

SIMRAN SODHI

Advocate

B.A LL.B. (Hons.)

Enrolment no PH/8290/2021

LEGAL DUE DILIGENCE REPORT

FOR

BHAGYA MACHINE TOOLS LIMITED

CIN: U27320PB2021PLC054838

Registered Office: VPO Paddi, Hadbast No. 254, Near Radhesham

Pataka Factory, Sub-Tehsil Dehlon, Ludhiana, Punjab - 141206

Email: bhagyasteels1@gmail.com

SIMRAN SODHI
ADVOCATE
Enl. No. PH/8290/2021
BAR ASSOCIATION ABOHAR
Mobile No. 97497-11313

Simran Sodhi & Associates, Advocates & Solicitors
Chamber No 59, Court Complex Abohar – 152116
+91 97497-11313 | simranshodi6266@gmail.com

Date: 27.08.2026

To

The Board of Directors
Bhagya Machine Tools Limited
CIN: U27320PB2021PLC054838
Registered Office: VPO Paddi, Hadbast No. 254,
Near Radhesham Pataka Factory, Sub-Tehsil Dehlon,
Ludhiana, Punjab - 141206

CC:

SKI Capital Services Limited
718, Dr. Joshi Road, Karol Bagh, New Delhi – 110005
Email: contact@skicapital.net

Re: Proposed Initial Public Offer (IPO) of Equity Shares of Bhagya Machine Tools Limited.

Subject: Legal Due Diligence Report of Bhagya Machine Tools Limited.

Dear Sir(s),

I have carried out Legal Due Diligence of the records and documents of Bhagya Machine Tools Limited, a Company within the meaning of the Companies Act, 2013 having its Registered Office currently situated at Village - VPO Paddi, Hadbast No. 254, Near Radhesham Pataka Factory, Sub-Tehsil Dehlon, Ludhiana, Punjab - 141206, in connection with its proposed fresh issue/Initial Public Offer (IPO) in the BSE SME Platform of the Bombay Stock Exchange in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (SEBI-ICDR), and other applicable legal and regulatory requirements.

Based on the records and information—digital or otherwise, made available to me for this purpose, *inter alia*, by way of sworn affidavits by the Directors and/or Promoters and/or KMPs of Bhagya Machine Tools Limited, which I, *bona fide*, believe to be true and correct, I Report as follows:

Bhagya Machine Tools Limited was originally incorporated on 8 December, 2021 as a Private Limited Company bearing CIN: U27320PB2021PTC054838 under the name and style of ***Bhagya Steels Private Limited***, under the provisions of Companies Act, 2013 with the Registrar of Companies, Chandigarh. Thereafter, the Company was converted from a Private Limited Company to Public Limited Company pursuant to special resolution passed in the Extra Meeting of the company dated 24th July, 2024 and consequently, the

SIMRAN SODHI
ADVOCATE & SOLICITOR
Mobile No.: 9749711313

Simran Sodhi & Associates, Advocates & Solicitors

name of the Company was changed from “*Bhagya Steels Private Limited*” to “*Bhagya Steels Limited*” on 05th September, 2024. Later on, name of the Company has been changed from “*Bhagya Steels Limited*” was changed to “*Bhagya Machine Tools Limited*” on 27th November, 2025.

BUSINESS PROFILE

Bhagya Machine Tools Limited is a manufacturer and trader of Cast iron, Gunmetal, Bronze, Power presses, Shearing machines, and Machinery parts. The Company manufactures American Type and C-Pillar Type hydraulic presses and shearing Machines, used in various engineering applications.

As on the date of this Report, the CIN of Bhagya Machine Tools Limited: U27320PB2021PLC054838.

A. INCORPORATION DETAILS

The following table summarizes the details of incorporation of Bhagya Machine Tools Limited (BMTL) and subsequent changes in the details of incorporation documents:

ORIGINALLY	
Name of the Company	Bhagya Steels Private Limited
Nature of Registration	Registered as a Private Limited Company under the provisions of the Companies Act, 2013
Registration Number (CIN)	U27320PB2021PTC054838
Governing Law	Companies Act, 2013
Issuer	Registrar of Companies
Date of Issue	08.12.2021
Expiry	Replaced by fresh Certificate of Incorporation issued consequent upon the conversion of Company into a Public Limited Company.
THEREAFTER	
Name of the Company	Bhagya Steels Limited

Nature of Registration	Fresh Certificate of Incorporation issued to Bhagya Steels Private Limited upon its conversion from Private Limited Company to Public Limited Company
Registration Number (CIN)	U27320PB2021PLC054838
Governing Law	Companies Act, 2013
Issuer	Registrar of Companies, Central Processing Centre, MCA
Date of Issue	05.09.2024
Expiry	Replaced by a Fresh Certificate of Incorporation upon change of Name of the Company
NOW	
Name of the Company	Bhagya Machine Tools Limited
Nature of Registration	Fresh Certificate of Incorporation issued to upon change of name of the Company
Registration Number (CIN)	U27320PB2021PLC054838
Governing Law	Companies Act, 2013
Issuer	Registrar of Companies, Central Processing Centre, MCA
Date of Issue	27.11.2025
Expiry	N.A.

B. MAIN OBJECTS OF THE COMPANY

The main objects of BMTL as per its Memorandum of Association are as under:

- To carry on or acquire the business of Manufacturing of Power Presses, Merchant of Iron & Steel and allied activities.*
- To carry on or acquire, in India or elsewhere the business of providing heat and cold treatment of iron, steel (including alloy steel) and metal founders, processors, turners, forgers, drawers, rollers and re-rollers of steel shafting's, bars, rods, etc., in different shapes and sizes from scraps, billets, ingots including wire, nails, screws, metal hinges, plates, sheets, strips, hoops, rounds, circles, angles and to alloy steel, stainless steel and any other products from steel, brass, copper, lead, zinc, nickel and any other*

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Enrollment No. PH/8290/2021
BAP ASSOCIATION ABOHAR
Phone: 9749711313

ferrous and non-ferrous metals of all sizes, specification and description including ingot casting in electric and furnace.

3. *To carry on in India or elsewhere the business to design, manufacture, produce, prepare, buy, procure, acquire, import, improve upon, alter, manipulate, maintain, prepare for market, handle, assemble, heat, grade, mould, cast, sell, resale, export, operate, dispose of, distribute, transport, store, forward, dispose, consume, repair supply and otherwise deal in or develop all types, varieties, models, shapes, sizes, specifications, description, diameters, capacities, applications, uses and values of gadgets, implements, accessories, parts, spares, assemblies, components, moulds, jigs, nuts, bolts, fixtures and tools, metallic or otherwise.*
4. *To act as agent, broker, representative, consultant, collaborator, stockiest, lessor, franchiser, wholesaler, retailer, job-worker, exporter, importer, dealer or in any such other capacity in respect of products manufactured or dealt with by the Company.*
5. *To carry on all processes like metal printing, metal anodizing, electroplating, chemical treatment and lacquering in respects of products manufactured or dealt with by the Company.*

C. FORMATION OF THE BOARD OF DIRECTORS/ KMP

The Company has the following individuals on its Board of Directors and as Key Managerial Personnels (KMPs):

Sr. No.	Name	DIN/ PAN	Category	Designation	Original Date of Appointment
1.	Jagdev Singh	09428375	Promoter	Managing Director	01/12/2025
2.	Baljeet Kaur	11771076	Professional	Director	17/06/2026
3.	Jasdil Singh	09578743	Promoter	Whole-time Director	29/04/2022
4.	Amandeep Arora	10985048	Independent	Director	01/12/2025
5.	Vikas Arora	11401085	Independent	Director	01/12/2025
6.	Tirlok Mohan	-	-	Company Secretary	01/12/2025
7.	Rajesh Singla	-	-	CFO	01/12/2025

D. PLACES OF BUSINESS

SIMRAN SODHI
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The Company carries on its business, operations and administrative functions from the following places/Locations:

Description	Occupation Type	Owner/Landlord Name	State/Location	Consideration	Validity
Registered Office/Workshop	Owned by Company	-	VPO Paddi, Hadbast No. 254, Near Radhesha m Pataka Factory, Sub-Tehsil, Dehlon, Ludhiana, Punjab - 141206	-	N.A.
Corporate Office	Rented	Mr. Arvind Goldie	306, 3 rd Floor, SCO 14, Skyland Pvt Ltd Tower, Feroze Gandhi Market Ludhiana 141001 PB	25,000 per month	17.05.2027
Proposed Electrical Furnace	Rented	Mr. Sparsh Kumar	VPO Paddi, Hadbast No. 256, Sub-Tehsil, Dehlon, Ludhiana, Punjab - 141206	75,000 per month	04.05.2027

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PROMOTER AND PROMOTER GROUP
Mobile No.: 9749711313

Bhagya Machine Tools Limited (BMTL) has 2 (Two) Individual Promoters namely:

- 1) Jasdil Singh, and
- 2) Jagdev Singh

The following are the Individuals forming a part of 'Promoter Group' as per Regulation 2(1)(pp)(ii) of SEBI-ICDR:

S. No.	Relationship	Jagdev Singh	Jasdil Singh
1.	Father	-	Jagdev Singh
2.	Mother	-	Charanjit Kaur
3.	Spouse	Charanjit Kaur	-
4.	Brother	-	Jaskaran Singh
5.	Sister	-	Rupinder Kaur
6.	Son	Jaskaran Singh & Jasdil Singh	-
7.	Daughter	Rupinder Kaur	
8.	Spouse's Father	-	-
9.	Spouse's Mother	-	-
10.	Spouse's Brother	-	-
11.	Spouse's Sister	-	-

The following are the Non-Individuals forming a part of 'Promoter Group' as per Regulation 2(1)(pp)(iv) of SEBI-ICDR:

Particulars	Name of the Entity
Any Body Corporate in which 20% or more of the equity share capital is held by the promoter or an immediate relative of the promoter or a firm or Hindu Undivided Family in which the promoter or any one or more of their relative is a member <u>Regulation 2(1)(pp)(iv)(A)</u>	1) Bhagya Infra Projects Ltd.

Any Body Corporate in which a body corporate as provided in (A) above holds 20% or more, of the equity share capital <u>Regulation 2(1)(pp)(iv)(B)</u>	
Any Hindu Undivided Family or firm in which the aggregate share of the promoter and their relatives is equal to or more than 20% of the total capital <u>Regulation 2(1)(pp)(iv)(C)</u>	1) M/s Micro Engineer (Proprietorship Firm)

F. GROUP COMPANIES UNDER REGULATION 2(1)(t) of SEBI-ICDR

The following are the Group Companies of BMTL as per Regulation 2(1)(t) of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2018:

Sr. No.	Name of the Group Company	Common Promoter	Shareholding/ Partnership in Group Co.
1.	Not Applicable	Not Applicable	Not Applicable

G. DETAILS OF MATERIAL AGREEMENTS ENTERED INTO BY THE COMPANY

The following table summarizes the material agreements entered into by the company with other entities:

Nature of Agreement	Parties to the Agreement	Date of Agreement	Validity of Agreement
N.A.			

H. DETAILS OF PROPERTIES

The Company has the following Properties under possession and holds rights of ownership/lease/tenancy, as may be applicable:

Sr. No.	Details of the Property	Location	Status of Possession/ Ownership	Details of Rights under Tenancy/ Lease/ Leave or License of any other Contractual Rights

1.	998.21 Sq. Yards situated in Khata No. 106/122 in Khasra Nos. 18//4 (7 Kanals – 11 Marlas), 18//5/2 (7 Kanals 2 Marlas) in Village Paddi, Hadbast No. 254, Sub-Tehsil Dehlon, District Ludiana.	Punjab	Owned by Company Name Bhagya Machine Tools Limited	The Company has taken the said Land on his own name Status of Stamping/Registration: PB7570133508499Y PB67882760786905Y Validity: Till further transfer
2.	306, 3 rd Floor, SCO 14, Skyland Pvt Ltd Tower, Feroze Gandhi Market Ludhiana 141001 PB	Punjab	Rented	17.05.2027
3.	4111 sq. yards VPO Paddi, Hadbast No. 256, Sub-Tehsil, Dehlon, Ludhiana, Punjab – 141206	Punjab	Rented	04.05.2027

I. TAX RELATED AUTHORIZATIONS

The following are the registrations held by the Company with Tax and other Fiscal-Regulatory Authorities:

Nature of Registration or License	Registration Number	Issuer	Date of Issue	Validity
Permanent Account	AAKCB3634Q	Income Tax	Date of	Till

Number (PAN)		Department, Government of India	Incorporation i.e. 08.12.2021	Canceled
Tax Deduction and Collection Account Number (TAN)	JLDB04276G	Income Tax Department, Government of India	Date of Incorporation i.e. 08.12.2021	Till Canceled
Importer Exporter Code (IEC)	AAKCB3634Q	DGFT, Ministry of Commerce	16.12.2023	Till Canceled
Punjab State Development Tax Certificate	E30AAKCB36 34Q	Department of Excise and Taxation, Punjab	25.11.2025	Till Canceled
Goods and Services Tax (GST) Registrations Certificates issued in respect of different States in India:				
Goods and Services Tax Registration Number (GSTIN/UIN)	03AAKCB3634 Q1ZE	Excise Taxation Department, Punjab	25.01.2022	Till Cancelled
Goods and Services Tax Registration Number (GSTIN/UIN)	03AAKCB3634 Q1DN	Excise Taxation Department, Punjab	30.11.2024	Till Cancelled

J. LABOUR LAW RELATED CERTIFICATIONS

The following table summarized the registrations held by the Company under the labour welfare laws:

Sr. No.	Nature of Registration/ License	Registration/ License Number	Issuer	Date of Issue	Validity
1.	Employees' Provident Fund Registration	LDLDH2532387000	EPFO, Ludhiana	08.12.2021	Till Cancelled
2.	Employees' Provident Fund Registration	26000561170000503	ESIC,	08.12.2021	Till

	State Insurance Registration		Ludhiana		Cancelled
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K. MATERIAL APPROVALS (APPLIED FOR BUT NOT RECEIVED)

The following table summarized the approvals sought by the Company from regulatory authorities but are pending processing/approval:

Sr. No.	Nature of Registration/ License	Registration/ License Number	Issuing Authority	Validity
1.				

L. REGISTRATION/ LICENCES/CERTIFICATIONS UNDER OTHER LAWS

The following table summarized the registrations held by the Company under various other statutes/legislations/policies, as may be applicable:

Sr. No.	Nature of Registration or License	Registration Number	Issuer	Date of Issue	Validity
1.	Udyam Registration Certificate	UDYAM- PB-12- 0051821	Ministry of MSME, Govt. of India	03.01.2022	Till Canceled
2.	Shop and Establishment license	LDH/N06/00 248433	Labour Department	21.11.2024	Till Canceled
3.	Consent to Operate (Air)	CTO/Fresh/L DH2/2026/18 763004	Punjab Pollution Control Board	12.02.2026	12.02.2028
4.	Consent to Operate (Water)	CTO/Fresh/L DH2/2026/18 763006	Punjab Pollution Control Board	12.02.2026	12.02.2028
5.	ISO 9001: 2015	QMS- 26022802	IPQ Management System (accredited by UKAF CERT	28.02.2026	27.02.2029

			Limited)		
6.	LEI Certificate	3358007I72E U43TH5C73	Legal Entity Identifier India Limited	02.03.2026	02.03.2027
7.	Factory License to Work as Factory Under the Factories Act, 1948	LDH0FL607 7	Directorate of Factories, Punjab (Department of Labour, Govt. of Punjab)	03.03.2026	31.12.2030
8.	Fire Safety Certificate (NOC)	1302-105980-Fire/81013	Punjab Fire Services (MC Ludhiana)	13.02.2026	13.02.2027

M. INTELLECTUAL PROPERTIES

The Company owns the following Trade Marks as Intellectual Property:

Sr. No.	Trade Mark/ Device Mark	TM Regn. No.	Class	Trademark Type	Date of Registration/ Application	Valid Up To/ Status
1.	Bhagya Machine Tools	7373788	7	Wordmark	01.12.2025	Formalities Chk Pass

N. DOMAIN

The Company owns and operates the following web-domains:

Sr. No.	Domain Name	Creation Date	Expiry Date
1.	bhagyamachinetools.com	03.11.2025	03.11.2026

O. INSURANCE POLICIES

The Company has obtained the following Insurance Policies in furtherance of its business activities:

Provider	Policy Number	Coverage Amount (In Rs.)	Premium (In Rs.)	Policy Period
ICICI Lombard General Insurance Company Ltd.- Burglary Insurance	4002/43016135 2/00/000	3,80,00,000	4,932	25.02.2026 to 24.02.2027
ICICI Lombard	1021/43016135	3,80,00,000	30,997	25.02.2026

General Insurance Company Ltd.-Fire Insurance	5/00/000			to 24.02.2027
Bajaj General Insurance Limited - Flexi Commercial Property Guard	OG-26-1213-4057-00000009	5,01,00,000	40,200	28.11.2025 to 27.11.2026

P. APPLICABLE LAWS AND REGULATIONS

The Company is subject to the following legislations and Rules/Regulations made thereunder:

LABOUR LAWS:

1. Industrial Relations Code, 2020

The **Industrial Relations Code, 2020** is one of India's four new labour codes enacted to consolidate and amend laws relating to trade unions, conditions of employment in industrial establishments, and the investigation and settlement of industrial disputes. It merges and replaces three earlier laws—the Trade Unions Act, 1926; the Industrial Employment (Standing Orders) Act, 1946; and the Industrial Disputes Act, 1947—with the aim of simplifying and modernising the industrial relations framework. The primary objects of the Code are to promote harmonious employer–employee relations, ensure timely and effective resolution of industrial disputes through structured mechanisms such as conciliation and tribunals, provide flexibility to employers while safeguarding workers' rights, and encourage formalisation and ease of doing business. By balancing the interests of workers and employers, the Code seeks to enhance industrial peace, productivity, and economic growth in a rapidly changing labour market.

2. Occupational Safety, Health and Working Conditions Code, 2020 :

The **Occupational Safety, Health and Working Conditions Code, 2020 (OSH Code)** is a comprehensive Labour Law enacted to consolidate, amend, and modernise India's legal framework governing workplace safety, health, and welfare of workers. It subsumes and replaces thirteen existing Labour Laws, including the Factories Act, 1948; Mines Act, 1952; Contract Labour (Regulation and Abolition) Act, 1970; Inter-State Migrant Workmen Act, 1979; and others, thereby creating a uniform and simplified regulatory regime. The Code applies to factories, mines, docks,

construction establishments, and other notified establishments, and extends protection to contract labour, inter-state migrant workers, and workers in hazardous occupations. Its key objectives are to ensure safe and humane working conditions, prevent occupational accidents and diseases, prescribe employer responsibilities regarding workplace safety standards, working hours, leave, welfare facilities, and health check-ups, and empower governments to set industry-specific safety norms. The Code also introduces provisions for mandatory registration of establishments, enhanced duties of employers and employees, penalties for non-compliance, and special safeguards for women workers, including permission to work night shifts with safety measures. Overall, the OSH Code aims to strengthen worker protection, promote dignity at work, and improve productivity by creating safer, healthier, and more inclusive workplaces across India.

3. The Code on Wages, 2019:

The **Code on Wages, 2019** has been enacted to consolidate and rationalise wage-related legislation in India by subsuming four existing laws, namely the Payment of Wages Act, 1936; the Minimum Wages Act, 1948; the Payment of Bonus Act, 1965; and the Equal Remuneration Act, 1976. The Code seeks to ensure uniformity, transparency, and simplification in the regulation of wages across all employments, sectors, and wage ceilings, thereby extending its applicability to both organised and unorganised workers. It introduces a statutory definition of “wages” to reduce ambiguity and standardise calculations for minimum wages, bonus, and other entitlements. A key feature of the Code is the provision empowering the Central Government to fix a national floor wage, taking into account living standards, which serves as a benchmark for states while determining minimum wages. The Code also strengthens provisions relating to timely payment of wages, mandates equal remuneration for men and women performing the same or similar work, and enhances enforcement mechanisms through the appointment of inspectors-cum-facilitators. Overall, the Code on Wages, 2019 aims to protect workers against exploitation, promote wage equity, simplify compliance for employers, and support inclusive and sustainable economic development.

4. Apprentices (Amendment)Act, 2014:

The **Apprentices (Amendment) Act, 2014** was enacted to modernise and reform the Apprentices Act, 1961 with the objective of promoting skill development and improving employability of youth in India. The Amendment sought to make apprenticeship training more flexible, industry-driven, and aligned with current market needs. It expanded the scope of apprenticeship by introducing optional trades in addition to designated trades, allowing industries to design training programmes relevant to their operational requirements. The Act simplified procedures by removing imprisonment as a penalty for non-compliance and replacing it with monetary penalties, thereby encouraging greater participation by employers. It also provided flexibility in determining the number of apprentices, linked to workforce strength, and allowed employers to engage apprentices through third-party agencies. Further, the Amendment strengthened the role of the Central and State Governments in regulating and promoting apprenticeship training while encouraging public-private partnership. Overall, the Act aims to bridge the gap between education and employment by creating a skilled workforce that meets industry demands and supports national economic growth.

5. National Apprenticeship Promotion Scheme (NAPS), 2016:

National Apprenticeship Promotion Scheme (NAPS), launched in 2016 by the Government of India, is a flagship scheme designed to operationalise and support the objectives of the Apprentices (Amendment) Act, 2014 by incentivising employers to engage apprentices. The scheme aims to significantly increase apprenticeship opportunities across industries, including MSMEs, by sharing the financial burden of training. Under NAPS, the Government reimburses up to 25% of the prescribed stipend paid to apprentices, subject to a maximum limit per month, and also bears the cost of basic training for apprentices who have not undergone prior institutional training. The scheme is implemented through an online portal that simplifies registration, contract management, and monitoring of apprenticeship programmes. NAPS promotes industry participation, enhances practical skill acquisition among youth, and facilitates smoother school-to-work transition. By combining legal reform with financial incentives and digital governance, NAPS seeks to create a robust apprenticeship ecosystem, improve workforce productivity, and support the broader goals of Skill India and Make in India initiatives.

6. The Industries (Development and Regulation) Act, 1951:

The **Industries (Development and Regulation) Act, 1951** was enacted to provide for the systematic development and regulation of certain important industries in India in the larger interest of the national economy. The Act empowers the Central Government to control, regulate, and, where necessary, direct the establishment, expansion, and functioning of industrial undertakings listed in the First Schedule, which includes key industries of strategic and economic importance. Its main objectives are to ensure balanced industrial growth, prevent concentration of economic power, promote efficiency and quality in industrial production, and secure equitable distribution of resources. The Act authorises the government to grant or cancel industrial licences, conduct investigations into industrial undertakings, issue directions for improving management or production, and even assume management or control of an industry in cases of mismanagement or public interest. By enabling state supervision and intervention, the Act seeks to align industrial development with national planning goals, protect public interest, and support orderly and sustainable industrialisation in India.

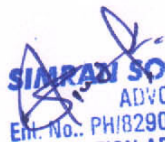
7. The Inter-State Migrant Workmen Act, 1979:

The **Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979** was enacted to regulate the employment of inter-state migrant workers and to safeguard them from exploitation arising out of unorganised recruitment and unequal bargaining power. The Act applies to establishments and contractors employing five or more inter-state migrant workmen and mandates compulsory registration of establishments and licensing of contractors recruiting labour from one state for employment in another. Its key provisions require contractors to ensure payment of wages not less than those prescribed under the Minimum Wages Act or equal to local workers performing similar work, along with timely wage payment and proper working conditions. The Act also provides special protections to migrant workers, including displacement allowance, journey allowance for travel to and from their home states, suitable residential accommodation, medical facilities, protective clothing, and other welfare measures. By imposing legal responsibilities on both contractors and principal employers, the Act aims to promote fair treatment, prevent abuse, and improve the living and working conditions of inter-

state migrant workmen, while ensuring accountability in the recruitment and employment process across state boundaries.

8. **Building and Other Construction Workers' (Regulation of Employment & Conditions of Service) Act :**

The **Building and Other Construction Workers' (Regulation of Employment and Conditions of Service) Act, 1996** is a welfare-oriented legislation enacted to regulate the employment and improve the conditions of service of building and construction workers, who constitute one of the most vulnerable and unorganised segments of the labour force in India. The Act applies to establishments employing ten or more building workers and covers a wide range of construction activities such as construction, alteration, repair, maintenance, demolition, and related works. Its key objectives include ensuring the safety, health, and welfare of construction workers by mandating measures relating to working hours, rest intervals, drinking water, sanitation, canteens, crèches, and first-aid facilities, as well as prescribing safety standards for hazardous operations. The Act provides for the registration of establishments and workers, constitution of State Building and Other Construction Workers' Welfare Boards, and the collection of a cess to finance welfare schemes such as medical assistance, maternity benefits, pensions, education assistance, and housing. Through regulatory oversight and welfare provisions, the Act seeks to protect construction workers from exploitation, reduce occupational hazards, and promote humane and dignified working conditions in the construction industry.


SIMRAN SODHI
ADVOCATE
En. No.: PH/8290/2021
BAR ASSOCIATION ABOHAR
Mobile No.: 9749711313

ENVIRONMENT PROTECTION LAWS

9. The Environment (Protection) Act, 1986 and Environment (Protection) Rules, 1986:

The Environment (Protection) Act, 1986 is an umbrella legislation enacted to provide a framework for protecting and improving the environment in India. It empowers the central government to set environmental quality standards, regulate industrial emissions and discharges, and impose restrictions on activities that may harm the environment. The accompanying Environment (Protection) Rules, 1986 prescribe detailed standards for air, water, and soil quality, waste disposal methods, and permissible emission or discharge levels for various industries. This Act grants authorities the power to issue directions, close polluting units, and impose penalties for non-compliance. It applies broadly to all industries and operations with potential environmental impact.

10. National Environmental Policy, 2006:

The National Environmental Policy (NEP), 2006 is a strategic policy document aimed at guiding sustainable development in India. It emphasizes the integration of environmental protection into economic and social policies, conservation of natural resources, pollution control, and promotion of environmental awareness. While it is not a law in itself, NEP 2006 serves as a framework for the formulation of environmental regulations and sectoral action plans, encouraging businesses and government agencies to adopt cleaner technologies, minimize resource use, and ensure inter-generational equity.

11. Air (Prevention and Control of Pollution) Act, 1981:

The Air Act, 1981 regulates and controls air pollution in India by establishing standards for emissions from industrial plants, vehicles, and other sources. It led to the creation of Central and State Pollution Control Boards (CPCB and SPCBs) responsible for monitoring air quality and issuing consent to establish and operate industrial units. The Act empowers authorities to take preventive and corrective measures, including the suspension of operations in case of violations. Industries emitting pollutants are required to install pollution control equipment and comply with emission norms to protect public health and the environment.

The Water Act, 1974 aims to prevent and control water pollution while maintaining or restoring the wholesomeness of water bodies. It also established CPCB and SPCBs to set standards for wastewater discharge, monitor effluents, and grant consent for industrial and municipal operations. Industries are required to treat wastewater before discharging it into rivers, lakes, or sewers, and failure to comply may result in penalties or closure. The Act ensures that industrial and domestic activities do not compromise the quality of India's surface and groundwater resources.

13. Noise Pollution (Regulation and Control) Rules, 2000:

These Rules, framed under the Environment (Protection) Act, 1986, aim to regulate and control noise levels to protect public health and the environment. They prescribe ambient noise standards for industrial, commercial, residential, and silence zones, defining silence zones as 100-meter areas around schools, hospitals, courts, and religious places with stricter limits. The Rules restrict the use of loudspeakers, public address systems, and firecrackers between 10 PM and 6 AM except with special permissions. State governments and pollution control boards are empowered to monitor compliance, enforce standards, and seize equipment causing excessive noise. Non-compliance attracts penalties under the Environment (Protection) Act, 1986. These provisions apply to individuals, institutions, industries, and event organizers responsible for noise sources.

SOCIAL SECURITY LAWS:

14. Code on Social Security, 2020:

The Code on Social Security, 2020 is a comprehensive labour welfare legislation enacted to consolidate and rationalise India's social security laws with the objective of extending social protection to a wider section of the workforce. It subsumes nine central laws, including the Employees' Provident Funds and Miscellaneous Provisions Act, 1952; the Employees' State Insurance Act, 1948; the Employees' Compensation Act, 1923; the Maternity Benefit Act, 1961; the Payment of Gratuity Act, 1972; and the Unorganised Workers' Social Security Act, 2008. The Code seeks to provide universal social security coverage to organised, unorganised, gig, and platform workers by introducing uniform definitions and enabling the framing of welfare schemes relating to provident fund, insurance, maternity benefit, gratuity, and old-age protection. It empowers the central and state governments to formulate and notify

social security schemes, establishes social security funds for unorganised and gig workers, and promotes the use of technology through Aadhaar-based registration for efficient delivery of benefits. By ensuring portability of benefits, promoting formalisation of employment, and strengthening employer compliance while safeguarding workers' welfare, the Code aims to create an inclusive, sustainable, and rights-based social security system aligned with the needs of a modern and evolving labour market.

15. Employees' Provident Fund & Miscellaneous Provisions Act, 1952:

The Employees' Provident Fund and Miscellaneous Provisions Act, 1952 is a landmark social welfare legislation enacted to provide financial security and social protection to employees in the organised sector after retirement, during incapacity, or to their dependants in case of death. The Act applies to specified establishments employing a prescribed minimum number of employees and empowers the Central Government to extend its coverage to other establishments. Its core objective is to mandate contributory provident fund savings, whereby both employers and employees contribute a fixed percentage of wages to ensure long-term savings. The Act also establishes and regulates three major social security schemes—the Employees' Provident Fund (EPF), the Employees' Pension Scheme (EPS), and the Employees' Deposit-Linked Insurance Scheme (EDLI)—covering retirement benefits, pension, and life insurance, respectively. It provides for the creation and administration of the Employees' Provident Fund Organisation (EPFO) as a statutory body to manage contributions, accounts, compliance, and dispute resolution. The Act contains provisions relating to membership, contribution rates, inspections, penalties for non-compliance, and protection of employees' accumulated funds from attachment, thereby ensuring transparency, accountability, and continuity of social security benefits. Overall, the Act plays a crucial role in promoting income security, dignity of labour, and economic stability for employees and their families in India.

16. Payment of Gratuity Act, 1972 & Payment of Gratuity (Punjab) Rules, 1973:

The Payment of Gratuity Act, 1972 is a central social welfare legislation enacted to provide a statutory right to gratuity as a terminal benefit to employees in recognition of long, continuous, and meritorious service. The Act applies to factories, mines, oilfields, plantations, ports, railway companies, shops, and establishments employing

ten or more persons, and it entitles an employee to gratuity on termination of employment due to superannuation, retirement, resignation, death, or permanent disablement after completing at least five years of continuous service (the five-year condition being waived in cases of death or disablement). Gratuity is calculated at the rate of fifteen days' wages for every completed year of service or part thereof in excess of six months, subject to a statutory ceiling, and the Act mandates timely payment, nomination by employees, and imposes penalties for default or delayed payment. Complementing the Act, the Payment of Gratuity (Punjab) Rules, 1973 were framed by the State Government to operationalise and implement the provisions of the Act within Punjab by prescribing detailed procedures, forms, and authorities. These Rules lay down the manner of making applications for gratuity, issuing notices by employers, conducting inquiries by the controlling authority, determination and recovery of gratuity amounts, maintenance of registers and records, and the procedure for appeals. Together, the Act and the Punjab Rules aim to ensure uniformity, transparency, and effective enforcement of gratuity payments, thereby securing social and financial protection to employees at the end of their service tenure.

WELFARE LAWS:

17. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

The Act protects women from sexual harassment at the workplace and ensures safe working environments. It mandates every employer to establish an Internal Complaints Committee (ICC), conduct awareness programs, and implement strict policies to prevent harassment. It defines sexual harassment broadly, covering physical, verbal, and non-verbal conduct of a sexual nature. Non-compliance can lead to penalties, license cancellation, or reputational damage to the employer.

18. Child Labour (Prohibition and Regulation) Act, 1986:

The Act prohibits the employment of children below 14 years in hazardous industries and regulates working conditions in non-hazardous occupations, including limits on working hours, provisions for rest, and basic amenities. Amendments have aligned this Act with the Right to Education Act, making all forms of child labour in formal employment illegal while allowing children to assist in family enterprises under strict

19. Rights of Persons with Disabilities Act, 2016:

The **Rights of Persons with Disabilities Act, 2016** was enacted to give effect to India's obligations under the United Nations Convention on the Rights of Persons with Disabilities and to replace the Persons with Disabilities Act, 1995 with a more progressive, rights-based framework. The Act significantly expands the recognized categories of disabilities from 7 to 21 and empowers the government to add more, ensuring broader legal protection. Its core objective is to guarantee equality, dignity, and full participation of persons with disabilities in society by prohibiting discrimination in education, employment, healthcare, transportation, and access to public buildings and services. The Act mandates reasonable accommodation, accessibility standards, and inclusive education, while reserving at least 4% of government jobs and 5% of seats in higher educational institutions for persons with benchmark disabilities. It also strengthens institutional mechanisms through the appointment of Chief and State Commissioners for Persons with Disabilities, establishes special courts for speedy trial of offences, and prescribes penalties for violations, thereby shifting the focus from welfare to enforceable rights, empowerment, and social inclusion of persons with disabilities.

STATE-SPECIFIC LAWS :

20. Punjab Safety Measures for Prevention & Control of Fire Act, 2012:

The **Punjab Safety Measures for Prevention and Control of Fire Act, 2012** was enacted to provide a comprehensive legal framework for ensuring fire safety in buildings and public places across the State of Punjab. The Act mandates the adoption of fire prevention and fire protection measures in residential, commercial, industrial, institutional, and other specified buildings, in accordance with prescribed fire safety standards. It provides for the appointment of fire officers and authorities empowered to inspect premises, enforce compliance, issue directions, and take preventive action in case of fire hazards. The Act also requires owners and occupiers to obtain fire safety clearance, maintain firefighting equipment, and prepare emergency evacuation plans. Penalties are prescribed for non-compliance, including fines and other legal action, thereby aiming to minimize fire risks, protect life and property, and strengthen overall fire safety governance in the state.

21. Punjab Fire Prevention & Safety Act, 2004:

The **Punjab Fire Prevention & Safety Act, 2004** was enacted to ensure the prevention of fire hazards and to provide for fire safety measures in buildings and premises across the State of Punjab. The Act aims to safeguard life, property, and the environment by mandating compliance with prescribed fire prevention and safety standards, particularly in high-risk and public buildings. It empowers the government to appoint fire officers, conduct inspections, issue fire safety certificates, and enforce corrective measures where deficiencies are found. The Act also lays down the responsibilities of owners and occupiers to install and maintain fire safety equipment, prepare emergency plans, and facilitate access for fire-fighting services. Penalties are prescribed for non-compliance, obstruction, or negligence, thereby strengthening the legal framework for effective fire prevention, preparedness, and response.

22. Punjab Land Revenue Act:

The **Punjab Land Revenue Act, 1887** is a comprehensive law enacted to regulate land revenue administration in the State of Punjab. Its primary objective is to provide a systematic framework for the assessment, collection, and management of land revenue, while maintaining accurate land records. The Act lays down provisions relating to the appointment, powers, and duties of revenue officers; preparation and maintenance of record-of-rights, registers, and maps; settlement and assessment of land revenue; and procedures for recovery of arrears as public demand. It also provides mechanisms for partition of land, mutation of ownership, and resolution of disputes concerning land and revenue matters. Overall, the Act aims to ensure transparency, certainty of land rights, and efficient revenue administration in rural areas.

23. Punjab Village Common Lands (Regulation) Act, 1961:

The **Punjab Village Common Lands (Regulation) Act, 1961** was enacted to regulate the ownership, management, and use of village common lands (shamlat deh) in Punjab. The Act vests such common lands in the Gram Panchayat to be managed for the benefit of the village community and lays down rules for their control, utilization, and protection. It provides for eviction of unauthorized occupants, prevention of illegal transfers, and regulation of leasing of common lands. The Act also specifies exceptions and rights of certain individuals in respect of common lands

and prescribes procedures for adjudication of disputes by revenue authorities. Overall, the Act seeks to safeguard village common lands and ensure their proper use for common purposes and rural development.

MERCANTILE LAWS:

24. Legal Metrology Act, 2009:

The Legal Metrology Act, 2009 came into effect on January 14, 2010 and has repealed and replaced the Standard of Weights and Measures Act, 1976 and the Standards of weights and Measures (Enforcement) Act, 1985. The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters incidental thereto. The Legal Metrology Act, inter alia, provides for:

- a) approval of model of weight or measure;
- b) verification of prescribed weight or measure by Government approved Test Centre;
- c) exempting regulation of weight or measure or other goods meant for export;
- d) nomination of a Director by a company who will be responsible for complying with the provisions of the enactment;
- e) empowering the Central Government to make rules for enforcing the provisions of the enactment; and
- f) penalty for offences and compounding of offences

25. Sale of Goods Act, 1930:

The Sale of Goods Act, 1930 governs contracts for the sale and purchase of goods. It defines terms such as seller, buyer, delivery, price, and goods, and sets out conditions and warranties to ensure fairness in trade. The Act covers transfer of ownership, performance of the contract, remedies for breach, and rights of unpaid sellers. It protects buyers from defective goods and ensures that trade transactions follow consistent legal principles.

26. Registration Act, 1908:

The Registration Act, 1908 provides for the registration of documents to ensure public notice and protect legal rights relating to immovable property, contracts, wills,

and other legal instruments. Registration makes documents legally valid, admissible as evidence in court, and enforceable against third parties. The Act prescribes compulsory registration for deeds of sale, mortgages, leases exceeding a year, and property transfers. Sub-Registrars, under state governments, are authorized to register documents, collect stamp duty, and maintain public records.

27. Indian Contract Act, 1872:

The Indian Contract Act, 1872 governs all contracts and agreements in India. It lays down the essentials of a valid contract such as free consent, lawful consideration, competence of parties, and enforceability by law. The Act defines different types of contracts (void, voidable, contingent) and specifies performance obligations, breach consequences, and remedies including damages and compensation. It forms the legal backbone of commercial and personal agreements.

28. Micro, Small and Medium Enterprises Development Act, 2006 :

The Micro, Small and Medium Enterprises Development Act, 2006 was enacted to promote, facilitate, and develop the competitiveness of micro, small, and medium enterprises (MSMEs) in India. It provides a legal framework for classification of enterprises based on investment in plant, machinery, or equipment and turnover, helping determine eligibility for government benefits, subsidies, and support programs.

The Act mandates that buyers of goods or services from MSMEs make payments within 45 days from the date of acceptance or deemed acceptance. In case of delayed payments, the buyer is liable to pay compound interest at three times the RBI bank rate, providing strong protection to MSMEs against delayed receivables.

The Act also provides for the establishment of the Micro and Small Enterprises Facilitation Council (MSEFC) in each state to resolve disputes relating to delayed payments through conciliation and arbitration. Awards passed by the MSEFC are enforceable as decrees of a civil court.

Additionally, the Act enables the Government to announce schemes for the promotion, development, and competitiveness of MSMEs, including credit facilities, technology upgradation, infrastructure support, skill development, and cluster-based

development programs. It also empowers the Government to periodically review and revise the criteria for MSME classification to reflect economic conditions.

Overall, the MSMED Act, 2006 enhances the ease of doing business for small enterprises, protects them from unfair payment practices, and facilitates their participation in government procurement and incentive schemes.

TAXATION RELATED LAWS

29. Foreign Trade Development Act, 1992:

The Foreign Trade (Development and Regulation) Act, 1992 empowers the Central Government to formulate and announce the Foreign Trade Policy (earlier known as the Export-Import or EXIM Policy) and to make provisions for the regulation of imports and exports of goods and services. Its key objectives are increasing India's exports, ensuring the orderly development of foreign trade, conserving foreign exchange, and regulating trade practices in the national interest. The Act authorises the government to impose restrictions, conditions, or prohibitions on imports and exports, issue licences and authorisations, and take action against violations such as unauthorised trade or misuse of licences. It also provides for enforcement mechanisms, including search, seizure, adjudication, penalties, and confiscation of goods, to ensure compliance with foreign trade regulations. Overall, the Act serves as a vital instrument for managing India's external trade policy, promoting exports, safeguarding domestic industry where necessary, and aligning foreign trade with broader economic and strategic objectives.

30. The Foreign Exchange Management, 1999:

The Foreign Exchange Management Act, 1999 (FEMA) was enacted to replace the more restrictive Foreign Exchange Regulation Act, 1973, with the objective of facilitating external trade and payments and promoting the orderly development and maintenance of India's foreign exchange market in a liberalised economic environment. FEMA regulates transactions involving foreign exchange and foreign securities by classifying them into **current account transactions**, which are generally permitted subject to reasonable restrictions, and **capital account transactions**, which are regulated and allowed only to the extent specified by the Reserve Bank of India (RBI) in consultation with the Central Government. The Act empowers the RBI to manage and supervise foreign exchange dealings, authorise persons such as banks and

money changers to deal in foreign exchange, and issue regulations, directions, and circulars to ensure compliance. FEMA also lays down provisions relating to export of goods and services, realisation and repatriation of foreign exchange earnings, acquisition and transfer of immovable property outside and within India by residents and non-residents, and penalties for contraventions, which are civil in nature rather than criminal. Overall, FEMA aims to create a transparent, market-friendly regulatory framework that supports foreign investment, ensures macroeconomic stability, and integrates the Indian economy with the global financial system.

31. Conservation of Foreign Exchange and Prevention of Smuggling Act, 1974:

The **Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974 (COFEPOSA)** is a preventive detention law enacted by the Indian Parliament to safeguard the country's economic interests by curbing activities that adversely affect foreign exchange reserves and promote smuggling. The Act empowers the Central and State Governments to detain individuals without trial if they are satisfied that such detention is necessary to prevent a person from engaging in smuggling, abetting smuggling, dealing in smuggled goods, or engaging in activities that undermine the conservation or augmentation of foreign exchange. COFEPOSA is preventive rather than punitive in nature, meaning its objective is not to punish past acts but to prevent future prejudicial activities that threaten economic security. The Act provides procedural safeguards such as communication of grounds of detention to the detainee and review by an Advisory Board, while also allowing certain exceptions in the interest of national economic security. Overall, COFEPOSA reflects the State's power to impose preventive detention as an extraordinary measure to protect the stability of the national economy and prevent large-scale economic offences affecting foreign trade and exchange.

INTELLECTUAL PROPERTY LAWS:

32. Trademark Act, 1999:

The **Trade Marks Act, 1999** governs the registration, protection, and enforcement of trademarks in India, replacing the earlier 1958 Act. It grants exclusive rights to trademark owners to use, sell, or license their marks and protects against infringement and passing off. The Act outlines procedures for registration, renewal, and cancellation, and provides remedies like damages and injunctions for violations. Its

main objectives are to safeguard trademark rights, prevent consumer confusion, promote fair competition, and encourage branding and innovation. By protecting intellectual property, it strengthens business reputation and economic growth.

33. Designs Act, 2000:

The Designs Act, 2000 governs the protection of the aesthetic or visual features of industrial products, such as shape, configuration, pattern, ornamentation, or colours, which appeal to the eye and are applied to articles by an industrial process, while excluding functional or technical aspects. The main objective of the Act is to protect new and original designs from imitation, encourage creativity and innovation in industrial design, promote fair trade practices, and prevent piracy of designs. It provides for the registration of designs, grants the registered proprietor exclusive rights to use, sell, or license the design, prescribes a term of protection of 10 years extendable by 5 years, and lays down provisions relating to infringement and penalties in case of unauthorized use, thereby ensuring legal protection and commercial value to creative industrial designs.

34. Patents Act, 1970:

The Patents Act, 1970 governs the grant and protection of patents in India for inventions that are new, involve an inventive step, and are capable of industrial application. It covers both product and process patents, while excluding inventions that are frivolous, contrary to public order or morality, or mere discoveries. The main objectives of the Act are to encourage technological innovation, promote research and development, balance the interests of inventors and the public, and ensure that patented inventions are worked in India and not misused. Important provisions include the definition of invention (Section 2), patentability criteria, procedure for application and examination, rights of patentees, term of patent protection of 20 years, compulsory licensing to prevent abuse of patent rights, and provisions relating to infringement and remedies, thereby creating a legal framework that fosters innovation while safeguarding public interest.

OTHER LAWS:

35. Information Technology Act, 2000 (IT Act):

The Information Technology Act, 2000 provides a legal framework for electronic governance, digital signatures, and online transactions in India. It recognizes

electronic records and digital signatures as legally valid, facilitating paperless communication and e-commerce. The Act prescribes penalties for unauthorized access, hacking, data theft, identity theft, and cyber fraud. It also empowers the government to regulate intermediaries, issue directions for blocking websites, and ensure cybersecurity. Amendments, including the IT (Amendment) Act, 2008, further strengthened provisions against cybercrime and introduced liability for intermediaries to maintain due diligence in preventing illegal content dissemination.

36. Whistleblower Protection Act:

The **Whistleblower Protection Act, 2014** provides for a robust mechanism for protecting individuals who expose corruption, misuse of power, or other wrongdoing within government organizations and public institutions. The Act establishes the Central Vigilance Commission (CVC) as the competent authority to receive complaints from whistleblowers, ensuring their confidentiality and protection from retaliation such as harassment, victimization, or unfair treatment. Its key provisions include a formal procedure for the submission and investigation of complaints, protection of the whistleblower's identity, and measures to prevent any adverse action against them. The primary objectives of the Act are to promote transparency, accountability, and integrity in public administration, encourage ethical conduct among officials, and empower citizens to report corruption and malpractice without fear. By providing legal safeguards, the Act seeks to strengthen democratic governance and public trust in institutions.

37. Public Liability Insurance Act, 1991:

This law mandates industries handling hazardous substances to maintain insurance policies to provide immediate relief to individuals affected by accidents involving hazardous materials, ensuring quick compensation without lengthy litigation.

38. Bureau of Indian Standard Act, 2016:

The **Bureau of Indian Standards (BIS) Act, 2016** is a comprehensive legislation that replaced the earlier Bureau of Indian Standards Act, 1986, with the objective of strengthening standardization, quality control, and certification in India. The Act establishes the **Bureau of Indian Standards (BIS)** as the national body responsible for formulating and implementing standards for goods, services, and systems, ensuring safety, reliability, and quality. It provides for the compulsory or voluntary

certification of products, lays down procedures for quality mark licensing, and empowers BIS to enforce compliance with standards. Key features of the Act include the regulation of manufacturers and importers to prevent the sale of sub-standard products, the ability to inspect and test products, and provisions for penalties and prosecutions for non-compliance. The objects of the Act are to **protect consumer interests, promote industry competitiveness, enhance public health and safety, and ensure the quality and reliability of products** in the domestic and international markets. Overall, the BIS Act, 2016, plays a crucial role in establishing a robust regulatory framework for standardization, boosting consumer confidence, and fostering innovation and quality in Indian goods and services.

39. National Steel Policy, 2017:

The **National Steel Policy (NSP), 2017** is a comprehensive framework formulated by the Government of India to guide the growth and development of the steel sector in the country, aiming to make India a globally competitive steel producer. The policy sets a target of achieving 300 million tonnes per annum (MTPA) of steel production by 2030–31, emphasizing self-sufficiency in steel and reducing dependence on imports. It focuses on promoting high-quality, value-added steel products, modernization of existing plants, adoption of advanced technologies, and enhancing productivity and energy efficiency. NSP 2017 also prioritizes environmentally sustainable growth, with measures for reducing carbon emissions and increasing the use of renewable energy in steel production. Additionally, the policy highlights the development of a robust domestic raw material base, such as iron ore and coking coal, and encourages investment in research and development, skill development, and infrastructure to support the steel industry. Overall, the policy aims to strengthen India's position as a major steel producer globally while fostering economic growth, employment generation, and sustainable industrial development.

40. National Non- Ferrous Metal Scrap Recycling Framework, 2020:

The **National Non-Ferrous Metal Scrap Recycling Framework, 2020** is a policy initiative of the Government of India, issued by the Ministry of Mines, designed to establish a structured, sustainable, and efficient ecosystem for recycling non-ferrous metal scrap such as aluminium, copper, zinc, and lead. The Framework seeks to transform the largely informal scrap recycling sector into a formal, well-organized

industry by promoting energy-efficient and environmentally sound recycling processes, reducing landfill pollution and carbon footprint, and aligning with broader goals of sustainable development and a circular economy. It aims to create economic opportunities through job creation, wealth generation, and increased contribution to GDP from recycling activities, while reducing dependency on imported scrap and primary raw materials. Key objectives include adopting data-driven policymaking across the recycling value chain, promoting the 6Rs principles (Reduce, Reuse, Recycle, Recover, Redesign, Remanufacture), producing high-quality scrap for secondary production, and fostering technological leadership in scientific recycling methods. The Framework also envisages stakeholder participation across the scrap value chain, involvement of a central coordinating body (Metal Recycling Authority), and development of standards, certification, and regulated processes to improve collection, segregation, and processing of scrap in compliance with environment norms.

Q. MATERIAL LITIGATIONS AND MATERIAL CREDITORS

Except as stated in this report, there are no:

- (i) Criminal Proceedings;
- (ii) Actions by Statutory or Regulatory Authorities;
- (iii) Claims relating to Direct and Indirect Taxes; or
- (iv) Material Litigation (as defined below) involving the Company, its Subsidiary, Directors or Promoters;
- (v) Outstanding dues to MSMEs and other Creditors;
- (vi) Material Dues (as defined below) to Creditors;

In relation to (iv) above, our Board, in its Meeting held on 17th June, 2025 has determined **Material Creditors** and **Material Litigation** as follows:

a) Material Creditors

A Creditor of the Company shall be considered to be material for the purpose of disclosure in the Offer Documents, if amounts due to such creditor exceed 10% of the total consolidated trade payables of the Company as per the latest audited financial statements of the Company, as disclosed in the Offer Documents.

b) Material Litigation



Any other pending litigation involving the Company, its directors and joint venture(s) shall be considered "material" for the purpose of disclosure in the Offer Documents if:-

- a) the monetary amount of the claim made by or against the Company, its joint venture(s) and directors in any such pending Litigation where the value or expected impact in terms of value, exceeds the lower of the following:
 - two percent of turnover, as per the latest annual restated consolidated financial statements of the issuer; or
 - two percent of net worth, as per the latest annual restated consolidated financial statements of the issuer, except in case the arithmetic value of the net worth is negative; or
 - five percent of the average of absolute value of profit or loss after tax, as per the last three annual restated consolidated financial statements of the issuer.
- b) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation does not exceed the amount determined as per clause (a) above, and the amount involved in all of such cases taken together exceeds the amount determined as per clause (a) above; and
- c) any such litigation which does not meet the criteria set out in (a) above and an adverse outcome in which would materially and adversely affect the operations or financial position of the Company.

Based on this policy, the Company had outstanding dues to Creditors as follows:

*All amount
Rs. In Lakhs*

Nature of Creditors	As at 31 March, 2026
Dues to Micro, Small and Medium Enterprises	693.49
Dues to Others	104.38
Total	797.88

Details of Material Dues to Creditors as required under the SEBI (ICDR) Regulations have been disclosed on the company's website at <https://bhagyamachinetools.com>.

SIMRAN SODHI
Advocate
En. No.: PH/8290/2021
BAR ASSOCIATION ABOHAR
Mobile No.: 9749711313

It is further clarified that for the purposes of the above, pre-litigation Notices received by the Company, Subsidiaries, Directors or Promoter shall, unless otherwise decided by the Board, not be considered as litigation until such time that our Company or any of its Subsidiaries, Directors or Promoters, as the case may be, is impleaded as a defendant in litigation before any judicial forum.

Except as disclosed herein, the Company, its Directors and Promoters are not *Willful Defaulters* and there have been no violations of securities laws in the past or pending against them.

There are no litigations including criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offenses, tax liabilities, show cause notice or any Legal Notice pending against the Company, Directors, Promoter and Promoter Group and, Group Companies or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company.

There are no proceedings initiated for economic, civil, or any other offences including past cases where penalties may or may not have been awarded and whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013 other than unclaimed liabilities of the Company, and no disciplinary action has been taken by Securities and Exchange Board of India ('SEBI') or any stock exchange against the Company, Directors, Promoter Group Companies.

Except as stated in this report, **there are No:**

- (a) Litigations or legal actions, pending or taken, by any Ministry or department of the Government or a Statutory Authority against the Promoter of the Company during the last five year;
- (b) Directions issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action;
- (c) Pending proceedings initiated against the Company for economic offences;
- (d) Default and non-payment of statutory dues by the Company
- (e) Inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous Act in the last five years against the Company and

Subsidiaries including fines imposed or compounding of offenses done in those five years;

- (f) Material frauds committed against the Company in the last five years;
- (g) Cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- (h) Pending litigation against the Promoter/ Directors in their capacities and also involving the violation of statutory regulations or criminal offenses.
- (i) Pending proceedings initiated for economic offenses against the Directors, Promoter, Companies, and firms promoted by the Promoter.
- (j) Outstanding litigation, defaults, etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.

Accordingly, I have disclosed all information about outstanding litigations involving the Company, Promoter, Directors, and Group Entities/Companies irrespective of whether they are considered to be material or not or materiality thereof could not be ascertained.

In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered material only in the event that the outcome of such litigation has an adverse effect on the operations or performance of the Company or when materiality thereof could not be ascertained due to lack of information with or confirmation from the Company.

Unless otherwise stated to the contrary, the information provided is as of the date of this Report.

Summary of Outstanding Litigations and Material Developments

Parties (By or Against the Company/ Promoters)	No. of Matters	Nature of Proceedings	Amount Involved (₹ in Lakhs)
By the Company	<u>2</u>	Actions by Company	-
	0	-	-
Against the Company	<u>1</u>	Actions by Tax/Statutory/Regulatory Authorities	-
Group Companies/ Entities	0	-	-

Directors other than promoters	1	Other Material Proceeding	-
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1. OUTSTANDING LITIGATIONS AGAINST THE COMPANY

A. Criminal Proceedings : NIL

B. Actions by Tax/Statutory/Regulatory Authorities: 1

A demand recovery notice issued by the Income Tax Officer, Ludhiana, to Bhagya Steels Limited, dated 18/08/2025, bearing DIN & Letter No. ITBA/RCV/F/17/2025-26/1079693806(1). The issue raised is an outstanding tax demand for Assessment Year 2024-25, amounting to Rs. 31,18,080, arising from an order dated 29/11/2024 passed under Section 143(1)(a) of the Income Tax Act, 1961 (intimation/adjustment under summary assessment), bearing DIN 2024202437332057004C. The Department states that as per its records this remains unpaid and directs the Company to deposit the amount and furnish the corresponding challan copy to the office.

A reply dated July 22nd, 2026 was filed by the company stating that the payments were made in compliance with Income tax act. The Company stated that it had already deposited the amounts demanded — Rs. 31,18,083/- paid on 18.02.2025 vide Challan No. 02228, BSR Code 693001, and a further Rs. 15,00,000/- paid on 30.09.2024 vide Challan No. 24614, BSR Code 051002, both for AY 2024-25, and requests the Department to verify these payments from its records, update the outstanding demand accordingly, and confirm that the tax has been duly credited. The letter bears the Income Tax Department's acknowledgment stamp dated 23-July-2026 (Ack. No. 273262610069, AY 2024-25, confirming receipt of the submission by the Department. The reply for the same from the department is pending.

C. Civil Proceedings : NIL

D. Other Material pending Proceedings: NIL

2. OUTSTANDING LITIGATIONS BY THE COMPANY

A. Criminal Proceedings : NIL

B. Actions by Company: 2

- 1) Bhagya Machine Tools Limited, along with its officers-in-default — Jagdev Singh (Managing Director), Charanjit Kaur, Jasdil Singh, and Jaskaran Singh (Directors) — has filed a joint compounding petition before the Regional Director (Northern Region), MCA, under Section 441 of the Companies Act, 2013. The petition discloses inadvertent, non-deliberate defaults across three financial years: for FY 2021-22, the AGM Notice wrongly

classified Director appointments as Ordinary Business instead of Special Business without an Explanatory Statement, and the Fixed Assets Schedule was omitted from the Financial Statements, breaching Sections 101, 102, 152 and 129(1) read with Schedule III; for FY 2022-23, the Depreciation Schedule and Promoter Shareholding disclosures were omitted (again under Section 129(1)/Schedule III), and a clerical error in Form MGT-7 misreported the number of Board Meetings, contravening Section 92; and for FY 2023-24, Long-Term and Short-Term Borrowings were correctly shown as Secured in the Notes to Accounts but mis-labelled as Unsecured in the corresponding Annexures, again a Section 129(1)/Schedule III lapse. The Company pleads that all defaults were bona fide, procedural, and without any mala fide intent, undue gain, or prejudice to stakeholders, and that it approached the authority suo motu with corrective steps already taken, seeking lenient treatment and the minimum compounding fee for offences under Sections 92, 102, 129(1), 134 and 448 (as applicable).

- 2) Bhagya Machine Tools Limited has filed a joint suo motu application before the Adjudicating Officer (Registrar of Companies, Punjab & Chandigarh) under Section 454 of the Companies Act, 2013 read with the Companies (Adjudication of Penalties) Rules, 2014, admitting two inadvertent and technical defaults identified during an internal secretarial due-diligence review, not pursuant to any notice, inspection or investigation. The first default relates to Section 10A: The Company commenced business activities before receiving the entire subscription money from Memorandum subscribers, in contravention of Section 10A(1)(a) read with Rule 23A of the Companies (Incorporation) Rules, 2014, even though Form INC-20A was duly filed; the default ran for 15 days (01/02/2022 to 15/02/2022) before being regularised on full receipt of subscription money, attracting a penalty of Rs. 50,000 on the Company and Rs. 1,000/day on each officer-in-default (capped at Rs. 1,00,000 per officer) under Section 10A(2). The second default relates to Form PAS-3 filed on 27.03.2023 for a rights-issue allotment under Section 62(1)(a), where the List of Shareholders inadvertently recorded incorrect particulars of shares allotted and the Board Resolution/related documents wrongly cited Section 42 instead of Section 62(1)(a) attracting the residuary penalty under Section 450 (Rs. 10,000 plus Rs. 1,000/day continuing, capped at Rs. 2,00,000 for the Company and Rs. 50,000 per officer). The Applicants claim mitigating factors (no mala fide intent, no prejudice to stakeholders, no undue gain, voluntary suo motu disclosure, non-repetitive nature) and, since both defaults occurred while the Company was a private limited/small company, seek relief under Section 446B (capping penalty at one-half of that otherwise specified),

yielding an indicative total penalty of Rs. 1,25,000 on the Company and Rs. 75,000 on each officer-in-default.

C. Civil Proceedings : NIL

D. Other material pending proceedings : NIL

3. Litigations Involving the Subsidiary: N.A.

4. Litigations involving the Promoters of the Company: NIL

5. Litigations involving Directors (Other than Promoters):

A. Criminal Proceedings: NIL

B. Actions by Statutory/ Regulatory Authorities: NIL

C. Civil Proceedings : NIL

D. Other material pending proceedings:

Madhu Bala ("Petitioner") has instituted proceedings under Section 12 of the Protection of Women from Domestic Violence Act, 2005 against Megha Rani and Vikas Arora before the Court of the Judicial Magistrate First Class, Ludhiana. The petition was registered pursuant to the order dated February 6, 2026, wherein the Hon'ble Court directed issuance of notice to the respondents on filing of the requisite process fee, registered cover acknowledgement due (RC/AD), and supporting documents by the Petitioner. The Court also directed that a report from the CDPO be called for the next date of hearing.

Thereafter, vide order dated April 17, 2026, counsel for Vikas Arora entered appearance and filed the power of attorney. The Hon'ble Court granted time to Vikas Arora to file its reply to the main petition and the interim application. The Court further observed that the RC/AD for service upon Megha Rani had not been filed and directed the Petitioner to do so within three days, subject to a last opportunity, and ordered issuance of fresh summons upon compliance.

Subsequently, vide order dated June 3, 2026, the Hon'ble Court noted that Vikas Arora had not filed its reply to the main petition and interim application and, upon request, granted an adjournment. The matter has been adjourned to July 22, 2026 for filing of the reply. The Court also reiterated its direction to the Petitioner to file the RC/AD for service upon Megha Rani within three days, subject to a last opportunity, following which summons shall be issued. The matter is currently pending adjudication before the Ms Shilpa Singh Judicial Magistrate First Class, Ludhiana

6. Litigations Relating to the Group Entities:

A. Criminal Proceedings: NIL

B. Actions by Statutory/ Regulatory Authorities: NIL

C. Civil Proceedings : NIL

D. Other material pending proceedings: NIL

7. Details of the Past Penalties imposed on the Company/Directors: Not Applicable

I FURTHER CONFIRM THAT EXCEPT AS STATED HEREINABOVE:

- a) Bhagya Machine Tools Limited the Company, its Promoter, and other Companies with which Promoter are associated have neither been suspended by SEBI nor has any disciplinary action been taken against them or either of them by SEBI.
- b) The Promoter(s) and or any other person falling within the definition of the Promoter Group have neither been suspended by SEBI nor has any disciplinary action been taken against them or either of them by SEBI.
- c) There is no material regulatory or disciplinary action by a Stock Exchange or Regulatory Authority in the past years in respect of the Promoter of the Company, group company's entities, entities promoted by the Promoter of the Company.
- d) Further, none of the Directors of the Company has been charge-sheeted with serious crimes like murder, rape, forgery, economic offenses, etc.
- e) There are no defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, FIs by the Company, Promoter, group entities, companies promoted by the Promoter during the past three years except as under:
- f) There are no cases of litigation pending against the Company or against any other Company in which Directors are interested, whose outcome could have a materially adverse effect on the financial position of the Company.
- g) There is no pending litigation against the Promoter/ Directors in their capacities and also involving the violation of statutory regulations or criminal offenses.
- h) There are no pending proceedings initiated for economic offenses against the Directors, Promoter, Companies, and firms promoted by the Promoter.
- i) There is no outstanding litigation, defaults, etc. pertaining to matters likely to affect the operations and finances of the Company including disputed tax liability or prosecution under any enactment.
- j) There are no litigations against the Promoter / Directors in their capacity.

- k) There are no criminal cases filed or any investigation being undertaken concerning the alleged commission of any offense by any of the Directors. Further, none of the Directors has been charge-sheeted with serious crimes like murder, rape, forgery, economic offenses, etc.

I have carried out my legal due diligence by investigating and studying the data and information provided by the company and their agent authorized by the Company and the digital data available in the public domain like all the litigation information available on the websites of Supreme Court of India, jurisdictional High Courts including at Chandigarh, e-Court Services, etc. and further declarations by the concerned persons and the entities.

To the best I could reasonably ascertain there is no contingent legal liability exists which adversely affects the business of the company or the operation of the Company.

I confirm that the Book Running Lead Manager to the IPO can rely on this Legal Due Diligence Report of Bhagya Machine Tools Limited for the disclosure purposes in the Offer Documents.

In case of any changes in the contents of this Report which may come to my attention or as informed to me by the Company, the same shall be intimated to the Book Running Lead Manager on priority.

Thank you.

SIMRAN SODHI

Advocate

B.A. LL.B. (Hons.),

Enrolment No. PH/8290/2021 (Punjab & Haryana)

Member, Punjab & Haryana High Court Bar Association

Simran Sodhi & Associates

Advocates & Solicitors

Office: Chamber No 59, Court Complex, Abohar-152116

Phone: + 91 97493-11313

Email: simransodhi6256@gmail.com

Enl. No.: PH/8290/2021
BAR ASSOCIATION * BOHAR
Mobile No.: 9743/11313