No.: INR000004370	SONA MACHINERY LIMITED Supriya Registered Office: Unit No. 701, 7th floor, KLJ Tower, Plot No. B-5, Netaji Subhash Place, Maurya Enclave, North West Delhi, Delhi – 110034, India.; Tel No: +91-8448984368; E-mail: cs@sonamachinery.com; Website: www.sonamachinery.com Investors can contact the Company Secretary and Compliance Officer or the BRLMs or the Registrar to the Issue in case of any pre-issue or post-issue related problems, such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account and refund orders, etc.

AVAILABILITY OF RED HERRING PROSPECTUS: Investors are advised to refer to the Red Herring Prospectus and the Risk Factors contained therein before applying in the Issue. Full copy of the Red Herring Prospectus is available on the website of the Company at <https://www.sonamachinery.com/investors> the website of the BRLM to the Issue at www.hemsecurities.com, the website of NSE Emerge at https://www.nseindia.com/companies-listing/corporate-filings-offer-documents#sme_offer respectively.

AVAILABILITY OF BID-CUM-APPLICATION FORMS: Bid-Cum-Application forms can be obtained from the Registered Office of the Company: Sona Machinery Limited, Telephone: +91-8448984368; BRLM: Hem Securities Limited, Telephone: +91-22-4906 0000 and the Syndicate Members: Hem Finlease Private Limited, Telephone: +91-22-49060000 and at the selected locations of the Sub-Syndicate Members, Registered Brokers, RTAs and CDPs participating in the Issue. Bid-cum-application Forms will also be available on the websites of NSE and the designated branches of SCSBs, the list of which is available at websites of the stock exchanges and SEBI.

ESCROW COLLECTION BANK/ REFUND BANK/ PUBLIC ISSUE ACCOUNT BANK/ SPONSOR BANK: HDFC Bank Limited.

LINK TO DOWNLOAD ABRIDGED PROSPECTUS: [https://www.sonamachinery.com/investors](http://www.sonamachinery.com/investors)

UPI: Retail Individual Bidders can also Bid through UPI Mechanism.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Red Herring Prospectus.

On behalf of Board of Directors

