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Merritronix

MERRITRONIX LTD.

(Formerly known as Merritronix Private Limited)

Corporate Identification Number: U32100TG1988PLC155611

Our Company was incorporated on the October 14, 1988 as “Merritronix Private Limited”, a private limited company under the provisions of the Companies Act, 1956, pursuant to a certificate of incorporation issued by the Registrar of Companies, Andhra Pradesh. Subsequently, a Certificate of Registration of Regional Director order, dated October 05, 2021 was issued by the Registrar of Companies pursuant to the shifting of the Registered Office of the Company from the “State of Andhra Pradesh” to the “State of Telangana”, under the provisions of the Companies Act, 2013. Thereafter, our Company was converted into a public limited company pursuant to a resolution passed by our Shareholders at an Extraordinary General Meeting held on January 06, 2025, and consequently the name of our Company was changed to “Merritronix LTD.”. A Fresh Certificate of Incorporation dated February 07, 2025 was issued by the Registrar of Companies, Central Registration Centre upon such conversion. For further details, please refer to chapter titled “History and Certain Corporate Matters” beginning on Page No. 170 of the Draft Red Herring Prospectus.

Registered Office: C-22, Electronic Complex, Kusaiguda, Hyderabad, Telangana, India, 500062

Telephone: +91 8297912056; **E-mail** cs@merritronix.com; **Website:** <https://www.merritronix.com/>

Contact Person: Ms. Mandava Swathi, Company Secretary & Compliance Officer;

Corporate Identity Number: U32100TG1988PLC155611

PROMOTERS OF OUR COMPANY: MR. DOVARI YESUDAS, MR. DOVARI AMARNATH, MS. VANAJA D, MR. DARSY KETHAN CHANDRA AND MR. DOVARI THAMAN		
DETAILS OF THE ISSUE		
<p>INITIAL PUBLIC OFFER OF UPTO 47,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (“EQUITY SHARES”) OF MERRITRONIX LTD (THE “COMPANY” OR “MERRITRONIX” OR “ISSUER”) AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) FOR CASH, AGGREGATING UPTO ₹ [●] LACS (“PUBLIC ISSUE”) OUT OF WHICH [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [●] LACS 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 [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH, AT AN ISSUE PRICE OF ₹ [●] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹ [●] LACS IS HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE PUBLIC ISSUE AND NET ISSUE WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST- ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.</p>		
<p>THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN [●] EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER) AND [●] EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER, AND TELUGU EDITION OF [●], A TELUGU REGIONAL NEWSPAPER (TELUGU BEING THE REGIONAL LANGUAGE OF TELANGANA WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED (“BSE”) FOR THE PURPOSES OF UPLOADING ON THEIR WEBSITE IN ACCORDANCE WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE “SEBI ICDR REGULATIONS”).</p>		
<p>Potential Bidders may note the following:</p> <p>1. In the sections “Risk Factors”, “Object of the Offer”, “Our Business” and “Management’s Discussion And Analysis Of Financial Position And Results Of Operations”</p>		
Place: Hyderabad	On behalf of MERRITRONIX LTD.	
Date: April 30, 2026	Sd/-	
	Ms. Mandava Swathi Company Secretary & Compliance Officer	
<p>GYR CAPITAL ADVISORS PRIVATE LIMITED 428, Gala Empire, Near JB Tower, Drive in Road, Thaltej, Ahmedabad -380 054, Gujarat, India. Telephone: +91 87775 64648 Fax: N.A. E-mail: merritronix.ipo@gyrcapitaladvisors.in Website: www.gyrcapitaladvisors.com Investor grievance: investors@gyrcapitaladvisors.com Contact Person: Mr. Mohit Baid SEBI Registration Number: INM000012810 CIN:- U67200GJ2017PTC096908</p>	<p>BIGSHARE SERVICES PRIVATE LIMITED Address: Office No. S6-2, 6th Floor, Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri East, Mumbai – 400 093, Maharashtra, India Telephone: 022-62638200 Fax: +91 22 6263 8299 E-mail id: ipo@bigshareonline.com Website: www.bigshareonline.com Investor Grievance Email: investor@bigshareonline.com Contact Person: Mr. Rajesh Kumawat. SEBI Registration Number: INR000001385 CIN: U99999MH1994PTC076534</p>	
ISSUE PROGRAMME		
ANCHOR PORTION ISSUE OPENS/CLOSES ON: [●]*	BID/ISSUE OPENS ON: [●] *	BID/ISSUE CLOSES ON: [●] ***

*The Company may, in consultation with the Book Running Lead Manager, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Issue Period shall be one Working Day prior to the Bid/Issue Opening Date.

**Our Company may in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations

*UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.

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RISK FACTORS

1. Our business model as a B2B Electronics Systems Design and Manufacturing services ("ESDM") provider with limited brand recognition may restrict our pricing power, customer diversification and growth prospects.

We operate predominantly as a business-to-business ("B2B") Electronics Systems Design and Manufacturing services ("ESDM") provider catering primarily to customers within specialized industrial and defence ecosystems. We do not manufacture or sell products under our own consumer-facing brand and our revenues are substantially derived from contract manufacturing arrangements with a concentrated customer base operating in defence and industrial sectors., although in certain limited cases we may design, source or own specific components as part of our obsolescence management or value-added service offerings.

As a result of our business model, we are dependent on purchase orders, program awards and contract renewals from a concentrated customer base, rather than diversified end-consumer demand. We typically do not own the intellectual property in the products we manufacture and have limited control over product specifications, pricing decisions, end-market strategies or product life cycles. Any reduction, delay, modification or cancellation of orders by our key customers, whether due to changes in their business strategies, financial constraints, government budgetary allocations (including changes in government policies or budgetary allocations), technological shifts or competitive pressures, could materially and adversely affect our revenues, profitability, cash flows and financial condition. **The Company does not have direct exposure to government defense spending; however, its business operations may be indirectly impacted to the extent that its customers receive funding from the Government of India or derive a portion of their revenues those are operating in defense sector.**

Further, our limited brand visibility outside our specialized operating segments may constrain our ability to independently generate demand, expand into new customer segments or command premium pricing. The ESDM industry is generally characterized by competitive bidding and cost-based pricing for customers. In the absence of long-term contracts, differentiated capabilities or high entry barriers, we may be subject to pricing pressure and margin compression.

In addition, our focus on industrial and defence customers exposes us to project-based revenue cycles, regulatory and compliance requirements, customer audits and elongated procurement timelines, which may result in revenue volatility and extended working capital cycles.

If we are unable to diversify our customer base, enhance our technological differentiation, or strengthen long-term customer relationships, our growth prospects, margins and overall financial performance may be adversely affected.

Company has implemented multiple risk mitigation measures across its operations, aligned with the nature of its business in high-reliability electronics manufacturing.

Operational and Quality Risk Mitigation:

The Company has established robust manufacturing and quality assurance processes, including adherence to internationally recognized standards such as EN 9100:2018 and IPC-A-610 Class 3. It also deploys automated inspection and testing systems, including AOI, X-ray inspection, and functional testing, to ensure consistency, reliability, and low defect rates.

Customer and Revenue Diversification:

The Company caters to a diversified customer base across defence, aerospace, telecommunications, and industrial sectors, with a mix of private sector customers and defence public sector undertakings. This diversification mitigates dependency on any single customer or programme and provides resilience to revenue streams.

Order Pipeline and Lifecycle Engagement:

The Company operates across multiple programmes and maintains long-term engagements through lifecycle support, including maintenance, upgrades, and obsolescence management. This provides revenue visibility and reduces volatility associated with one-time project execution.

Obsolescence and Supply Chain Risk Management:

The Company has developed capabilities in obsolescence management, including reverse engineering, alternate component qualification, and strategic sourcing of critical and long-lead components. It also maintains relationships with authorized global suppliers to mitigate supply chain disruptions and ensure continuity of operations.

Competitive Positioning and Cost Efficiency:

The Company maintains competitive cost structures supported by integrated in-house manufacturing capabilities, enabling it to effectively participate in competitive bidding processes and sustain order inflows.

3. We typically do not obtain long-term commitments from our customers and they may cancel or change their production requirements. Such cancellations or changes may adversely affect our financial condition, cash flows and results of operations.

The table below sets forth breakup of revenues supported by long term contracts vis à vis revenues supported by purchase orders.

(₹ in lakhs)

Sr No	FY	Revenue driven by long term contracts	Revenue driven by tenders and PI	Total	Percentage vide long term contract
1	2022-23	3,155.48	2,161.90	5,317.38	59.34 %
2	2023-24	6,003.79	2,566.12	8,569.91	70.06 %
3	2024-25	8,297.45	3,058.92	1,1356.37	73.06 %
4	2025-26 (upto Sept)	4,464.30	1,130.39	5,594.69	79.80 %

We generally do not obtain firm, long-term purchase commitments from our customers, and frequently do not have visibility as to their future demand for our services. Customers also cancel, change or delay design, production or aftermarket service quantities and schedules, or fail to meet their forecasts for a number of reasons beyond our control. Customer expectations can change rapidly, requiring us to take on additional commitments or risks. In addition, customers may fail to meet their commitments to us or our expectations. Cancellations, reductions or delays by a significant customer, or by a group of customers, could seriously harm our operating results and negatively affect our working capital levels. Such cancellations, reductions or delays have occurred from time to time and may continue to occur in the future. **The present arrangements do not contain termination, exit, or unilateral withdrawal clauses.** The volume and timing of sales to our customers vary due to changes in demand for their products their attempts to manage their inventory; design changes; changes in their manufacturing strategies; and acquisitions of, or consolidations among, customers. While there was no adverse effect on our Company's business and financial condition, pursuant to cancellation, reduction, changes or delays in orders by the customers of the Company in the last three Fiscals, our Company believes that if any such event happens in the future, it may adversely affect our Company's business.

In addition, we make significant decisions based on our estimates of customers' demand, including determining the levels of business that we will seek and accept, manufacturing schedules, component procurement commitments, working capital (including inventory) management, facility and capacity requirements, personnel needs and other resource requirements. The short-term nature of our customers' commitments and the possibility of rapid changes in demand for their products affect our ability to accurately estimate their future requirements.

Further customer arrangements generally do not include minimum order commitments, take-or-pay clauses, or similar binding volume guarantees.

Because certain of our operating expenses are fixed, a reduction in customer demand can harm our operating results. The need for us to correctly anticipate component needs is amplified in times of shortages. The current environment of tight component supply, which might be further impacted by global uncertainties, can increase the difficulties and cost of anticipating changing demand. Moreover, because our margins vary across customers and specific programs, a reduction in demand with higher margin customers or programs will have a more significant adverse effect on our operating results. Low utilization of our manufacturing facilities could also result in our realizing lower margins as we may not be able to undertake manufacturing in large numbers which is critical to our business as our cost structure includes fixed overheads.

There are a number of factors, other than our performance that could cause the loss of a customer. Customers may demand, among others, price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition. Cancellations, reductions or instructions to delay manufacturing (thereby delaying delivery of products manufactured by us) by a significant customer could adversely affect our results of operations by reducing our sales volume, as well as by possibly causing delay in our customers' paying us for the order placed for purchasing the inventory with us which we would have manufactured for them. The requirements of our customers are not restricted to one type of product and therefore variations in demand for certain types of products also requires us to make certain changes in our manufacturing processes thereby affecting our manufacturing schedules. We often increase staffing, increase capacity, engage sub-contractors and incur other expenses to meet the anticipated demand of our customers, which could cause reductions in our margins if a customer order gets delayed or cancelled or modified.

Rapid increases in customer demand may stress personnel and other capacity resources. We may not have sufficient resources, including personnel and components, at any given time to meet all of our customers' demands or to meet the requirements of a specific program, which could result in a loss of business from such customers.

4. We are subject to strict quality requirements, customer inspections and audits, and any failure to comply with quality standards may lead to cancellation of existing and future orders and could negatively impact our reputation and our business and results of operations and future prospects.

We assemble complex and specialized PCBs customized for a diverse product portfolio spanning various sectors, each with unique and stringent technical requirements established by our customers. Given the mission-critical nature of many of these applications, our customers maintain very high standards for product quality, reliability, and adherence to delivery schedules. Meeting these quality standards is essential not only to satisfy contractual obligations but also to uphold the integrity of the end-products into which our components are integrated.

To support these requirements, we have obtained EN 9100:2018 certification for the manufacture of PCBAs for aerospace and defence applications, which is equivalent to AS 9100D and JISQ 9100:2016, including ISO 9001:2015 quality management principles. However, any failure to meet required specifications—whether arising from component defects, manufacturing inconsistencies, or design deficiencies attributable to customers or third parties—may result in defective or unsafe end-products, potentially impairing system performance and end-user safety.

Such defects, manufacturing non-conformances, or latent safety risks may lead to personal injuries or adverse operational outcomes, triggering product recalls, warranty claims, or legal liabilities. Additionally, off-label uses or inadequate disclosure of product-related risks or information could exacerbate these consequences. Our manufacturing facility, processes, and finished products are subjected to frequent and meticulous inspections and audits by our customers and relevant regulatory bodies to ensure alignment with their internal quality standards. Non-compliance identified during such audits can result in penalties, order cancellations, or loss of business relationships. Moreover, negative publicity arising from product quality issues or safety incidents could

significantly damage our reputation, adversely impacting current operations, future business prospects, and financial results.

We acknowledge that any deficiencies in quality, if not appropriately identified, managed, and remediated, may adversely affect the performance and reliability of the end products. Accordingly, the Company adopts a proactive and systematic approach to risk mitigation through the implementation and maintenance of robust quality management systems, comprehensive supplier oversight mechanisms, and continuous process improvement initiatives.

Following are the details of major or minor non-conformities identified during certification audits over the last three financial years, along with details of the corrective actions undertaken and their current status.

Non-Conformities: Criticality and Closure Status

The five areas for improvement were identified; company confirms that **all five have been successfully resolved and closed.**

Parameter	Details
Total non-conformities	5
Criticality	Minor (all five issues were classified as minor with no direct impact on product safety or delivery)
Current Status	100% Closed (the auditor verified all corrective actions off-site and officially closed every NCR)

Recurrence Steps and Corrective Actions

The organization took **proactive and systematic** steps to ensure these minor issues do not recur. Key actions included:

- **Root Cause Analysis (RCA):** A full RCA was performed for every finding to identify underlying procedural gaps.
- **Procedural Revisions:** Five core Quality System Procedures (QSPs) were updated (including those for Marketing, Production, and Incoming Inspection) to mandate stricter controls, such as **cross-functional contract reviews** and **detailed inspection criteria.**
- **Personnel Training:** Comprehensive **awareness training** was conducted for the relevant teams to ensure new protocols are understood and followed consistently.
- **Immediate Containment:** In instances where materials were involved, they were immediately segregated and re-verified to ensure zero impact on customer quality.

In summary, the audit validates that your system is not only effective but also highly responsive, with a **proven track record of zero repeated non-conformities** over the last three-year cycle.

8. An inability to comply with repayment and other covenants in the financing agreements or otherwise meet our debt servicing obligations could adversely affect our business, financial condition, cash flows and credit rating.

Our Company has entered into agreements in relation to financing arrangements with certain banks for working capital facilities, term loans and bank guarantees. For the period ended on September 30, 2025, we had total outstanding borrowings of ₹ 2,114.60 lakhs, as on March 31, 2025, we had total outstanding borrowings of ₹ 1,856.58 lakhs and as of March 31, 2024, we had total outstanding borrowings of ₹ 1,581.78 lakhs. The agreements with respect to our borrowings contain restrictive covenants, including, but not limited to, requirements that we

obtain consent from the lenders prior to undertaking certain matters including, among others, effecting a merger, amalgamation or scheme of arrangement, change in capital structure of our Company subject to the threshold prescribed for the shareholding of certain shareholders of our Company and effecting change in the constitutional documents or management of our Company. Further to meet the said requirements our Company has taken consent from all the lenders for the proposed IPO as required in the agreements. For further details, see “*Financial Indebtedness*” beginning on page 200. For the period ended on September 30, 2025 our total secured borrowings amounted to ₹ 1,846.06 lakhs, comprising of 87.30% of our total indebtedness, as on March 31, 2025, our total secured borrowings amounted to ₹ 1,553.78 lakhs, comprising of 83.69% of our total indebtedness and as on March 31, 2024, our total secured borrowings amounted to ₹ 1,122.65 lakhs, comprising of 70.97% of our total indebtedness. Under the terms of our secured borrowings, we are required to create a charge by way of hypothecation on the assets of our Company, together with cash in hand and bank accounts. As these assets are hypothecated in favor of lenders, our rights in respect of transferring or disposing of these assets are restricted. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities or entering into certain transactions. Typically, restrictive covenants under our financing documents relate to obtaining prior consent of the lender for, among others, change in the capital structure, availing additional borrowings, change in ownership or management control, changes in shareholding pattern and management set-up including its constitution and composition, amalgamation, demerger, merger, acquisition, corporate or debt restructuring or similar action. If we fail to meet our debt service obligations or covenants (or do not receive approvals from our lenders to undertake certain transactions) under the financing agreements, the relevant lenders could declare us to be in default of our agreements, accelerate the maturity of our obligations, enforce security, take possession of the assets. As a result, we may be forced to sell some or all of our assets if we do not have sufficient cash or credit facilities to make these repayments.

9. Our Company has not adequately complied with some of the provisions of Companies Act, 2013. Any penalty or action taken by any regulatory authorities in future, for noncompliance with provisions of corporate and other law could impact the reputation and financial position of the Company to that extent.

In the past, there have been certain instances of non-compliance which have been missed and subsequently the company has filed compounding application with the RoC. No show cause notice in respect to the above has been received by our Company till date and no penalty or fine has been imposed by any regulatory authority in respect to the same. It cannot be assured, that there will not be such instances in the future or our Company will not commit any further delays in relation to its reporting requirements, or any penalty or fine will not be imposed by any regulatory authority in respect to the same. The happening of such event may cause a material effect on our results of operations and financial position. The details of the said delays are as follows:

Year	Form No.	Event Date	Event
2021- 2022	INC 22	05.04.2021	notice of intimation of change in Registered office Normal Fee: 600 & Additional Fee:1200
2024- 2025	ADT-1	31.01.2025	Form ADT-1 for the financial year ending on 2024(Casual Vacancy) Normal Fee:600 & Additional Fee: 7200
	Form AOC-4	24.01.2025	Form AOC-4 for the financial year ending on 2024 Normal Fee: 600 & Additional Fee: 8700
	MGT-7	31.01.2025	Form MGT-7 for the financial year ending on 2024 Normal Fee:600 & Additional Fee: 6300
	ADT-1	31.01.2025	Form ADT-1 for the financial year ending on 2029 Normal Fee:600 & Additional Fee: 6000
2025- 2026	DPT-3	05.07.2025	Form DPT-3 for the financial year ending on 2020 Normal Fee:600 & Additional Fee: 7200
	DPT-3	05.07.2025	Form DPT-3 for the financial year ending on 2021 Normal Fee:600 & Additional Fee: 7200
	DPT-3	05.07.2025	Form DPT-3 for the financial year ending on 2022 Normal Fee:600 & Additional Fee: 7200

	DPT-3	05.07.2025	Form DPT-3 for the financial year ending on 2023 Normal Fee:600 & Additional Fee: 7200
	DPT-3	05.07.2025	Form DPT-3 for the financial year ending on 2024 Normal Fee:600 & Additional Fee: 7200
	DPT-3	16.07.2025	Form DPT-3 for the financial year ending on 2024 Normal Fee:600 & Additional Fee: 1200
	PAS-6	03.09.2025	For the Half year ended on 31.03.2025 Normal Fee:600 & Additional Fee: 6000
	MGT-14	13.08.2025	Normal Fee:600 & Additional Fee: 7200
	DIR-12	25.09.2025	Normal Fee:600 & Additional Fee: 1200
2026-27	MGT-14	12.02.2026	Normal Fee:600 & Additional Fee:6000
	MGT-14	18.04.2026	Normal Fee:600 & Additional Fee: 7200

In addition, our Company had filed a compounding application in connection with non-compliance under section 185 of the Companies Act, 2013 under Form GNL-1 on August 13, 2025 vide SRN: AB5914835. As on date of this DRHP, the compounding application is pending with Regional Director, South East Region, Hyderabad.

10. We have been unable to locate certain of our historical corporate records. Our Company was incorporated in 1988 and certain corporate records and documents filed by us with the RoC are not traceable.

Certain corporate records of our Company and form filings with the Registrar of Companies are not traceable. While we have conducted searches of our records at our Company's offices, the portal of Ministry of Corporate Affairs and the records maintained by the jurisdictional RoC, we have not been able to trace the certain corporate records, form filings and challans. In this regard, we have also relied on the search report dated March 23, 2026 prepared by LA & Associates, practicing company secretaries, which was prepared based on their search of the documents and records available on the portal of the Ministry of Corporate Affairs and physical and online search of the RoC records ("PCS Search Report"). Accordingly, we have included the details of the build-up of the share capital of our Company in this Offer document, by placing reliance on other corporate records such as board resolutions, the annual returns filed by our Company, to the extent available, the register of members and register of transfers, maintained by our Company and the PCS Search Report, for our disclosures.

The list of untraceable regulatory filings includes:

Date of Event/Financial Year	Form	Event	Remarks
1988-1989	Form 23AC& 20B	Approved financials & Annual return	-
1989-1990	Form 23AC& 20B	Approved financials & Annual return	-
1990-1991	Form 23AC& 20B	Approved financials & Annual return	-
1991-1992	Form 23AC& 20B	Approved financials & Annual return	-
1992-1993	Form 23AC& 20B	Approved financials & Annual return	-
1993-1994	Form 23AC& 20B	Approved financials & Annual return	-
1994-1995	Form 23AC& 20B	Approved financials & Annual return	-
1995-1996	Form 23AC& 20B	Approved financials & Annual return	-
1988-1996	Form 23B	Appointment of Auditor	-

15.03.1995	Form 5	Increase of Authorised Capital	Increase of authorized capital from Rs.6,000/- to Rs.50,00,000/-
30.03.1995	Form 2	Allotment of equity shares	Allotment of 18,700 equity shares of Rs.100/- each

Further, in relation to our director, Mr. Dovari Amarnath, there is discrepancy in relation to his date of appointment as a director of our company. As per Form 32, Mr. Dovari Amarnath was appointed as a Director on January 01, 1994. However, in the master data of the Company the date of appointment is mentioned as October 14, 1988 i.e date of incorporation. No forms or documents evidencing his appointment as Director on October 14, 1988 have been provided to us. We have also, by a letter dated May 29, 2025 intimated the RoC regarding such discrepancy.

Although no legal proceedings or regulatory actions have been initiated or are pending against us in relation to such incorrect or untraceable form filings/ corporate records, if we are subject to any such liability, it could adversely affect our reputation, financial condition, cash flows and results of operations.

Further, while we understand that the issuances, allotments and transfers were undertaken in a valid manner in terms of applicable law and our Articles of Association, there can be no assurance that the corporate records and form filings which we have not been able to locate will be available in the future, or that the regulatory filings were made in accordance with applicable law or at all or in a timely manner.

11. In the past Directors of our company namely Dovari Yesudas, Dovari Amarnath, Sridevi Madati, Maj Ravi Bandreddi and Ramalakshmana Rao Pavuluri have been directors of the companies which were struck off either by ROC or through Voluntary Strike-off.

The details of our directors involved in the companies which were struck-off either by ROC or through Voluntary Strike-off are as set out below:

Sr. No.	Name of Company	Name of Directors	Type of Strike-off	Details of Strike-off	Reasons for Strike-off
1.	Merrito Oils (India) Private Limited	Dovari Yesudas and Dovari Amarnath	Voluntary Strike-off	<p>Dovari Yesudas and Dovari Amarnath, who are currently directors of our company, were also directors of Merrito Oils (India) Private Limited. The said company applied for voluntary strike-off pursuant to a resolution passed by its members on December 31, 2018.</p> <p>We have not been provided with a copy of Form STK-7 issued by the Registrar of Companies evidencing the strike-off of the said company. However, as per the records available on the Ministry of Corporate Affairs portal, the present status of Merrito Oils (India) Private Limited is reflected as "Struck Off."</p> <p>Three directors, Mr. Dovari Amarnath, Mr. Yesudas</p>	<p>The company failed to file its Annual Financial Statements and Annual Returns for FY 2013–14, 2014–15, and 2015–16. The ROC, Hyderabad issued a notice under Section 248(1) of the Companies Act, 2013, and subsequently struck off the company vide order dated 21.07.2017. The management has attributed this non-filing to the untimely demise of the consultant responsible for regulatory filings, compounded by the</p>

Sr. No.	Name of Company	Name of Directors	Type of Strike-off	Details of Strike-off	Reasons for Strike-off
				<p>Dovari, and Mrs. Vanaja D were included in ROC Hyderabad's first list of disqualified directors under Section 164(2)(a) of the Companies Act, 2013 for the block years 2013-14, 2014-15, and 2015-16. The stated period of disqualification was from November 1, 2016 to October 31, 2021.</p> <p>However, the National Company Law Tribunal, vide its orders dated February 5, 2018 and April 11, 2018, set aside the ROC's strike-off order and directed restoration of the Company's name to the Register of Companies. The vacation of disqualification was consequential to, and flowed automatically from, the restoration of the Company, since the disqualification under Section 164(2)(a) had been triggered by the strike-off. Upon restoration of the Company, the basis for such disqualification ceased to exist and, accordingly, the disqualification stood vacated as a matter of legal consequence. Further, the DIN status of all three directors is presently reflected as "Active" on the MCA portal.</p>	<p>Directors' lack of awareness of the applicable legal provisions. It is further noted that the Company was subsequently restored by NCLT (Hyderabad Bench), after which the company passed a special resolution dated 31.12.2018 for voluntary strike-off, and filed Form STK-2 with the ROC accordingly.</p>
2.	Sanvit Softech Private Limited	Dovari Amarnath	Struck off by ROC	<p>Pursuant to Public Notice No. ROC-Hyd/STK-5/J10A/4097/2022 dated 29 September 2022, the Registrar of Companies, Hyderabad, issued notice under Section 248(1)(d) of the Companies Act, 2013 proposing to strike off the names of certain companies listed in Annexure 'A', including Sanvit Softech Private Limited.</p> <p>The notice stated that the Registrar had reasonable cause to believe that:</p>	<p>The Company was struck off by ROC, Hyderabad pursuant to a notice issued under Section 248(1)(d) of the Companies Act, 2013. The reasons cited for such strike-off were: (a) the subscribers to the Memorandum had not paid the subscription amounts undertaken by them at the time of</p>

Sr. No.	Name of Company	Name of Directors	Type of Strike-off	Details of Strike-off	Reasons for Strike-off
				<p>The subscribers to the Memorandum had not paid the subscription amount they had undertaken to pay at the time of incorporation; and the declaration under Section 10A(1) of the Companies Act, 2013 had not been filed within 180 days from the date of incorporation.</p> <p>Accordingly, the Registrar proposed to remove/strike off the name of the Sanvit Softech Private Limited from the Register of Companies and dissolve the Company unless cause was shown to the contrary within 30 days from the date of the notice.</p> <p>Subsequently, vide Notice No. ROC-H/STK-7/3778/2022, the Registrar of Companies published that Sanvit Softech Private Limited had been struck off from the Register of Companies and Sanvit Softech Private Limited stood dissolved.</p> <p>Based on the information available and review of the MCA records, no disqualification under Section 164 of the Companies Act, 2013 appears to have been incurred by Dovari Amarnath in connection with the strike off of Sanvit Softech Private Limited.</p> <p>Based on information available and MCA records, no disqualification under Section 164 of the Companies Act, 2013 appears to have been incurred by Mr. Dovari Amarnath in connection with the strike-off of this company.</p>	<p>incorporation; and (b) the declaration under Section 10A(1) of the Companies Act, 2013 had not been filed within 180 days from the date of incorporation. Accordingly, the strike-off was on account of regulatory non-compliance and non-commencement of business.</p>
3.	XEM Distribution Private Limited	Sridevi Madati	Voluntary Strike-off	Ms. Sridevi Madati, who is an Independent Director of this Company, was also an Independent Director of XEM Distribution Private Limited.	Struck off under Section 248(5) of the Companies Act, 2013, vide ROC Notice dated 17

Sr. No.	Name of Company	Name of Directors	Type of Strike-off	Details of Strike-off	Reasons for Strike-off
				<p>As per Notice No. ROC-Hyd/STK-7/Co. Nos. 707/2023 dated 17 April 2023, the Registrar of Companies struck off the name of the Company under Section 248(5) of the Companies Act, 2013, on the ground that an application for strike off had been received from the XEM Distribution Private Limited.</p> <p>No disqualification of any director in connection with the strike-off of these companies.</p>	<p>April 2023, on account of a voluntary application filed by the company itself (Form STK-2).</p>
4.	Vihaga Aerospace Private Limited	Maj Ravi Bandreddi	Voluntary Strike-off	<p>Mr. Maj Ravi Bandreddi, who is an Independent Director of our Company, was also a director of Vihaga Aerospace Private Limited (CIN: U72200TG2016PTC103122), which is presently reflected as "Strike Off" in the records of the Registrar of Companies (ROC).</p> <p>We have not been provided with a copy of Form STK-7 issued by the ROC evidencing the strike-off of the said company. Mr. Ravi Bandreddi has informed us that Vihaga Aerospace Private Limited was voluntarily struck off.</p>	<p>The company is presently reflected as "Strike Off" on ROC records. The Director, Mr. Maj Ravi Bandreddi, has informed that this was a voluntary strike-off. However, Form STK-7 evidencing the formal strike-off order has not been provided.</p>
5.	Kakatiya Electronics Private Limited	Ramalakshmana Rao Pavuluri	Voluntary Strike-off	<p>Mr. Ramalakshmana Rao Pavuluri, who is an Independent Director of this Company, was also an Managing Director of Kakatiya Electronics Private Limited.</p> <p>As per Notice No. ROC-Hyd/STK-7/Co. Nos. 634/2021 dated 27 December 2021, the Registrar of Companies struck off the name of the Company under Section 248(5) of the Companies Act, 2013, on the ground that an application for strike off had been received from the Company.</p>	<p>Struck off under Section 248(5) of the Companies Act, 2013 vide ROC Notice dated 27 December 2021, on the basis of a voluntary application filed by the company itself.</p>

Sr. No.	Name of Company	Name of Directors	Type of Strike-off	Details of Strike-off	Reasons for Strike-off
				No disqualification of any director in connection with the strike-off of these companies.	

12. We derive a significant portion of our revenues from a limited number of clients. The loss of any significant clients may have an adverse effect on our business, financial condition, results of operations, and prospect.

Set out in the table below is the contribution of our top 1, 5 and 10 customers to our revenue from operations for the period ended on September 30, 2025, in Fiscal 2025, Fiscal 2024 and Fiscal 2023.

(₹ in lakhs)

Customer	For the period ended September 30, 2025		Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Revenue from Operations	(in %)	Revenue from Operations	(in %)	Revenue from Operations	(in %)	Revenue from Operations	(in %)
Top 1 customer	3,894.64	69.61%	7,172.25	63.16%	5,121.87	59.77%	2,689.42	50.58%
Top 5 customers	5,315.71	95.01%	9,720.15	85.59%	7,227.59	84.34%	4,316.37	81.17%
Top 10 customers	5,516.46	98.60%	10,813.01	95.22%	7,907.89	92.28%	4,820.41	90.65%

Our business heavily relies on our customer base, and the potential loss of any of our customers could have a negative impact on our sales and, consequently, our overall business and financial performance. If we were to lose one or more of our significant or key customers or experience a reduction in the volume of business they provide, it could result in adverse consequences for our business, financial health, and cash flow. We cannot guarantee that we will be able to maintain the same levels of business as we have historically or secure long-term contracts with our major customers on mutually beneficial terms. Additionally, reducing our dependence on a few key customers may pose challenges in the future. Furthermore, factors such as a decline in our product or service quality, increased competition, or shifts in market demand could jeopardize our ability to retain these valuable customers. There is no assurance that we will continue to generate the same amount of business, or any business at all, from these customers, and any loss of their business could significantly impact our revenue and overall financial performance. While our customer mix and revenue streams may naturally evolve with the addition of new clients in the ordinary course of operations, we maintain confidence in our ability to sustain existing business relationships and attract new customers. Nonetheless, it's essential to acknowledge that the continuity of long-term customer relationships and the timely acquisition of new clients are not guaranteed, and uncertainties exist in this regard. Our long-term relationships with the customers are indicative of our quality consciousness and timely execution.

13. Information relating to capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus is based on various assumptions and estimates. Under-utilization of capacity of our manufacturing facilities and an inability to effectively utilize our manufacturing facilities may have an adverse effect on our business and future financial performance.

Our capacity utilization is affected by the availability of raw materials, industry and market conditions as well as by the product requirements of, and the procurement practice followed by, our customers. In the event that we are unable to achieve full capacity utilization of our current manufacturing facilities, this would result in operational inefficiencies which may have an adverse effect on our business, financial condition, cash flows, future prospects and future financial performance.

The table below presents details of the capacity utilization of our manufacturing facility located in Hyderabad, Telangana, calculated based on the total installed production capacity and actual production for the three fiscal years and the stub period mentioned below:

Section	Particulars	Fiscal 2026*	Fiscal 2025	Fiscal 2024	Fiscal 2023
SMD Section	Installed Capacity (in Boards)	10,75,000	7,65,000	7,65,000	7,65,000
	Production (in Boards)	5,41,000*	6,84,000	6,48,000	5,28,000
	Utilization (in %)	50.33%	89.41%	84.71%	69.02%
TMD Section	Installed Capacity (in Boards)	6,00,000	6,00,000	6,00,000	6,00,000
	Production (in Boards)	4,46,000*	5,64,000	5,40,000	4,56,000
	Utilization (in %)	74.33%	94.00%	90.00%	76.00%
Box Build	Installed Capacity (in Boards)	4,20,000	4,20,000	4,20,000	4,20,000
	Production (in Boards)	3,16,000*	3,99,000	3,78,000	3,36,000
	Utilization (in %)	75.24%	95.00%	90.00%	80.00%

As certified by M/s Axium Valuation Services LLP, Chartered Engineer by their certificate dated February 05, 2026.

* For FY 2025–26, production data is taken only up to December 2025, but installed capacity is for the entire year. Further, SMD capacity has increased due to the installation of an additional Panasonic machine in January 2026.

For further details in relation to our capacity utilization, see “Our Business – Capacity Utilisation” on page 136. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, could adversely impact our business, growth prospects and future financial performance. In addition, we have made, and may continue to make significant investments in our manufacturing facilities. Our expected return on capital invested is subject to, among other factors, the ability to ensure satisfactory performance of personnel to further grow our business, our ability to absorb additional infrastructure costs and utilize the expanded capacities as anticipated. In case of oversupply in the industry or lack of demand, we may not be able to utilize our capacity efficiently. However, as of the date of the Draft Red Herring Prospectus, for stub period and in the past three years there have been no such instances.

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

As per our Restated Financial Statements, our cash flows from operating activities were negative for the period ended September 30, 2025 and for the financial year ended March 31, 2025 as set out below:

(₹ in Lakhs)

Particulars	For the period ended on September 30, 2025	March 31, 2025	March 31, 2024	March 31, 2023
Net Cash Flow from/(used in) Operating Activities	(386.30)	(664.33)	453.24	105.53

Any negative cash flow in future could adversely affect our operations and financial conditions and the trading price of our Equity Shares. For further details, see “*Financial Information*” on page 196.

21. Our Promoters are involved in a venture which is in the similar line of business/unit as that of our Company.

The Promoter of the Company, Mr. Dovari Amarnath, is presently engaged in a separate business undertaking, namely Sunrise Telecom, a sole proprietorship operating in a line of business similar to that of the Company. Such involvement may give rise to actual or potential conflicts of interest, which could adversely impact the Company’s operations, strategic decision-making, and financial performance.

The table below sets forth details of Sunrise Telecom:

Party Name	Description of the business	Similarities	Distinguishing points
Sunrise Telecom	Electronics components Trading	Trading of electronic components	Does not undertake manufacturing, assembly, or ESDM services; no direct participation in defence and aerospace electronics manufacturing

The interests of the Promoter and the Promoter Group may, from time to time, diverge from those of the Company and its shareholders. The existence of overlapping business activities may result in competition for resources, market opportunities, and market share. Further, the Promoter’s engagement in such parallel ventures may constrain the time, attention, and resources available for the management and growth of the Company.

There can be no assurance that decisions taken by the Promoter or the Promoter Group in relation to such other ventures will be aligned with, or in the best interests of, the Company. Any such divergence may have a material adverse effect on the Company’s business, financial condition, and results of operations.

However, the Company has entered into a non-compete agreement with Sunrise Telecom, pursuant to which appropriate safeguards have been contractually established to mitigate potential conflicts arising from such overlapping business activities.

31. Any non-compliance or delays in GST Return Filings, EPF and ESIC Payments may expose us to penalties from the regulators.

As a Company, we are required to file GST returns and make payments in respect of Employee Provident Fund and ESIC contribution with the respectively authorities. However, there are certain inadvertent delays in relation to filling of GST returns and make payments in respect of Employee Provident Fund and ESIC contribution in the past for which the Company have paid the penalties and taken the steps to improve the internal system for payment such obligations to mitigate the technical difficulties.

Instances of Noncompliance or delay in payment of statutory dues or filings: -

Financial Year	Month/Period	Return Type	No. of Employees	Date of Filing	Due Date	Delay (No. of Days)
2025-26	Jun-25	ESI	21	16-07-2025	15-07-2025	1
2023-24	Jan-24	ESI	23	16-02-2024	15-02-2024	1
2023-24	Jan-24	Provident Fund	24	16-02-2024	15-02-2024	1
2022-23	Jul-22	Provident Fund	28	16-08-2022	15-08-2022	1
2023-24	Apr-23	GSTR-1	-	15-05-2023	11-05-2023	4
2022-23	Apr-22	GSTR-1	-	18-05-2022	11-05-2022	7
2022-23	May-22	GSTR-1	-	16-06-2022	11-06-2022	5
2022-23	Aug-22	GSTR-1	-	12-09-2022	11-09-2022	1
2022-23	Feb-23	GSTR-1	-	15-03-2023	11-03-2023	4
2022-23	May-22	GSTR-3B	-	24-06-2022	20-06-2022	4
2022-23	Jun-22	GSTR-3B	-	21-07-2022	20-07-2022	1
2022-23	Jul-22	GSTR-3B	-	23-08-2022	20-08-2022	3
2022-23	Aug-22	GSTR-3B	-	21-09-2022	20-09-2022	1
2022-23	Oct-22	GSTR-3B	-	23-11-2022	20-11-2022	3
2022-23	Jan-23	GSTR-3B	-	28-02-2023	20-02-2023	8
2022-23	Feb-23	GSTR-3B	-	21-03-2023	20-03-2023	1

These delays were primarily due to server issues and a vendor's representative not filing the returns on the designated due dates.

To address these issues and prevent future delays, we have taken several corrective actions, including:

Increasing Manpower: *We have augmented our team to ensure that there is sufficient coverage to manage the GST filing process efficiently, even in cases of unforeseen technical issues.*

Enhanced Monitoring and Vendor Follow-up: *We have implemented stricter monitoring and internal tracking systems to ensure that all filing deadlines are met without exception. Additionally, we have instituted a more rigorous follow-up process with our vendors to ensure they adhere to filing deadlines, thereby preventing delays caused by external parties.*

Backup Procedures: *We have established backup procedures to handle technical difficulties, including ensuring that alternative systems or personnel are available to complete filings on time.*

Training and Accountability: *Additional training has been provided to our staff to reinforce the importance of meeting compliance deadlines, and accountability measures have been introduced to prevent recurrences.*

However, we cannot assure that we will not be subject to any legal proceeding or regulatory actions, including monetary penalties by statutory authorities on account of any inadvertent discrepancies in our GST filling or EPF payment or ESIC contribution in future, which may adversely affect our business, financial condition, and reputation.

56. There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the SME Platform of BSE Limited in a timely manner, or at all.

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There

could be a failure or delay in listing the Equity Shares on the SME Platform of BSE Limited. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

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OBJECTS OF THE ISSUE

Details of the Objects of the Fresh Issue

1. Capital expenditure towards purchase of machinery and equipment

Our Board in its meeting dated March 05, 2026 took note that an amount of ₹ Upto 2,136.43 Lakhs is proposed to be utilised for Funding of capital expenditure requirements of our company towards purchase of machinery and equipment from the Net Proceeds. As part of our capacity expansion and technology upgradation initiatives, our Company proposes to procure certain equipment including a Screen Printer NPM-GP/L, Board Handling Units, Solder Paste Inspection System, Reflow Oven and 3D AOI (Automated Optical Inspection) systems. These machines are intended to enhance our surface mount technology (SMT) assembly capabilities, improve manufacturing efficiency, strengthen quality control processes and support the production of high-density and complex PCB assemblies for applications across industries including defence, aerospace and industrial electronics.

The table below sets forth details of capacity expansion pursuant to Capital expenditure towards purchase of Machinery and equipment:

Particulars	Ground Floor (Sq. Mtrs.)	First Floor (Sq. Mtrs.)	Second Floor (Sq. Mtrs.)	Total (Sq. Mtrs.)
Total Plot Area	—	—	—	1,096.28
Built-up Area	774	744	744	2,322
Current Manufacturing Area Utilised	294	374	214	882
Free / Available Floor Space	480	400	560	1,440
Total Operational Floor Area (Utilised + Free)	774	774	774	2,322
Area for 2nd Line Installation			200	200
Additional Land / New Construction	NIL			

Justification for expansion whereby the present capacity remains underutilized

The FY2026 utilisation figures of 50.33% (SMD), 74.33% (TMD), and 75.24% (Box Build) are calculated based on production data for 9 months only (April–December 2025), while installed capacity in the denominator reflects the full 12-month year. This creates a structural understatement of utilisation. As our Q3 and Q4 are order heavy quarters which can be observed in the previous years too. Additionally, SMD installed capacity increased mid-year (from 7,65,000 to 10,75,000 boards) when the new Panasonic machine was commissioned in January 2026, further suppressing the ratio. On a comparable annualised basis, FY2025 utilisation of 89%–95% across all sections reflects near-saturation of the existing lines.

Further, and critically, the majority of the proposed capex does not add the same type of SMT capacity — it adds new quality, testing, and inspection capabilities (Vacuum Reflow Oven, ICT, X-Ray, Laser Marker, PCB Cleaning Machine) that the Company does not currently possess and which are prerequisites for qualifying for higher-specification defence programmes. These are capability investments independent of current utilisation.

Details of Quotation for Capital expenditure towards purchase of machinery and equipment

S. No.	Supplier/ Vendor Name	Machine Model [^]	Description [^]	Function and Purpose	Quantity	Currency	Price per quantity	Exchange rate	Amount in Rs ^{^*}	Date of Quotatio n
1.	Maxim SMT Technologies Pvt. Ltd.**	MFC0100- LL	PCB Loader	Automatically feeds bare PCBs from magazine stacks into the SMT production line, eliminating manual board handling at line entry.	1	SGD	13,000	74.05	9.63	February 03, 2026
2.		NTM5510-X	Laser Marker	Permanently engraves a unique serial number / 2D Data Matrix code on each PCB using laser, enabling full board-level traceability from assembly through delivery and field use.	1	SGD	1,35,000	74.05	99.97	
3.		NTM0401-L	Link Conveyor	Transfers PCBs between the Loader and Laser Marker at controlled speed and height, maintaining board orientation and preventing mis-alignment during inline transfer.	1	SGD	3,200	74.05	2.37	
4.		Dek Neo Horizon 03ix	Solder Paste Printer	Precisely deposits solder paste through a metal stencil onto PCB pads using controlled squeegee pressure, speed, and angle. Closed-loop vision alignment ensures accurate deposit on fine-pitch pads.	1	USD	85,000	94.25	80.11	
5.		NTM0401 L (Link)	Link Conveyor	Transfers PCBs from Solder Paste Printer to Solder Paste Inspection system at controlled speed, maintaining alignment for accurate 3D paste measurement.	1	SGD	3,200	74.05	2.37	
6.		V310ix	Solder Paste Inspection System	Measures 3D solder paste deposit volume, height, area, and X-Y offset on every pad of every board using laser profilometry. Provides real-time closed-loop feedback to the Printer for automatic correction.	1	USD	65,000	94.25	61.26	

7.		NTM2500 L (Reject)	Reject Conveyor	Automatically diverts boards flagged by SPI for paste defects to a reject lane, preventing them from entering the placement stage and triggering operator alert for rework or re-print.	1	SGD	9,000	74.05	6.66	
8.		X 1	Chip shooter	High-speed pick-and-place machine for standard passive components (resistors, capacitors, inductors) and small ICs (0201, 0402, 0603 packages) using multi-nozzle turret heads at high throughput.	1	EURO	1,75,000	108.95	190.66	
9.		TX 2	Fine Pitch Placer	Precision placement machine for complex components: BGA, QFP, QFN, LGA, and connectors. Uses vision-guided placement with fiducial recognition for sub-50-micron placement accuracy.	1	EURO	2,10,000	108.95	228.80	
10.		NTM0501-L (Inspe)	Inspection Conveyor	Transfers fully-placed PCBs from fine-pitch placer to reflow oven entry at controlled speed, preventing board flexure that could disturb placed components before soldering.	1	SGD	4,000	74.05	2.96	
11.		V510ix	2D AOI	Automated Optical Inspection after component placement — verifies component presence, polarity, rotation, and value before soldering. Generates pass/fail results per component per board.	1	USD	1,00,000	94.25	94.25	
12.		NTM2500 L (Reject)	Reject Conveyor	Routes boards with placement defects (identified by 2D AOI) to reject lane for component correction before reflow — enabling cost-effective pre-solder repair.	1	SGD	9,000	74.05	6.66	
13.		V510ix	3D AOI	3D Automated Optical Inspection after reflow soldering. Uses structured light and multi-angle cameras to measure solder joint height, volume, and shape — detects lifted leads, tombstoning,	1	USD	1,00,000	94.25	94.25	

				solder bridges, insufficient solder, and component skew.						
14.		NTM2500 L (Reject)	Reject Conveyor	Segregates boards with post-reflow solder defects (identified by 3D AOI) into reject lane for repair, preventing defective boards from progressing to higher-value assembly stages.	1	SGD	9,000	74.05	6.66	
15.		MFC0100 UL	PCB Unloader	Automatically unloads completed SMT boards from the line exit into magazine stacks or onto downstream conveyor, eliminating manual handling at line exit.	1	SGD	15,000	74.05	11.11	
16.		NC25	PCB Cleaning Machine	Removes flux residues, ionic contaminants, and particulates from PCB assemblies after soldering using aqueous chemistry with precision spray, agitation, and hot-air drying — to IPC-A-610 cleanliness standards.	1	EURO	95,000	108.95	103.50	
17.		N29AUTO	Stencil Cleaning Machine	Automatically cleans SMT stencils using solvent or aqueous spray to remove solder paste residues between production runs, maintaining stencil aperture accuracy and preventing paste blockage.	1	EURO	37,000	108.95	40.31	
18.		GAM60	Solder Paste Mixer	Centrifugal mixer that homogenises solder paste before printing, ensuring uniform flux distribution and alloy particle consistency within specified viscosity range.	1	USD	2,500	94.25	2.36	
19.		HADV Next	Solder Paste Viscosity Meter	Measures the viscosity and rheological properties of solder paste to verify it is within the manufacturer-specified range before printing. Identifies out-of-specification paste before it reaches the stencil printer.	1	USD	14,000	94.25	13.20	
20.		H130CT-3D X-Ray	X-Ray Inspection Machine	2D/3D X-ray inspection for hidden solder joints in BGA, QFN, LGA, and area-array packages where joints are	1	USD	1,65,000	94.25	155.51	

				beneath the component body — invisible to optical inspection. Detects voids, head-in-pillow defects, bridging, and solder balling.							
21.		ICT-TS	ICT	Verifies electrical integrity of every component on the assembled PCB using a bed-of-nails fixture. Tests component values (R, C, L), shorts, opens, component orientation, and basic functionality — providing 100% electrical coverage of every board.	1	USD	3,80,000	94.25	358.15		
22.		V510i-DTS	Top and Bottom 3D AOI	Simultaneous top and bottom 3D AOI in a single pass for double-sided PCB assemblies, eliminating the need to flip the board (handling risk) and increasing inspection throughput.	1	USD	1,70,000	94.25	160.23		
23.		A15B-1200-6	Dry Cabinet	Low-humidity storage cabinet maintaining less than 5% relative humidity for moisture-sensitive devices (MSDs). Prevents moisture absorption by BGA and IC packages between kitting and reflow.	1	USD	5,100	94.25	4.81		
24.		Hawkeye 2000	Component Counting Machine	Accurately counts SMD components on tape reels using optical sensing, providing precise inventory at the start and end of each production run and enabling accurate work-order reconciliation.	1	EURO	40,000	108.95	43.58		
25.	Rehm Thermal Systems (Hongkong) Ltd.***	VXP+ nitro 3850 (Type 734) VAC	Vacuum Reflow Oven	Industrial vacuum reflow oven with nitrogen-inert atmosphere. The vacuum chamber draws out gas voids from solder joints during reflow — producing void-free joints in power electronics assemblies with large thermal pad areas. Nitrogen prevents solder oxidation.	1	USD	3,78,847.15	94.25	357.06	March 22, 2026	
									Total	2,136.43	-

2. Funding working capital requirements:

Assumption for working capital requirements:

The table below sets forth the details of holding levels (in days) as of and for the financial year/period ended September 30, 2025, March 31, 2025, March 31, 2024, and March 31, 2023 on the basis of restated financial statements and the holding levels (in days) for the Fiscal 2026 and Fiscal 2027 for estimated basis:

Particulars	Holding levels					
	As at March 31, 2023 (Restated)	As at March 31, 2024 (Restated)	As at March 31, 2025 (Restated)	As at September 30, 2025 (Restated)	As at March 31, 2026 (provisional)	As at March 31, 2027 (Projected)
	(in Days)	(in Days)	(in Days)	(in Days)	(in Days)	(in Days)
Inventories	68	92	117	145	127	131
Trade Receivables	115	73	50	59	67	77
Trade Payables	118	111	100	70	46	49

Justification for “Holding Period” levels

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

Current liabilities	
Trade payables	<p>The trade payable period of Merritronix LTD. decreased from 118 days in FY23 to 100 days in FY25 and further to 70 days as of September 2025. It is estimated at 46 days in FY26 and 49 days in FY27. In the PCB assembling industry, suppliers of critical components often operate under tight supply conditions and may require faster payments to ensure priority allocation and continuity in supply. Dependence on imported components and limited vendor base for specialized parts also reduces flexibility in payment terms. Accordingly, the company follows disciplined payment practices to maintain reliable supplier relationships. Lower payable days support consistent supply of materials and reduce risk of delays in production. The levels in FY26 and FY27 are aligned with operational needs, ensuring timely procurement while maintaining continuity with key vendors.</p> <p>As at March 31, 2026 (provisional), the Company has prepared financial numbers that are close to finalisation and are currently subject to audit. The projections submitted in the DRHP were prepared on an estimated basis, whereas the current numbers are based on near-audited financials. Accordingly, minor variations in working capital metrics, including trade payable days, may arise.</p> <p>The reduction in trade payable days as at March 31, 2026 is due to following factors:</p> <p>The Company undertook higher purchases towards the end of March 2026. Since these purchases were made close to the period-end, the associated credit period remains largely unutilised, resulting in lower payable days on a provisional basis. The same is evident from the purchase trends, where procurement is significantly higher in March 2026.</p> <p>The below table presents a comparison of average monthly purchases for the 11-month period (April to February) vis-à-vis purchases for the single month of March for the respective financial years Hence, it can be observed that purchases in the month of March are significantly higher in quantum as compared to the average monthly purchases for the preceding eleven-month period.</p>

(₹ In lakhs)

Particulars	FY 26	FY 25	FY 24
Total purchases	15,398.26	9,877.62	9,847.80
Average purchases April to February	1,191.76	727.47	660.07
(% of total purchases)	7.74%	7.36%	6.70%
March purchases	2,288.95	1,875.46	2,915.98
(% of total purchases)	14.86%	18.99%	29.61%

1. A significant portion of the Company's creditors fall under the MSME category (as can be substantiated from the RFS).

Trade Payables	As at (Rs. in lakhs)			
	30/09/2025	31/03/2025	31/03/2024	31/03/2023
- total outstanding dues of Micro and small enterprises; and	348.29	1,221.79	3,145.38	1,047.96
(% of total trade payables)	13.10%	83.41%	80.05%	50.69%
- total outstanding dues of creditors other than Micro and small enterprises	2,310.38	243.04	783.72	1,019.26
(% of total trade payables)	86.90%	16.59%	19.95%	49.31%
Total	2,658.67	1,464.83	3,929.10	2,067.22

In order to ensure regulatory compliance with MSME payment timelines, the Company has prioritised timely settlements whenever funds are available, which has also contributed to lower trade payable days.

2. During FY 2025- 2026, the Company completed a Private placement amounting to ₹20 crore approximately. The proceeds have been primarily deployed towards strengthening working capital requirements for day-to-day operations, general corporate purposes. and other expenses related to the private placement.
3. Further, procurement of critical raw materials often requires advance payments or shorter credit cycles. This is reflected in the increase in short-term loans and advances, indicating that the Company is securing supply through advance-based arrangements.
4. In FY 25-26 The Company has also onboarded five new suppliers during the year, contributing around 32 Crores which is approximately 20% of total purchases. Such suppliers operate on relatively shorter credit terms ranging from 45 to 60 days, with limited flexibility for extended credit, thereby impacting overall payable days.

Going forward, with the availability of funds from IPO proceeds and improved liquidity position, the Company expects to maintain a balanced working capital cycle. Trade payable days are projected to stabilise while supporting increased scale of operations and business expansion

Justification on incremental working capital requirement:

"The Company's overall inventory holding period represents a blended outcome of its diversified business model. Higher holding periods in verticals such as obsolescence management and turnkey manufacturing where stocking of critical, long-lead, and end-of-life components is essential are offset by relatively lower holding periods in build-to-print and trading segments, which operate on more order-driven or fast-turnover models. This mix results

in an overall inventory cycle that is balanced and reflective of operational realities, while remaining aligned with industry practices.

The working capital cycle reflects a steady-state position, with receivable days estimated at approximately 80–120 days, inventory holding period ranging between 70–120 days, and payable days of approximately 45–50 days. These assumptions are consistent with the Company's past trends and are in line with industry benchmarks for the EMS sector, particularly considering the requirement to maintain adequate inventory for complex assemblies and long-lead components. Variations in inventory holding across business verticals, including higher levels in obsolescence management and turnkey manufacturing, have also been appropriately factored in.

The projected growth of the Company is supported by multiple factors, including its demonstrated historical performance, wherein revenue has increased from approximately ₹53 crores in FY 2023 to ₹113 crores in FY 2025, reflecting strong execution capabilities. The existing order book and continued repeat business provide visibility for near-term revenues, while the Company's strategic focus on expanding its customer base, enhancing capacities, and increasing value-added services such as design, prototyping, and system integration further supports future growth. Additionally, the shift in business mix towards higher-margin segments, particularly obsolescence management, which is expected to increase its contribution significantly, is anticipated to drive both revenue growth and profitability. The industry outlook remains favourable, with strong demand trends supporting growth opportunities, supplemented by ongoing initiatives such as backward integration, procurement efficiencies, and technology upgradation.

Furthermore, the linkage between holding period and growth has been carefully considered, wherein the working capital cycle reflects operational stability while accommodating increased absolute requirements as the business scales. Overall, the management believes that the assumptions relating to holding period and projected growth are reasonable, balanced, and achievable under normal business conditions, and appropriate disclosures in this regard have been incorporated in the addendum."

OUR BUSINESS

Strong Order Book providing revenue visibility

As of 31st January, 2026, our order book stood at ₹ 8,587.21 lakhs, details of the order book are set out below: -

(₹ in Lakhs)

Sr. No.	Customer	Business vertical	Order Value	Completion Value	Balance Value
1.	Client - 1	Turnkey manufacturing, obsolescence management and trading sales	5,456.60	1,209.83	4,246.77
2.	Client – 2	Turnkey manufacturing and obsolescence management sales	422.43	0.00	422.43
3.	Client – 3	Turnkey manufacturing and obsolescence management sales	58.42	0.00	58.42
4.	Client – 4	Turnkey manufacturing, obsolescence management & Build to print sales	417.17	0.00	417.17
5.	Client – 5	Turnkey manufacturing and obsolescence management sales	91.51	33.52	57.99
6.	Client – 6	Turnkey manufacturing, obsolescence management & Build to print sales	116.02	0.00	116.02
7.	Client – 7	Turnkey manufacturing, obsolescence management & Build to print sales	29.92	0.00	29.92
8.	Client – 8	Turnkey manufacturing, obsolescence management & Build to print sales	258.28	0.00	258.28
9.	Client – 9	Turnkey manufacturing & Build to print sales	28.87	0.00	28.87
10.	Client – 10	Turnkey manufacturing & Build to print sales	10.14	0.00	10.14
11.	Client – 11	Turnkey manufacturing sales	1,302.56	0.00	1,302.56

Sr. No.	Customer	Business vertical	Order Value	Completion Value	Balance Value
12.	Client – 12	Turnkey manufacturing sales	72.56	0.00	72.56
13.	Client - 13	Turnkey manufacturing & Build to print sales	1,566.08	0.00	1,566.08
Total		-	9,830.56	1,243.35	8,587.21

**As certified by M/S Dagliya & Co., Chartered Accountants, by their certificate dated March 05, 2026.*

IMPORT-EXPORT OBLIGATIONS

The Company has export obligation to the extent of 5,65,236 USD

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

Justification for Increase in increase in Revenue from Operations, Profit After Tax (PAT), and EBITDA margins

Revenue from Operations:

The Company's Revenue from Operations has increased significantly from ₹5,317.38 lakhs in Fiscal 2023 to ₹11,356.38 lakhs in Fiscal 2025 and stood at ₹5,594.69 lakhs for the period ended September 30, 2025. This growth is primarily driven by a shift in revenue mix towards the Aerospace & Defence segment, whose contribution increased from 52.94% in Fiscal 2023 to 88.50% in Fiscal 2025 and further to 96.70% in the period ended September 30, 2025, which is a higher-margin segment with better realizations. The increase is further supported by a rise in turnkey projects and complex defence assemblies, which command higher value addition compared to standalone component supply. Additionally, the Company has benefited from a strong base of repeat customers, contributing approximately 80% to 94% of total customers across the period, ensuring revenue visibility and business stability. The execution of larger and higher-value orders has also contributed to the overall increase in revenue.

EBITDA and Profit After Tax (PAT):

The improvement in EBITDA margins from 3.35% in Fiscal 2023 to 13.31% in Fiscal 2025 and further to 14.27% in the period ended September 30, 2025, along with the increase in PAT from ₹41.91 lakhs in Fiscal 2023 to ₹865.95 lakhs in Fiscal 2025 (₹380.76 lakhs for the period ended September 30, 2025), is primarily attributable to operating leverage and improved cost efficiencies. The Company's fixed and semi-fixed cost base, including employee benefits, finance costs, depreciation and administrative overheads, has remained relatively stable in absolute terms across the period, as detailed in Annexures II.6, II.7 and II.8 of the Restated Financial Statements. As revenues scaled up, these costs were absorbed over a larger base, resulting in margin expansion. Further, material costs as a percentage of revenue declined due to improved procurement efficiencies and a shift towards higher value-added turnkey projects and job work services, particularly in defence assemblies, which carry structurally higher margins. These factors collectively led to a significant improvement in EBITDA margins and consequently higher profitability.

Cash Flows from Operating Activities

1. For the period ended September 30, 2025, net cash flow from operating activities used in ₹ 386.30 Lakhs. This comprised of the net profit before tax of ₹ 545.20 Lakhs, which was primarily adjusted for Depreciation expense of ₹ 27.30 Lakhs, Interest Cost of ₹ 219.20 Lakhs, Discount on Chit Fund of ₹ 7.89 Lakhs, Dividend Income of ₹ 3.13 Lakhs, Interest income of ₹ 3.32 Lakhs, Gratuity of ₹ 0.17 Lakhs, Unrealised Foreign Exchange gain of ₹ 0.15 Lakhs and Sundry Balance Written Back of ₹ 1.42 Lakhs. The resultant operating profit before working capital changes was ₹ 791.74 Lakhs, which was primarily adjusted for an decrease in Trade Receivables of ₹ 474.91 Lakhs, increase in Inventories of ₹ 934.83 Lakhs, increase in Loans and Advances of ₹ 472.00 lakhs, decrease in Other Assets of ₹0.46 Lakhs, increase in Trade Payables of ₹ 1,195.26 Lakhs and decrease in Other Liabilities of ₹1,445.44 Lakhs.

Cash used in operations was ₹ 389.90Lakhs, which was further reduced by direct tax refund for ₹ 3.60 Lakhs, resulting into net cash flow used in operating activities of ₹ 386.30Lakhs.

2. For the year ended march 31, 2025, net cash flow from operating activities used in ₹ 664.33 Lakhs. This comprised of the net profit before tax of ₹ 1,239.65 Lakhs, which was primarily adjusted for Depreciation expense of ₹ 39.37 Lakhs, Interest Cost of ₹ 211.42 Lakhs, Discount on Chit Fund of ₹ 27.67 Lakhs, Dividend Income of ₹ 7.51 Lakhs, Interest income of ₹ 28.96 Lakhs, Gratuity of ₹ 5.94 Lakhs, Unrealised Foreign Exchange gain of ₹ 0.04 Lakhs, Unpaid bonus write back of ₹ 2.23 Lakhs and Sundry balance written back of ₹ 0.94 Lakhs. The resultant operating profit before working capital changes was ₹ 1,484.37

Lakhs, which was primarily adjusted for an increase in Inventories of ₹ 618.85 Lakhs, increase in Trade Receivables of ₹ 917.14 Lakhs, decrease in loans and advances of ₹ 354.41 Lakhs, decrease in Other Assets of ₹ 4.87 Lakhs, decrease in Trade Payable of ₹ 2,463.33 Lakhs, increase in Other Current Liabilities of ₹ 1,605.88 Lakhs and decrease in Provisions of ₹ 2.22 Lakhs.

Cash used from operations was ₹ 552.01 Lakhs, which was reduced by direct tax paid of ₹ 112.32 Lakhs, resulting into net cash flow from operating activities of ₹ 664.33 Lakhs.

3. For the year ended March 31, 2024, net cash flow from operating activities was ₹ 453.24 Lakhs. This comprised of the net profit before tax of ₹ 429.22 Lakhs, which was primarily adjusted for Depreciation expense of ₹ 40.67 Lakhs, Interest Cost of ₹ 162.42 Lakhs, Discount on Chit Fund of ₹ 40.33 Lakhs, Dividend Income of ₹ 17.06 Lakhs, Interest income of ₹ 8.30 Lakhs, Gratuity of ₹ 12.29 Lakhs and Unrealised Foreign Exchange gain of ₹ 0.37 Lakhs. The resultant operating profit before working capital changes was ₹ 659.20 Lakhs, which was primarily adjusted for an increase in Inventories of ₹ 2,366.61 Lakhs, decrease in Trade Receivables of ₹ 1,190.64 Lakhs, increase in loans and advances of ₹ 884.14 Lakhs, decrease in Other Assets of ₹ 26.08 Lakhs, increase in Trade Payable of ₹ 1,861.88 Lakhs, increase in Other Current Liabilities of ₹ 5.52 Lakhs and decrease in Provisions of ₹ 3.76 Lakhs.

Cash generated from operations was ₹ 488.81 Lakhs, which was reduced by direct tax paid of ₹ 35.57 Lakhs, resulting into net cash flow from operating activities of ₹ 453.24 Lakhs.

4. For the year ended March 31, 2023, net cash flow from operating activities was ₹ 105.53 Lakhs. This comprised of the net profit before tax of ₹ 57.57 Lakhs, which was primarily adjusted for Depreciation expense of ₹ 27.94 Lakhs, Interest Cost of ₹ 93.68 Lakhs, Dividend Income of ₹ 13.52 Lakhs, Interest income of ₹ 4.92 Lakhs, Gratuity of ₹ 6.92 Lakhs and Unrealised Foreign Exchange gain of ₹ 0.22 Lakhs. The resultant operating profit before working capital changes was ₹ 167.45 Lakhs, which was primarily adjusted for a decrease in Inventories of ₹ 24.46 Lakhs, increase in Trade Receivables of ₹ 1,254.87 Lakhs, increase in loans and advances of ₹ 75.37 Lakhs, increase in Other Assets of ₹ 70.25 Lakhs, increase in Trade Payable of ₹ 1,087.93 Lakhs, increase in Other Current Liabilities of ₹ 249.78 Lakhs and decrease in Provisions of ₹ 8.30 Lakhs.

Cash generated from operations was ₹ 120.83 Lakhs, which was reduced by direct tax paid of ₹ 15.30 Lakhs, resulting into net cash flow from operating activities of ₹ 105.53 Lakhs.

Justification on negative cash flow from operating activities

a. Working Capital Requirements:

The Company's revenue grew at a CAGR of approximately 46% between FY23 and FY25. Sustaining this growth required proportionate expansion of the working capital base specifically, procurement of raw materials ahead of production and build-up of WIP for orders under execution. In a turnkey defence electronics business, where production cycles are long and revenue is recognised only upon delivery and customer acceptance, significant capital is deployed in inventory and WIP before any corresponding cash inflow is received.

In FY25, the operating profit before working capital changes stood at ₹1,484.37 Lakhs. The negative Cash flow from operating activity arose entirely from working capital movements within that year, principally the inventory build-up and expansion in trade receivables commensurate with higher billing. This is not a profitability issue it is a timing and scaling issue inherent to the Company's business model.

b. Revenue Recognition and Cash Realization:

Revenue is recognized upon execution of projects or delivery of goods/services, while cash realization occurs subsequently based on agreed credit terms. This leads to Delayed cash inflows, particularly in case of milestone-based turnkey projects

c. Increase in Advances and Other Current Assets:

Higher advances to suppliers and other operational advances have also contributed to temporary cash outflows, as funds are deployed in advance for procurement and project execution.

d. Reduction in Trade Payable Days:

A specific and significant contributor to negative Cash flow from operating activity in FY25 was the active settlement of trade payables particularly MSME vendor dues during the year. As evidenced in Annexures I.8 and, Trade payables has declined in FY25, reflecting the Company's conscious effort to regularize its vendor payment cycle which resulted in higher cash outflows in the short term.

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