**DRAFT RED HERRING PROSPECTUS**
100% Book Built Issue
Dated: December 30, 2024
Please read Section 26 and 32 of the Companies Act, 2013
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)

**Please scan this QR Code to view the DRHP**

# PATEL CHEM SPECIALITIES LIMITED

**Corporate Identity Number: U24100GJ2008PLC054305**

| Registered Office | Corporate Office | Contact Person | Email and Telephone | Website |
|---|---|---|---|---|
| Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India. | N.A. | Sonalkumari Yadav Company Secretary & Compliance Officer | **Email:** cs@patelchem.com **Tel No:** +91- 9712999854 | www.patelchem.com |

**NAMES OF THE PROMOTERS OF THE COMPANY**

**BHUPESH PATEL, ANSHU PATEL AND VINI PATEL**

**DETAILS OF ISSUE**

| Type | Fresh Issue Size | OFS* Size | Total Issue Size | Eligibility |
|---|---|---|---|---|
| Fresh Issue | Up to 70,00,000 Equity Shares of ₹ [●] aggregating to ₹ [●] lakhs | NIL | Up to 70,00,000 Equity Shares of ₹ [●] aggregating to ₹ [●] lakhs | The Issue is being made pursuant to Regulation 229(2) of SEBI (ICDR) Regulations. For details of Share reservation among QIBs, NIIs and RIIs, see "*Issue Structure*" beginning on page 235 of this Draft Red Herring Prospectus. |

**OFS: Offer for Sale*

**RISKS IN RELATION TO THE FIRST ISSUE**

This being the first public Issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10/-. The Floor Price, Cap Price and Issue Price determined by our Company in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under *"Basis of Issue Price"* on page 94 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISK**

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section *"Risk Factors"* beginning on page 30 of this Draft Red Herring Prospectus.

**ISSUER'S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares of our Company Issued through the Red Herring Prospectus are proposed to be listed on the SME Platform of BSE Limited in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. For the purpose of this Issue, BSE Limited shall be the Designated Stock Exchange. Our Company has received an approval letter dated [●] from BSE Limited for using its name in the Red Herring Prospectus and Prospectus for listing of Equity Shares on the SME Platform of BSE Limited.

**BOOK RUNNING LEAD MANAGERS TO THE ISSUE**

| NAME AND LOGO | CONTACT PERSON | EMAIL & TELEPHONE |
|---|---|---|
| **CUMULATIVE CAPITAL PRIVATE LIMITED** | Swapnilsagar Vithalani / Parin Dhanesha | **Email:** contact@cumulativecapital.group **Telephone:** +91 9819662664 / +91 7016251158 |
| **UNISTONE CAPITAL PRIVATE LIMITED^** | Brijesh Parekh | **Email:** mb@unistonecapital.com **Telephone:** +91 9820057533 |

**REGISTRAR TO THE ISSUE**

| NAME AND LOGO | CONTACT PERSON | EMAIL & TELEPHONE |
|---|---|---|
| **LINK INTIME PRIVATE LIMITED** | Shanti Gopalkrishnan | **Email:** patelchem.ipo@linkintime.co.in **Telephone:** +91 8108114949 |

**BID/ISSUE PERIOD**

| Anchor Portion Issue Opens/ Closes On*: [●] | Bid/ Issue Opens On: [●] | Bid/ Issue Closes On**: [●] *** |
|---|---|---|

**Our Company, in consultation with the BRLMs, may consider participation by Anchor Investors, in accordance with the SEBI (ICDR) Regulations. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid/Issue Opening Date.*
***Our Company, in consultation with the BRLMs, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI (ICDR) Regulations.*
****The UPI mandate end time and date shall be at 5:00 p.m. on Bid/Issue Closing Day.*
*^Unistone Capital Private Limited would be involved only in the marketing of the Issue.*

*(This page has been intentionally left blank)*

# PATEL CHEM SPECIALITIES LIMITED

**Corporate Identity Number: U24100GJ2008PLC054305**

*Our Company was incorporated as a private limited company under the Companies Act, 1956 in the name and style of "Patel Chem Specialities Private Limited" bearing Certificate of Incorporation Number U24100GJ2008PTC054305 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli, dated June 25, 2008. Further, our Company was converted into a Public Limited Company in pursuance of a special resolution passed by the members of our Company at the Extra-Ordinary General Meeting held on July 4, 2024 and the name of our Company changed from "Patel Chem Specialities Private Limited" to "Patel Chem Specialities Limited" and Registrar of Companies, Central Processing Centre issued a new certificate of incorporation consequent upon conversion dated August 29, 2024. As on date of this Draft Red Herring Prospectus, the Corporate Identity Number of our Company is U24100GJ2008PLC054305. For further details of incorporation please refer to section titled "Our History and Certain Other Corporate Matters" beginning on page 165 of this Draft Red Herring Prospectus.*

**Registered Office**: Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad - 382445, Gujarat, India.
**Telephone**: +91- 9712999854 | **Email ID:** cs@patelchem.com | **Website:** www.patelchem.com
**Contact Person:** Sonalkumari Yadav, Company Secretary and Compliance Officer
**Promoters of our Company:** Bhupesh Patel, Anshu Patel and Vini Patel

## THE ISSUE

**INITIAL PUBLIC ISSUE OF UP TO 70,00,000 EQUITY SHARES OF ₹ 10/- EACH ("EQUITY SHARES") OF PATEL CHEM SPECIALITIES LIMITED ("PATEL CHEM" OR "PCSL" OR THE "COMPANY") FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING TO ₹ [●] LAKHS ("THE ISSUE"). OUT OF THE ISSUE, [●] EQUITY SHARES AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER ("MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION I.E. NET ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT AN ISSUE PRICE OF ₹ [●]/- PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE [●] % AND [●]%, RESPECTIVELY OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH AND THE FLOOR PRICE AND CAP PRICE ARE [●] TIMES AND [●] TIMES OF THE FACE VALUE OF THE EQUITY SHARES, RESPECTIVELY.**

The price band and the minimum bid lot will be decided by our Company, in consultation with the Book Running Lead Managers and will be advertised in all editions of [●] (which are widely circulated English daily newspaper) and all editions of [●] (which are widely Hindi daily newspaper) and all editions of [●] the regional language being Gujarati, (where our registered office is located), at least two working days prior to the Bid/Issue opening date and shall be made available to SME Platform of BSE Limited ("BSE" or "Stock Exchange") for the purpose of uploading on their website.

In case of any revision in the Price Band, the Bid/Issue Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Issue Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company, for reasons to be recorded in writing extend the Bid/Issue Period for a minimum of one Working Day, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Issue Period, if applicable, shall be widely disseminated by notification to the Stock Exchange by issuing a press release and also by indicating the change on the website of the BRLMs and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank.

The Issue is being made through the Book Building Process, in terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended ("SCRR") read with Regulation 253 of the SEBI ICDR Regulations, as amended, wherein not more than 50% of the Net Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), provided that our Company may, in consultation with the Book Running Lead Managers, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations ("Anchor Investor Portion"), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders (except Anchor Investors) are required to mandatorily utilize the Application Supported by Blocked Amount ("ASBA") process providing details of their respective ASBA accounts, and UPI ID in case of RIBs using the UPI Mechanism, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. Anchor Investors are not permitted to participate in the Issue through the ASBA process. For details, see "*Issue Procedure*" beginning on page 239 of this Draft Red Herring Prospectus.

## ELIGIBLE INVESTORS

For details in relation to Eligible Investors, please refer to section titled "*Issue Procedure*" beginning on page 239 of this Draft Red Herring Prospectus.

## RISKS IN RELATION TO FIRST ISSUE

The face value of the Equity Shares is ₹10/-. The Floor Price, Cap Price and Issue Price determined by our Company, in consultation with the Book Running Lead Managers, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated under *"Basis of Issue Price"* on page 94 should not be considered to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

## GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Equity Shares issued in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section *"Risk Factors"* beginning on page 30 of this Draft Red Herring Prospectus.

## ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Issue which is material in the context of this Issue, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

## LISTING

The Equity Shares of our Company Issued through this Red Herring Prospectus are proposed to be listed on the SME Platform of BSE Limited in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. For the purpose of this Issue, BSE Limited shall be the Designated Stock Exchange. Our Company has received an approval letter dated [●] from BSE Limited for using its name in the Red Herring Prospectus for listing of Equity Shares on the SME Platform of BSE Limited.

| BOOK RUNNING LEAD MANAGERS TO THE ISSUE | | REGISTAR TO THE ISSUE |
|---|---|---|
| **CUMULATIVE CAPITAL PRIVATE LIMITED**<br>**Address:** 321, 3rd Floor, C Wing, 215 Atrium Co Op. Premises, Andheri Kurla Road, Hanuman Nagar, Andheri - East, Mumbai - 400 093, Maharashtra, India.<br>**Telephone Contact**: +91 9819662664 / +91 7016251158<br>**Email ID:** contact@cumulativecapital.group<br>**Website:** www.cumulativecapital.group<br>**Contact Person:** Swapnilsagar Vithalani / Parin Dhanesha<br>**SEBI Registration Number:** INM000013129<br>**CIN:** U64910MH2023PTC414974 | **UNISTONE CAPITAL PRIVATE LIMITED#**<br>**Address:** A/305, Dynasty Business Park, Andheri Kurla Road, Andheri - East, Mumbai- 400059, Maharashtra, India.<br>**Telephone Contact:** +91 9820057533<br>**Email ID:** mb@unistonecapital.com<br>**Website:** www.unistonecapital.com<br>**Contact Person:** Brijesh Parekh<br>**SEBI Registration Number:** INM000012449<br>**CIN:** U65999MH2019PTC330850 | **LINK INTIME INDIA PRIVATE LIMITED**<br>**Address:** C-101,Embassy 247, LBS Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India.<br>**Telephone Contact:** +91 8108114949<br>**E-mail:** patelchem.ipo@linkintime.co.in.<br>**Website:** www.linkintime.co.in<br>**Contact Person:** Shanti Gopalkrishnan<br>**SEBI Registration:** INR000004058<br>**CIN:** U67190MH1999PTC118368 |
| BID/ISSUE PERIOD | | |
| **Anchor Portion Issue Opens/ Closes On*: [●]** | **Bid/ Issue Opens On: [●]** | **Bid/ Issue Closes On**: [●] *** |

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

***Our Company, in consultation with the BRLMs, may decide to close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue Closing Date, in accordance with the SEBI (ICDR) Regulations.*

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

#Unistone Capital Private Limited would be involved only in the marketing of the Issue.

**TABLE OF CONTENTS**


**SECTION I - GENERAL** ..... **6**
*DEFINITIONS AND ABBREVIATIONS* ..... *6*
*CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY PRESENTATION* . *21*
*FORWARD LOOKING STATEMENT* ..... *23*

**SECTION II- SUMMARY OF THE ISSUE DOCUMENT** ..... **24**

**SECTION III- RISK FACTORS** ..... **30**

**SECTION IV- INTRODUCTION** ..... 50
*THE ISSUE* ..... *50*
*SUMMARY OF FINANCIAL INFORMATION* ..... *52*
*GENERAL INFORMATION* ..... *55*
*CAPITAL STRUCTURE* ..... *67*
*OBJECTS OF THE ISSUE* ..... *80*
*BASIS OF ISSUE PRICE* ..... *94*
*STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS* ..... *101*

**SECTION V- ABOUT THE COMPANY** ..... **104**
*INDUSTRY OVERVIEW* ..... *104*
*OUR BUSINESS* ..... *130*
*KEY INDUSTRY REGULATIONS AND POLICIES* ..... *152*
*HISTORY AND CERTAIN OTHER CORPORATE MATTERS* ..... *165*
*OUR MANAGEMENT* ..... *169*
*OUR PROMOTERS AND PROMOTER GROUP* ..... *184*
*OUR GROUP COMPANY* ..... *189*
*DIVIDEND POLICY* ..... *191*

**SECTION VI- FINANCIAL INFORMATION** ..... **192**
*RESTATED FINANCIAL STATEMENTS* ..... *192*
*OTHER FINANCIAL INFORMATION* ..... *193*
*FINANCIAL INDEBTEDNESS* ..... *194*
*MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS* ..... *197*
*CAPITALISATION STATEMENT* ..... *206*

**SECTION VII- LEGAL AND OTHER INFORMATION** ..... **207**
*OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS* ..... *207*
*GOVERNMENT AND OTHER APPROVALS* ..... *210*
*OTHER REGULATORY AND STATUTORY DISCLOSURES* ..... *215*

**SECTION VIII- ISSUE RELATED INFORMATION** ..... **227**
*TERMS OF THE ISSUE* ..... *227*
*ISSUE STRUCTURE* ..... *235*
*ISSUE PROCEDURE* ..... *239*
*RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES* ..... *266*

**SECTION IX- MAIN PROVISIONS OF ARTICLE OF ASSOCIATIONS** ..... **268**

**SECTION X- OTHER INFORMATION** ..... **280**
*MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION* ..... *280*
*DECLARATION* ..... *282*

## SECTION I - GENERAL

## DEFINITIONS AND ABBREVIATIONS

*Unless the context otherwise indicates or implies, the following terms shall have the meanings provided below in this Draft Red Herring Prospectus, and references to any statute, regulation, rule, guidelines, circular, notification or clarification or policies will include any amendments or re-enactments thereto, from time to time.*

*Notwithstanding the foregoing, terms in "Main Provisions of the Articles of Association", "Statement of Possible Special Tax Benefits", "Industry Overview", "Basis of Issue Price", "Key Industry Regulations and Policies", "Financial Information", "Outstanding Litigation and Material Developments" and "Issue Procedure", will have the meaning ascribed to such terms in these respective sections.*

*In case of any inconsistency between the definitions given below and the definitions contained in the Conventional or General Information Document (as defined below), the definitions given below shall prevail. The words and expressions used but not defined in this Draft Red Herring Prospectus will have the same meaning as assigned to such terms under the notified provisions of the Companies Act, 2013, the SEBI Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder.*

**Conventional or General Terms**

| Terms | Description |
|---|---|
| **PCSL/ Patel Chem/ our Company / we / us / our / Company / Issuer Company/ Issuer** | Unless the context otherwise requires, refers to "Patel Chem Specialities Limited", (formerly known as Patel Chem Specialities Private Limited) a Company incorporated under the Companies Act, 1956 vide a Certificate of Incorporation issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli. |
| **You/ your/ yours** | Prospective investors in this Issue. |
| **Our Promoters** | The Promoters of our Company, namely, Bhupesh Patel, Anshu Patel and Vini Patel. |
| **Promoter Group** | Such persons, entities and companies constituting our Promoters Group pursuant to Regulation 2(1)(pp) of the SEBI (ICDR) Regulations as disclosed in the Chapter titled *"Our Promoters and Promoter Group"* on page 184 of this Draft Red Herring Prospectus. |

**Company Related Terms**

| Terms | Description |
|---|---|
| **AOA / Articles / Articles of Association** | The Articles of Association of our Company, as amended from time to time. |
| **Audit Committee** | The Audit Committee of our Company constituted in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI (LODR) Regulations vide Board resolution dated November 18, 2024. |
| **Auditor or Statutory Auditor** | The statutory auditor of our Company, namely Parikh Shah & Associates, Firm Registration Number: 0123999W. |
| **Banker to our Company** | Bank of India Limited as disclosed in the section titled *"General Information"* beginning on page 55 of this Draft Red Herring Prospectus. |
| **Board of Directors / the Board / our Board / Director(s)** | The director(s) on our Board, as duly constituted from time to time, including any committee(s). For further details of our Directors, please refer to section titled *"Our Management"* beginning on page 169 of this Draft Red Herring Prospectus. |
| **Chairman** | Chairman of the Board, as described in *"Our Management"* on page 169. |
| **Chief Financial Officer/ CFO** | Chief Financial Officer of our Company being Kalpesh Prajapati. |
| **CIN** | Corporate Identity Number of our Company U24100GJ2008PLC054305. |
| **Company Secretary & Compliance Officer** | The Company Secretary and Compliance Officer of our Company being Sonalkumari Yadav. |
| **CSR Committee / Corporate Social Responsibility Committee** | The corporate social responsibility committee of our Board, constituted in accordance with the Section 135 of the Companies Act and as described in the chapter titled *"Our Management"* beginning on page 169 of this Draft Red Herring Prospectus. |
| **DIN** | Directors Identification Number. |
| **Equity Shares/Shares** | Equity Shares of the Company of Face Value of ₹10/- each unless otherwise specified in the context thereof. |

| Terms | Description |
|---|---|
| **Equity Shareholders/ Shareholders** | Persons/ Entities holding Equity Shares of our Company. |
| **Executive Directors** | Executive Directors are the Managing Director or Whole Time Director of our Company. |
| **Equity Listing Agreement/ Listing Agreement** | Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and the BSE Limited. |
| **Group Company** | As disclosed in chapter titled "*Our Group Company*" beginning on page 189 of this Draft Red Herring Prospectus |
| **Independent Director** | A non-executive, Independent Director as per the Companies Act, 2013 and the Listing Regulations. |
| **Indian GAAP** | Generally Accepted Accounting Principles in India |
| **Infomerics** | Infodemics Analytics & Research Private Limited |
| **Infomerics Report** | Industry report titled "Industry Report on Chemicals Sector" dated December 30, 2024 prepared by Infomerics Analytics & Research Private Limited, appointed by our Company on December 26, 2024, exclusively commissioned by and paid for in connection with the Issue and shall be available on the website of our Company at http://patelchem.com, and has also been included in "*Material Contracts and Documents for Inspection – Material Documents*" on page 280 of this Draft Red Herring Prospectus. |
| **ISIN** | International Securities Identification Number. In this case being: INE161701011. |
| **Key Managerial Personnel/Key Managerial Employees** | Key Management Personnel of our Company in terms Regulation 2(1)(bb) of the SEBI ICDR Regulations, together with the Key Managerial Personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and as described in section entitled *"Our Management"* on page 169 of this Draft Red Herring Prospectus. |
| **Key Performance Indicators" or "KPIs"** | Key financial and operational performance indicators of our Company, as included in "*Basis of Issue Price*" beginning on page 94 of this Draft Red Herring Prospectus. |
| **MD or Managing Director** | The Managing Director of our Company being Bhupesh Patel. |
| **MOA/ Memorandum/ Memorandum of Association** | Memorandum of Association of our Company, as amended from time to time. |
| **Materiality Policy** | The policy on identification of group companies, material creditors and material litigation, adopted by our Board at its meeting held on November 18, 2024, in accordance with the requirements of the SEBI ICDR Regulations for the purposes of disclosure in the Issue documents. |
| **Nomination and Remuneration Committee** | The nomination and remuneration committee of our Company constituted in accordance with Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (LODR) Regulations vide Board resolution dated November 18, 2024. |
| **Non- Executive Director** | A Director not being an Executive Director or an Independent Director. |
| **Peer Review Auditor** | Ashok Rajpara & Co, Chartered Accountants, having a valid Peer Review certificate Peer Review No 016097) |
| **Person or Persons** | Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires. |
| **Promoter(s)** | Shall mean Promoters of our Company i.e., Bhupesh Patel, Anshu Patel and Vini Patel. For further details, please refer to section titled "*Our Promoters and Promoter Group*" beginning on page 184 of this Draft Red Herring Prospectus. |
| **Promoter Group** | Includes such Persons and entities constituting our promoter group covered under Regulation 2(1)(pp) of the SEBI (ICDR) Regulations as enlisted in the section titled "*Our Promoters and Promoter Group*" beginning on page 184 of this Draft Red Herring Prospectus. |
| **RBI Act** | The Reserve Bank of India Act, 1934 as amended from time to time. |
| **Registered Office of our Company** | Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India. |
| **Reserve Bank of India/RBI** | Reserve Bank of India constituted under the RBI Act. |
| **RoC / Registrar of Companies** | ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad- 380013, Gujarat, India. |
| **Restated Financial Statements or Restated Financial Information** | The Restated Financial Statements of our Company for financial years ended March 31, 2022, March 31, 2023, March 31, 2024 and for the stub period ended June 30, 2024, which comprises the restated balance sheet, the restated statement of profit and loss and the restated cash flow statement, together with the annexures and notes thereto, which have been prepared in accordance with the Companies |

| Terms | Description |
|---|---|
| | Act, Indian GAAP, and restated in accordance with the SEBI ICDR Regulations, as amended and the Guidance Note on "Reports in Company Prospectuses (Revised 2019)" issued by the Institute of Chartered Accountants of India, as amended. |
| **Statutory Auditor** | Independent Auditor having a valid Peer Review certificate in our case being Parikh Shah & Associates (FRN No 123999W). |
| **SEBI** | Securities and Exchange Board of India constituted under the SEBI Act. |
| **SEBI Act** | Securities and Exchange Board of India Act, 1992, as amended from time to time. |
| **SEBI (ICDR) Regulations/ICDR Regulations/ Regulation** | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, including amendments, instructions and clarifications issued by SEBI from time to time. |
| **SEBI Takeover Regulations or SEBI (SAST) Regulations** | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011, as amended from time to time. |
| **SEBI (Foreign Venture Capital Investor) Regulations** | Securities Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 as amended from time to time. |
| **SEBI Insider Trading Regulations** | The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time. |
| **SEBI Listing Regulations, 2015 / SEBI Listing Regulations / Listing Regulations / SEBI (LODR) Regulations** | The Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 as amended, including instructions and clarifications issued by SEBI from time to time. |
| **SEBI (PFUTP) Regulations / PFUTP Regulations** | SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003. |
| **Shareholders** | The holders of the Equity Shares from time to time. |
| **Stakeholders' Relationship Committee** | The committee of the Board of Directors constituted as the Company's Stakeholders' Relationship Committee in accordance with Section 178(5) of the Companies Act, 2013 and Regulation 20 of the SEBI (LODR) Regulations vide Board resolution dated November 18, 2024. |
| **Stock Exchange** | Unless the context requires otherwise, refers to SME platform of BSE Limited. |
| **Sub- Account** | Sub- accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub- accounts which are foreign corporate or foreign individuals. |
| **Subscribers to MOA** | Initial Subscribers to the MOA & AOA being Bhupesh Patel and Vahalabhai Patel. |

**Issue Related Terms**

| Terms | Description |
|---|---|
| **Abridged Prospectus** | Abridged Prospectus to be issued as per SEBI ICDR Regulations and appended to the Application Form. |
| **Acknowledgement Slip** | The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application. |
| **Allot / Allotment / Allotted** | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Issue of the Equity Shares to the successful Applicants. |
| **Allotment Advice** | Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange. |
| **Allottee (s)** | The successful applicant to whom the Equity Shares are being / have been issued. |
| **Anchor Investor** | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus and who will Bid for an amount of at least ₹ 200.00 Lakhs. |
| **Anchor Investor Allocation Price** | The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company in consultation with the Book Running Lead Managers during the Anchor Investor Bid/Issue Period. |
| **Anchor Investor Application Form** | The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion, and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus. |

| Terms | Description |
|---|---|
| **Anchor Investor Bidding Date** | The day, being one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted, prior to and after which the Book Running Lead Managers will not accept any Bids from Anchor Investor, and allocation to Anchor Investors shall be completed. |
| **Anchor Investor Issue Price** | The final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company, in consultation with the BRLMs. |
| **Anchor Investor Portion** | Up to 60% of the QIB Portion, which may be allocated by our Company, in consultation with the BRLMs, to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations. |
| **Applicant / Investor** | Any prospective investor who makes an application pursuant to the terms of the Red Herring Prospectus and the Application form. |
| **Application Amount** | The amount at which the Applicant makes an application for the Equity Shares of our Company in terms of the Red Herring Prospectus. |
| **Application Form** | The form, whether physical or electronic, used by an Applicant to make anapplication, which will be considered as the application for Allotment for purposes of the Red Herring Prospectus. |
| **Applications Supported by Blocked Amount or ASBA** | An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorising an SCSB to block the Bid Amount in the relevant ASBA Account and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by UPI Bidders using the UPI Mechanism. |
| **ASBA Account** | A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form and includes the account of a UPI Bidder which is blocked upon acceptance of a UPI Mandate Request made by the UPI Bidder. |
| **ASBA Bidder** | All Bidders except Anchor Investors. |
| **ASBA Form** | An application form, whether physical or electronic, used by ASBA Bidders, to submit Bids through the ASBA process, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus. |
| **ASBA / Location(s) / Specified Cities** | Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata and Hyderabad. |
| **Banker to the Issue/ Public Issue Bank/ Refund Banker** | Banks which are clearing members and registered with SEBI as Bankers to an Issue and with whom the Public Issue Account will be opened, in this case being [●]. |
| **Banker to the Issue Agreement** | Agreement dated [●] entered into amongst the Company, Book Running Lead Managers, Market Maker, the Registrar and the Banker of the Issue. |
| **Basis of Allotment** | The basis on which the Equity Shares will be allotted, described in *"Issue Procedure"* on page 239 of this Draft Red Herring Prospectus. |
| **Bid** | An indication to make an issue during the Bid/Issue Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor, pursuant to the submission of a Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in terms of the Red Herring Prospectus and the Bid cum Application Form. The term "Bidding" shall be construed accordingly. |
| **Bidder** | Any investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form, and unless otherwise stated or implied, includes an Anchor Investor. |
| **Bid Amount** | The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of RIBs Bidding at the Cut off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such RIBs and mentioned in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidder, as the case may be, upon submission of the Bid. |
| **Bid cum Application Form** | An application form (with and without the use of UPI, as may be applicable), whether physical or electronic, used by ASBA Bidders, which will be considered as the application for Allotment in terms of the Red Herring Prospectus. |
| **Bid Lot** | [●] Equity Shares and in multiples of [●] Equity Shares thereafter. |
| **Bid/ Issue Closing Date** | The date on which the Syndicate, the Designated Branches and the Registered Brokers shall not accept the Bids, which shall be notified in All editions of the English national newspaper [●], All editions of the Hindi national newspaper [●], and [●] edition of the Gujarati Regional newspaper [●], each with |

| Terms | Description |
|---|---|
| | wide circulation, and in case of any revision, the extended Bid/ Issue closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| **Bid/ Issue Opening Date** | The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in All edition of the English national newspaper [●], All edition of the Hindi national newspaper [●], and [●] edition of the Gujarati Regional newspaper [●], each with wide circulation, and in case of any revision, the extended Bid/ Issue Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| **Bid/ Issue Period** | The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. |
| **Bidding/Collection Centres** | Centres at which the Designated intermediaries shall accept the ASBA Forms, i.e Designated SCSB Branch for SCSBs, specified locations for syndicate, broker centre for registered brokers, designated RTA Locations for RTAs and designated CDP locations for CDPs. |
| **Book Building Process** | The book building process, as described in Part A, Schedule XIII of the SEBI ICDR Regulations, in terms of which the Issue will be made. |
| **Book Running Lead Managers or BRLMs** | The Book Running Lead Managers to the Issue, namely Cumulative Capital Private Limited ("**Cumulative**" or **"CCPL"**) and Unistone Capital Private Limited **("Unistone").** |
| **Broker Centres** | Broker centres notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchange. |
| **BSE** | BSE Limited. |
| **SME BSE** | The SME platform of BSE, approved by SEBI as an SME Exchange for listing of equity shares Issued under Chapter IX of the SEBI ICDR Regulations. |
| **CAN or Confirmation of Allocation Note** | The Note or advice or intimation sent to each successful Applicant indicating the Equity which will be allotted, after approval of Basis of Allotment by the designated Stock Exchange. |
| **Cap Price** | The higher end of the Price Band, *i.e.* ₹ [●] per Equity Share, above which the Issue Price and the Anchor Investor Issue Price will not be finalised and above which no Bids will be accepted, including any revisions thereof. The Cap Price shall be at least [●]% of the Floor Price. |
| **Client Id** | Client Identification Number maintained with one of the Depositories in relation to demat account. |
| **Collecting Depository Participant or CDP** | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. *CIR/CFD/POLICYCELL/11/2015* dated *November 10, 2015*, issued by SEBI. |
| **Controlling Branches of the SCSBs** | Such branches of the SCSBs which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchange. |
| **Cut-off Price** | The Issue Price, as finalized by our Company, in consultation with the Book Running Lead Managers which shall be any price within the Price Band. Only Retail Individual Bidders Bidding in the Retail Portion, are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| **Demographic Details** | The demographic details of the Applicants such as their Address, PAN, Occupation and Bank Account details. |
| **Depository / Depositories** | A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time, being NSDL and CDSL. |
| **Depository Participant / DP** | A Depository Participant as defined under the Depositories Act, 1996. |
| **Designated CDP Locations** | Such centres of the CDPs where Bidders can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange (www.bsesme.com) and updated from time to time. |
| **Designated Date** | The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account(s) to the Public Issue Account(s) or the Refund Account(s), as the case may be, and/or the instructions are issued to the SCSBs (in case of UPI Bidders using the UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Issue Account(s) or the Refund Account(s), as the case may be, in terms of the Red Herring Prospectus and the Prospectus after finalization of the Basis of Allotment in consultation with the Designated Stock Exchange, following which Equity Shares will be Allotted in the Issue. |
| **Designated** | An SCSB's with whom the bank account to be blocked, is maintained, a syndicate member (or sub- |

| Terms | Description |
|---|---|
| **Intermediaries/ Collecting Agent** | syndicate member), a Stock-Broker registered with recognized Stock Exchange, a Depositary Participant, a registrar to an issue and share transfer agent (RTA) (whose names is mentioned on website of the stock exchange as eligible for this activity). |
| **Designated CDP Locations** | Such locations of the CDPs where Applicant can submit the Application Forms to Collecting Depository Participants. The details of such DesignatedCDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the websites of the Stock Exchange i.e. www.bsesme.com. |
| **Designated RTA Locations** | Such locations of the RTAs where Applicant can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange i.e. www.bsesme.com. |
| **Designated SCSB Branches** | Such branches of the SCSBs which shall collect the ASBA Forms (other than ASBA Forms submitted by RIIs where the Application Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism), a list of which is available on the website of SEBI at Intermediaries www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time. |
| **Designated Stock Exchange** | SME Exchange by BSE Limited (BSE) (SME Platform of BSE). |
| **DP** | Depository Participant |
| **DP ID** | Depository Participant's Identity. |
| **Draft Red Herring Prospectus or DRHP** | This Draft Red Herring Prospectus dated December 30, 2024, filed with Stock Exchange and issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the Issue, including the price at which the Equity Shares are issued and the size of the Issue, and includes any addenda or corrigenda thereto. |
| **Eligible NRI(s)** | A Non-Resident Indian in a jurisdiction outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom the Red Herring Prospectus will constitute an invitation to subscribe for the Equity Shares. |
| **Eligible QFIs** | QFIs from such jurisdictions outside India where it is not unlawful to make an Issue or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity shares issued thereby and accounts with SEBI registered qualified depositary participants. |
| **Escrow Account(s)** | The 'no-lien' and 'non-interest bearing' account(s) opened with the Escrow Collection Bank(s) and in whose favour Anchor Investors will transfer money through direct credit/ NEFT/ RTGS/NACH in respect of Bid Amounts when submitting a Bid. |
| **Escrow Collection Bank(s)** | The banks which are clearing members and registered with SEBI as bankers to an issue under the BTI Regulations, and with whom the Escrow Account(s) will be opened, in this case being [●]. |
| **First Bidder** | The Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names. |
| **Floor Price** | The lower end of the Price Band, *i.e.*, ₹ [●] subject to any revision(s) thereto, at or above which the Issue Price and the Anchor Investor Issue Price will be finalized and below which no Bids, will be accepted and which shall not be less than the face value of the Equity Shares. |
| **Equity Shares** | Equity Shares of our Company of face value ₹10/- each. |
| **Electronic Transfer of Funds** | Refunds through ECS, NEFT, Direct Credit or RTGS as applicable. |
| **FII/ Foreign Institutional Investors** | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India. |
| **Fresh Issue** | Fresh Issue of up to 70,00,000 Equity Shares aggregating up to ₹ [●] lakhs to be issued by our Company pursuant to the Issue. |
| **First/ Sole Applicant** | The Applicant whose name appears first in the Application Form or Revision Form. |
| **Foreign Venture Capital Investors** | Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000. |
| **FPI / Foreign Portfolio Investor** | A Foreign Portfolio Investor who has been registered pursuant to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, provided that any FII or QFI who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid. |
| **Fugitive Economic Offender** | An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 as amended from time to time. |
| **Foreign Venture Capital Fund** | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India. |

| Terms | Description |
|---|---|
| **General Information Document/GID** | The General Information Document for investing in public issues prepared and issued in accordance with the circular no. *SEBI/HO/CFD/DIL1/CIR/P/2020/37* dated *March 17, 2020* and the circular no. *SEBI/HO/CFD/DIL2/CIR/P/2020/50* dated *March 30, 2020*, as amended by SEBI from time to time and the UPI Circulars. The General Information Document shall be available on the website of the Stock Exchange and Book Running Lead Managers. |
| **Gross Proceeds** | The total Issue Proceeds to be raised pursuant to the Issue. |
| **Issue / Public Issue / Issue size/ Initial Public Issue / Initial Public Issue/ Initial Public Issuing / IPO** | The issuance of up to 70,00,000 Equity Shares at ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share) aggregating up to ₹ [●] lakhs by our Company. |
| **Issue Agreement** | The Agreement dated December 26, 2024 entered amongst our Company and the Book Running Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| **Issue Price** | ₹ [●] per Equity Share, being the final price within the Price Band at which the Equity Shares will be Allotted to successful Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Issue Price in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company, in consultation with the Book Running Lead Managers, in accordance with the Book Building Process on the Pricing Date and in terms of the Red Herring Prospectus. |
| **Issue Proceeds** | Proceeds to be raised by our Company through this Issue, for further details please refer chapter titled *"Objects of the Issue"* page 80 of this Draft Red Herring Prospectus. |
| **Listing Agreement** | Unless the context specifies otherwise, this means the Equity Listing Agreement to be signed between our Company and SME platform of BSE Limited. |
| **Lot Size** | The Market lot and Trading lot for the Equity Share is [●] and in multiples of [●] thereafter; subject to a minimum allotment of [●] Equity Shares to the successful applicants. |
| **Mutual Funds** | Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended from time to time. |
| **Market Maker** | Member Brokers of BSE who are specifically registered as Market Makers with the BSE SME Platform. In our case, [●]. |
| **Market Making Agreement** | The Market Making Agreement dated [●] between our Company and Market Maker. |
| **Market Maker Reservation Portion** | The reserved portion up to [●] Equity Shares of ₹ 10/- each at an Issue price of ₹ [●] each aggregating to ₹ [●] lakhs to be subscribed by Market Maker in this issue. |
| **Minimum Promoter's Contribution** | Aggregate of [●] of the fully diluted post-Issue Equity Share capital of our Company held by our Promoters which shall be provided towards minimum promoter's contribution of [●] and locked in for a period of three years from the date of Allotment. |
| **Mobile App(s)** | The mobile applications listed on the website of SEBI at www.sebi.gov.in or such other website as may be updated from time to time, which may be used by RIIs to submit Applications using the UPI Mechanism. |
| **Net Issue** | The Issue (excluding the Market Maker Reservation Portion) up to [●] equity Shares of ₹ 10/- each at a price of ₹ [●] per Equity Share (the "Issue Price"), including a share premium of ₹ [●] per equity share aggregating to ₹ [●] Lakhs. |
| **Net Proceeds** | The Issue Proceeds received from the fresh Issue excluding Issue related expenses. For further information on the use of Net Issue Proceeds and Issue expenses, please refer to the chapter titled *"Objects of the Issue"* beginning on page 80 of this Draft Red Herring Prospectus. |
| **Non-Institutional Investors / Applicant** | All Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or Retail Individual Investors and who have applied for Equity Shares for an amount of more than ₹ [●]/- (but not including NRIs other than Eligible NRIs). |
| **Non-Resident or NR** | A person resident outside India, as defined under FEMA and includes Eligible NRI, Eligible QFIs, FIIs registered with SEBI, FVCIs and FPIs. |
| **Non-Resident Indian/NRI** | A person resident outside India, who is a citizen of India, or a Person of Indian Origin as defined under FEMA Regulations, as amended. |
| **Other Investor** | Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions. |
| **OCB / Overseas Corporate Body** | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60.00% by NRIs including overseas trusts, Overseas Corporate Body means and includes an entity defined in which not less than 60.00% clause (xi) of Regulation 2 of beneficial interest is irrevocably held by NRIs directly or indirectly and the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCB's) Regulations 2003 and which was in existence on |

| Terms | Description |
|---|---|
| | October 3, 2003 and the date of the commencement of these Regulations and immediately prior to such date had taken benefits under the commencement was eligible to undertake transactions pursuant to the general permission granted to under the Regulations. OCBs under FEMA are not allowed to invest in this Issue. |
| **Payment through electronic means** | Payment through NECS, NEFT, or Direct Credit, as applicable. |
| **Pricing Date** | The date on which our Company in consultation with the BRLMs, will finalize the Issue Price. |
| **Person/Persons** | Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires. |
| **Price Band** | Price band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum Price of ₹ [●] per Equity Share (Cap Price) and includes revisions thereof, if any. The Cap Price shall be at least [●]% of the Floor Price.<br>The Price Band and the minimum Bid Lot for the Issue will be decided by our Company, in consultation with the Book Running Lead Managers, and will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and [●] editions of [●] (a widely circulated Gujarati daily newspaper, Gujarati being the regional language of Gujarat where our registered office is located), each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price and shall be made available to the Stock Exchange for the purpose of uploading on their website. |
| **Prospectus** | The Prospectus to be filed with the RoC, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations containing, amongst other things, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information, including any addenda or corrigenda thereto. |
| **Public Issue Account** | The 'no-lien' and 'non-interest bearing' account to be opened in accordance with Section 40(3) of the Companies Act, 2013, with the Public Issue Account Bank(s) to receive money from the Escrow Account(s) and from the ASBA Accounts on the Designated Date. |
| **QIB Portion** | The portion of the Issue being not more than 50 % of the Net Issue or [●] Equity Shares, available for allocation to QIBs (including Anchor Investors) on a proportionate basis (in which allocation to Anchor Investors shall be on a discretionary basis, as determined by our Company in consultation with the BRLMs), subject to valid Bids being received at or above the Issue Price. |
| **Qualified Foreign Investor/ QFIs** | Non-resident investors other than SEBI registered FIIs or sub-accountants or SEBI registered FCVIs who meet know your client requirements prescribed by SEBI. |
| **Qualified Institutional Buyers/ QIBs** | A qualified institutional buyer as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations. |
| **Red Herring Prospectus or RHP** | The Red Herring Prospectus to be issued by our Company in accordance with Section 32 of the Companies Act, 2013 and the provisions of SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be issued and the size of the Issue, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least three working days before the Bid/ Issue Opening Date and will become the Prospectus upon filing with the RoC on or after the Pricing Date. |
| **Refund Account** | The 'no-lien' and 'non-interest bearing' account to be opened with the Refund Bank(s), from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made. |
| **Refund Bank(s)/ Refund Banker(s)** | The Bankers to the Issue with whom the Refund Accounts will be opened, in this case being [●]. |
| **Registered Brokers** | Stock-brokers registered with SEBI under the Securities and Exchange Board of India (Stock-Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate eligible to procure Bids in terms of Circular No. *CIR/CFD/14/2012* dated *October 04, 2012*, issued by SEBI. |
| **Registrar/ Registrar to the Issue/ RTA/ RTI** | Link Intime Private Limited having its office at C-101,Embassy 247, LBS.Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India. |
| **Registrar Agreement** | The agreement dated December 26, 2024 entered into between our Company, and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue. |
| **Reserved Category/** | Categories of persons eligible for making application under reservation portion. |

| Terms | Description |
|---|---|
| **Categories** | |
| **Reservation Portion** | The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations. |
| **Retail Individual Investors/ RII** | Individual investors (including HUFs, in the name of Karta and Eligible NRIs) who apply for the Equity Shares of a value of not more than ₹ 2,00,000/-. |
| **Retail Portion** | The portion of the Issue being not less than 35% of the Net Issue consisting of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, which shall not be less than the minimum Bid Lot, subject to valid Bids being received at or above the Issue Price. |
| **Registered Broker** | Stock-brokers registered with SEBI under the Securities and Exchange Board of India (Stock-Brokers and Sub Brokers) Regulations, 1992 and the stock exchanges having nationwide terminals, other than the Members of the Syndicate eligible to procure Bids in terms of Circular No. *CIR/CFD/14/2012* dated *October 04, 2012*, issued by SEBI. |
| **Revision Form** | The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s). |
| **Registrar and Share Transfer Agents or RTAs** | Registrar and Share Transfer Agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and available on the websites of the Stock Exchanges at www.bsesme.com |
| **SEBI SCORES** | Securities and Exchange Board of India Complaints Redress System. |
| **Securities Law** | In accordance with Regulation 2(1)(ccc), the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder and the general or special orders, guidelines or circulars made or issued by the Board thereunder and the provisions of the Companies Act, 2013 or any previous company law and any subordinate legislation framed thereunder, which are administered by the Board. |
| **Self-Certified Syndicate Bank(s) / SCSB(s)** | The banks registered with SEBI, which Issue the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time. |
| **SME Exchange/ SME Platform** | The SME Platform of BSE i.e. BSE SME for listing equity shares issued under Chapter IX of the SEBI ICDR Regulations. |
| **Specified securities** | The equity shares issued through this Draft Red Herring Prospectus. |
| **Syndicate Agreement** | Agreement to be entered into among the Company, the Book Running Lead Managers, and the Syndicate Members in relation to collection of Bid cum Application Forms by the Syndicate. |
| **Syndicate Members** | Syndicate members as defined under Regulation 2(1)(hhh) of the SEBI ICDR Regulations |
| **Syndicate or members of the Syndicate** | Together, the Book Running Lead Managers and the Syndicate Members |
| **Systemically Important Non-Banking Financial Company or NBFC-SI** | Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations. |
| **Sponsor Bank** | Shall mean a Banker to the Issue registered with SEBI which is appointed by the issuer to act as a conduit between the Stock Exchanges and National Payments Corporation of India in order to push the mandate collect requests and/or payment instructions of the retail investors into the UPI. |
| **Transaction Registration Slip/ TRS** | The slip or document issued by the member(s) of the Syndicate to the Applicant as proof of registration of the Application. |
| **Underwriter** | The BRLMs who shall underwrite this Issue pursuant to the provisions of the SEBI (ICDR) Regulations and the Securities and Exchange Board of India (Underwriters) Regulations, 1993, as amended from time to time. |
| **Underwriting Agreement** | The Agreement dated [●] entered between the Underwriters, BRLMs and our Company. |
| **UPI/ Unified Payments Interface** | Unified Payments Interface (UPI) is an instant payment system developed by the NPCI. It enables merging several banking features, seamless fund routing & merchant payments into one hood. UPI |

| Terms | Description |
|---|---|
| | allows instant transfer of money between any two persons bank accounts using a payment address which uniquely identifies a person's bank a/c. |
| **UPI Bidders** | Collectively, individual investors applying as Retail Individual Bidders in the Retail Portion, NIBs Bidding with an application size of more than ₹ 2,00,000 and up to ₹ 5,00,000 in the Non-Institutional Portion and Bidding under the UPI Mechanism.<br><br>Pursuant to Circular no. *SEBI/HO/CFD/DIL2/P/CIR/P/2022/45* dated *April 05, 2022* issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 5,00,000 shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity). |
| **UPI ID** | ID created on Unified Payment Interface (UPI) for single-window mobile payment system developed by the National Payments Corporation of India (NPCI). |
| **UPI Circulars** | The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018 read with SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 03, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 05, 2022, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/2022/75 dated May 30, 2022 and SEBI master circular with circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2023/70 dated May 17, 2023 (to the extent that such circulars pertain to the UPI Mechanism), SEBI master circular with circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, along with (i) the circulars issued by the National Stock Exchange of India Limited having reference no. 23/2022 dated July 22, 2022 and reference no. 25/2022 dated August 3, 2022; and (ii) the circulars issued by BSE Limited having reference no.20220722-30 dated July 22, 2022 and reference no.20220803-40 dated August 3, 2022; and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard |
| **UPI Mandate Request** | A request (intimating the UPI Bidders by way of a notification on the UPI linked mobile application and by way of an SMS on directing the UPI Bidders to such UPI linked mobile application) to the UPI Bidders initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.<br><br>In accordance with SEBI Circular No. *SEBI/HO/CFD/DIL2/CIR/P/2019/76* dated *June 28, 2019* and SEBI Circular No. *SEBI/HO/CFD/DIL2/CIR/P/2019/85* dated *July 26, 2019*, RIBs Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&int mId=40) and (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43) respectively, as updated from time to time. |
| **UPI Mechanism** | The Application mechanism that may be used by an RII to make an Application in the Issue in accordance the UPI Circulars to make an ASBA Applicant in the Issue. |
| **UPI PIN** | Password to authenticate UPI transaction |
| **U.S. Securities Act** | U.S. Securities Act of 1933, as amended |
| **Wilful Defaulter or Fraudulent Borrower** | A wilful defaulter or a fraudulent borrower, as defined under the SEBI ICDR Regulations. |
| **Working Day** | The days on which commercial banks in Mumbai are open for business; provided however, with reference to (i) announcement of Price Band; and (ii) Issue Period, "Working Day" shall mean all days, excluding all Sundays, Saturdays and public holidays, on which commercial banks in Mumbai are open for business; (iii) the time period between the Issue Closing Date and the listing of the Equity Shares on |

| Terms | Description |
|---|---|
| | the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI, including the UPI Circulars. |

**Technical and Industry Related Terms & Abbreviations**

| Terms | Full Form |
|---|---|
| **API** | Active Pharmaceutical Ingredients |
| **Calcium CMC** | Carboxymethyl Cellulose Calcium |
| **CCS** | Croscarmellose Sodium |
| **CMC** | Carboxymethyl Cellulose Calcium |
| **DGFT** | Directorate General of Foreign Trade |
| **DMW** | Demineralization Water |
| **IEC** | Import Export Code |
| **Infomerics** | Infomerics Analytics & Research Private Limited |
| **HCA** | Hydrochloric Acid |
| **KG** | Kilogram |
| **MCC** | Microcrystalline Cellulose |
| **MTPA** | Metric Tonnes Per Annum |
| **RVD** | Rotary Vacuum Dryer |
| **Sodium CMC** | Carboxymethyl Cellulose Sodium |
| **SSG** | Sodium Starch Glycollate |
| **SMCA** | Sodium Monochloro Acetate |
| **QA** | Quality Assurance |
| **QC** | Quality Control |

**Conventional and General Terms or Abbreviations**

| Abbreviation | Full Form |
|---|---|
| **A/c** | Account |
| **Act/Companies Act/ Companies Act, 2013** | Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, along with the relevant rules made there under |
| **Air Act, 1981** | Air (Prevention and Control of Pollution) Act, 1981 |
| **ACIT** | Assistant Commissioner of Income Tax |
| **ACS** | Associate Member of the Institute of Company Secretaries of India |
| **AGM** | Annual General Meeting |
| **ASBA** | Applications Supported by Blocked Amount |
| **AS / Accounting Standard** | Accounting Standards as issued by the Institute of Chartered Accountants of India |
| **AMT** | Amount |
| **AIF** | Alternative Investment Funds registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended. |
| **AY** | Assessment Year |
| **AOA** | Articles of Association |
| **Approx** | Approximately |
| **B. Com** | Bachelor of Commerce |
| **Bn** | Billion |
| **BG/LC** | Bank Guarantee / Letter of Credit |
| **BIFR** | Board for Industrial and Financial Reconstruction |
| **BSE** | BSE Limited (formerly known as the Bombay Stock Exchange of India Limited) |
| **BRLMs** | Book Running Lead Managers |
| **BSE SENSEX** | Sensex in an index; market indicator of the position of stock that is listed in the BSE |
| **Banking Regulation Act** | The Banking Regulation Act, 1949 |
| **CDSL** | Central Depository Services (India) Limited |
| **CAGR** | Compounded Annual Growth Rate |
| **CAN** | Confirmation of Allocation Note |
| **CA** | Chartered Accountant |
| **CB** | Controlling Branch |

| Abbreviation | Full Form |
|---|---|
| **CC** | Cash Credit |
| **CIN** | Corporate Identity Number |
| **CIT** | Commissioner of Income Tax |
| **COVID-19** | Coronavirus disease |
| **CS** | Company Secretary |
| **CS & CO** | Company Secretary and Compliance Officer |
| **CFO** | Chief Financial Officer |
| **CENVAT** | Central Value Added Tax |
| **CIBIL** | Credit Information Bureau (India) Limited |
| **CST** | Central Sales Tax |
| **CWA/ICWA** | Cost and Works Accountant |
| **Category I foreign portfolio investor(s)** | FPIs who are registered as "Category I foreign portfolio investor" under the SEBI FPI Regulations |
| **Category II foreign portfolio investor(s)** | FPIs who are registered as "Category II foreign portfolio investor" under the SEBI FPI Regulations |
| **Category III foreign portfolio investor(s)** | FPIs who are registered as "Category III foreign portfolio investor" under the SEBI FPI Regulations |
| **Competition Act** | The Competition Act, 2002 |
| **Consolidated FDI Policy** | Consolidated FDI Policy 2020 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time. |
| **DIN** | Director Identification Number |
| **DIPP** | Department of Industrial Policy and Promotion, Ministry of Commerce, Government of India |
| **Depositories** | NSDL and CDSL |
| **Depositories Act** | The Depositories Act, 1996 |
| **EBITDA** | Earnings Before Interest, Taxes, Depreciation & Amortisation |
| **ECS** | Electronic Clearing System |
| **ESIC** | Employee's State Insurance Corporation |
| **EPS** | Earnings Per Share |
| **ESOP** | Employee Stock Option Plan |
| **EGM /EOGM** | Extraordinary General Meeting |
| **EXIM/ EXIM Policy** | Export – Import Policy |
| **FCNR Account** | Foreign Currency Non-Resident Account |
| **FIPB** | Foreign Investment Promotion Board |
| **FY / Fiscal/ Financial Year** | Period of twelve months ended March 31 of that particular year, unless otherwise stated |
| **FEMA** | Foreign Exchange Management Act, 1999 as amended from time to time, and the regulations framed there under. |
| **FEMA Rules** | Foreign Exchange Management (Non-debt Instruments) Rules, 2019 |
| **FBT** | Fringe Benefit Tax |
| **FDI** | Foreign Direct Investment |
| **Fis** | Financial Institutions |
| **Foreign Portfolio Investor or FPIs** | "Foreign Portfolio Investor" means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act,1992. |
| **FTA** | Foreign Trade Agreement. |
| **FVCI** | Foreign Venture Capital Investors registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000. |
| **FV** | Face Value |
| **GoI/Government** | Government of India |
| **GST** | Goods and Service Tax |
| **GDP** | Gross Domestic Product |
| **HUF** | Hindu Undivided Family |
| **ICAI** | The Institute of Chartered Accountants of India |
| **ICWAI** | The Institute of Cost Accountants of India |
| **IMF** | International Monetary Fund |

| Abbreviation | Full Form |
|---|---|
| **INR / Rs./ Rupees/₹** | Indian Rupees, the legal currency of the Republic of India |
| **IIP** | Index of Industrial Production |
| **Income Tax Act or the I.T. Act** | The Income Tax Act, 1961, as amended from time to time |
| **IT Authorities** | Income Tax Authorities |
| **IT Rules** | Income Tax Rules, 1962, as amended, except as stated otherwise |
| **IRDA** | Insurance Regulatory and Development Authority |
| **Indian GAAP** | Generally Accepted Accounting Principles in India. |
| **IPO** | Initial Public Issue |
| **ICSI** | The Institute of Company Secretaries of India |
| **IFRS** | International Financial Reporting Standards |
| **HNI** | High Net Worth Individual |
| **IT Authorities** | Income Tax Authorities |
| **IRDA** | Insurance Regulatory and Development Authority |
| **KMP** | Key Managerial Personnel |
| **Ltd.** | Limited |
| **LL.B.** | Bachelor of Laws |
| **MoF** | Ministry of Finance, Government of India |
| **MCA** | Ministry of Corporate Affairs, Government of India |
| **MoU** | Memorandum of Understanding |
| **M. Com** | Master of Commerce |
| **Mn** | Million |
| **Merchant Banker** | Merchant Banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 |
| **MAPIN** | Market Participants and Investors Database |
| **NA** | Not Applicable |
| **Net-worth** | The aggregate of paid-up Share Capital and Share Premium account and Reserves and Surplus (Excluding revaluation reserves) as reduced by aggregate of Miscellaneous Expenditure (to the extent not written off) and debit balance of Profit & Loss Account |
| **NEFT** | National Electronic Funds Transfer |
| **NECS** | National Electronic Clearing System |
| **NAV** | Net Asset Value |
| **NPV** | Net Present Value |
| **NRIs** | Non-Resident Indians |
| **Non-Residents** | A person resident outside India, as defined under FEMA and includes non-resident Indians, FVCIs and FPIs |
| **Notified Sections** | The sections of the Companies Act, 2013 that have been notified by the Government as having come into effect prior to the date of this Draft Red Herring Prospectus |
| **NRE Account** | Non-Resident External Account |
| **NRO Account** | Non-Resident Ordinary Account |
| **NSE** | National Stock Exchange of India Limited |
| **NOC** | No Objection Certificate |
| **NSDL** | National Securities Depository Limited |
| **P.A.** | Per Annum |
| **PF** | Provident Fund |
| **PG** | Post-Graduate |
| **PAC** | Persons Acting in Concert |
| **P/E Ratio** | Price/Earnings Ratio |
| **PAN** | Permanent Account Number |
| **PAT** | Profit After Tax |
| **PBT** | Profit Before Tax |
| **PLI** | Postal Life Insurance |
| **POA** | Power of Attorney |
| **PSU** | Public Sector Undertaking(s) |
| **Pvt.** | Private |
| **Quarter** | A period of 3 (three) continuous months. |
| **RBI** | The Reserve Bank of India |

| Abbreviation | Full Form |
|---|---|
| **RBI Act** | The Reserve Bank of India Act, 1934. |
| **ROE** | Return on Equity |
| **R&D** | Research & Development |
| **RONW** | Return on Net Worth |
| **RTGS** | Real Time Gross Settlement |
| **SCRA** | Securities Contracts (Regulation) Act, 1956, as amended from time to time |
| **SCRR** | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| **SEBI** | Securities and Exchange Board of India constituted under the SEBI Act, 1992. |
| **SEBI Act** | Securities and Exchange Board of India Act, 1992 as amended from time to time. |
| **SEBI AIF Regulations** | Securities and Exchange Board of India (Alternate Investments Funds) Regulations, 2012, as amended from time to time. |
| **SEBI FII Regulations** | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |
| **SEBI FPI Regulations** | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended from time to time. |
| **SEBI FVCI Regulations** | Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended from time to time. |
| **SEBI (LODR) Regulations, 2015** | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time. |
| **SEBI Regulations/ SEBI ICDR Regulations** | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended from time to time |
| **SEBI Insider Trading Regulations** | Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time. |
| **SEBI SBEBSE Regulations** | Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 |
| **SEBI Takeover Regulations** | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| **SEBI (PFUTP) Regulations/PFUTP Regulations** | SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Markets) Regulations, 2003 |
| **SEBI VCF Regulations** | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended from time to time. |
| **SME** | Small and Medium Enterprises |
| **SMP** | Senior Management Personnel |
| **STT** | Securities Transaction Tax |
| **Sec.** | Section |
| **Sub-Account** | Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals. |
| **SICA** | Sick Industrial Companies (Special Provisions) Act, 1985. |
| **Stock Exchange** | Unless the context requires otherwise, refers to, BSE Limited (SME Segment). |
| **SPV** | Special Purpose Vehicle |
| **TAN** | Tax Deduction Account Number |
| **TIN** | Taxpayers Identification Number |
| **TRS** | Transaction Registration Slip |
| **UK** | United Kingdom |
| **US/United States** | United States of America |
| **USD/ US$/ $** | United States Dollar, the official currency of the Unites States of America |
| **VCF / Venture Capital Fund** | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India. |
| **w.e.f.** | With effect from |
| **Water Act, 1974** | Water (Prevention and Control of Pollution) Act, 1974 |
| **WIP** | Work in process |
| **Wilful Defaulter** | Wilful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations |
| **-, ()** | Represent outflow |

**Key Performance Indicators**

| KPI | Explanations |
|---|---|
| **Revenue from Operations** | Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business. |
| **Total Revenue** | Total Revenue is used to tack the total revenue generated by the business including other income. |
| **EBITDA** | EBITDA provides information regarding the operational efficiency of the business. |
| **EBITDA Margin** | EBITDA Margin is an indicator of the operational profitability and financial performance of our business. |
| **Profit after Tax** | Profit after tax provides information regarding the overall profitability of the business. |
| **PAT Margin** | PAT Margin is an indicator of the overall profitability and financial performance of our business. |
| **RoE** | RoE provides how efficiently our Company generates profits from shareholders' funds. |
| **Debt To Equity Ratio** | Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage. |
| **Interest Coverage Ratio** | The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstanding debt. |
| **Return on Capital employed (RoCE)** | It is calculated as profit before tax plus finance costs divided by total equity plus non-current liabilities. |
| **Current Ratio** | It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables. |
| **Net Capital Turnover Ratio** | This metric enables us to track the how effectively company is utilizing its working capital to generate revenue. |

Notwithstanding the following:

In the section titled *"Main Provisions of the Articles of Association"* beginning on page 268 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section.

In the section titled *"Financial Information"* beginning on page 192 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

In the Chapter titled *"Statement of Possible Special Tax Benefits"* beginning on page 101 of this Draft Red Herring Prospectus, defined terms shall have the same meaning given to such terms in that chapter.

In the section titled *"Risk Factors"* beginning on page 30 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;

In the chapter titled *"Management's Discussion and Analysis of Financial Position and Results of Operations"* beginning on page 197 of this Draft Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

## CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY PRESENTATION

### Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GOI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

All references in this Draft Red Herring Prospectus to the "U.S.", "USA" or "United States" are to the United States of America and its territories and possessions.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

### Use of Financial Data

Unless the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements. Our Company's financial year commences on April 1 and ends on March 31 of next year, so all references to a particular financial year or fiscal are to the 12-month period commencing on April 1 and ending on March 31 of next year. Unless the context requires otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year and references to a Fiscal/Fiscal Year are to the year ended on March 31.

The degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Indian GAAP, the Companies Act and SEBI ICDR Regulations. Any reliance by persons not familiar with the aforementioned policies and laws on the financial disclosures presented in this Draft Red Herring Prospectus should be limited. There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide a reconciliation of its financial statements with Indian GAAP, IFRS or U.S. GAAP requirements. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. For further details, see "*Risk Factors*" on page 30 of this Draft Red Herring Prospectus.

Our fiscal year commences on April 1 of every year and ends on March 31st of every next year.

For additional definitions used in this Draft Red Herring Prospectus, see the section "*Definitions and Abbreviations*" on page 6 of this Draft Red Herring Prospectus. In the section titled "*Main Provisions of the Articles of Association*", on page 268 of this Draft Red Herring Prospectus defined terms have the meaning given to such terms in the Articles of Association of our Company.

Any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Position and Results of Operations*" and elsewhere in this Draft Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company's restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Review Auditor, set out in section titled "*Financial Information*" beginning on page of 192 this Draft Red Herring Prospectus.

The Restated Financial Statements of our Company, as at and for the period ended June 30, 2024 and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022 prepared in terms of the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, the SEBI ICDR Regulations; and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended from time to time (the "Guidance Note"), comprising the restated statement of assets and liabilities for the period ended June 30, 2024 and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Statements of Profit and Loss, the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the period ended June 30, 2024 and for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022, the summary statement of significant accounting policies, and other explanatory information.

For further information on our Company's financial information, see "*Financial Information*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" on pages 192 and 197, respectively.

Certain Non-GAAP Measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, PAT Margin, and others, have been included in this Draft Red Herring Prospectus. We compute and disclose such Non-GAAP measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These Non- GAAP measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating

performance or liquidity defined by the accounting standards and may not be comparable to similarly titled measures presented by other companies.

**Use of Industry & Market Data**

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Accordingly, no investment decision should be made solely on the basis of such information. Further, industry sources and publications are also prepared based on information as of a specific date and may no longer be current or reflect current trends.

Although, we believe industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. There are no standard data gathering methodologies in the industry in which we conduct our business and methodologies and assumptions may vary widely among different market and industry sources.

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus is derived from the report titled, "Industry Report on Chemical Sector" dated December 30, 2024, ("Infomerics Report") prepared by Infomerics Analytics & Research Private Limited ("Infomerics"), appointed by our Company pursuant to an engagement letter dated December 26, 2024, and such Infomerics Report has been commissioned by and paid for by our Company, exclusively in connection with the Issue. Further, Infomerics, pursuant to its consent letter dated December 30, 2024, has accorded its no objection and consent to use the Infomerics Report in connection with the Issue and has also confirmed that it is an independent agency, and that it is not related to our Company, our Directors, our Promoters, our Key Managerial Personnel, our Senior Management or the BRLMs.

The Industry Report is available on the website of our Company at https://www.patelchem.com and has also been included in "*Material Contracts and Documents for Inspection*" on page 280 of this Draft Red Herring Prospectus.

In accordance with the SEBI (ICDR) Regulations, 2018 the section titled *"Basis of Issue Price"* on page 94 of this Draft Red Herring Prospectus includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs, have independently verified such information.

**Currency of Financial Presentation**

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lac / Lakh" means "one hundred thousand", the word "million (mn)" means "Ten Lac / Lakh", the word "Crore" means "ten million" and the word "billion (bn)" means "one hundred crores". In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

All references to "Rupees" or "INR" or "Rs." or "₹" are to Indian Rupees, the official currency of the Republic of India. Except where specified, including in the section titled *"Industry Overview"* throughout this Draft Red Herring Prospectus all figures have been expressed in Lakhs.

This Draft Red Herring Prospectus contains conversion of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI (ICDR) Regulations, 2018. These conversions should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

**Exchange Rates**

This Draft Red Herring Prospectus contains conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Indian Rupee and other foreign currencies:

| Currency | Exchange rate as on *(in ₹)* | | | |
|---|---|---|---|---|
| | June 30, 2024 | March 31, 2024 | March 31, 2023 | March 31, 2022 |
| 1 USD | 83.45 | 83.38 | 82.22 | 75.91 |
| 1 SGD | 61.46 | 61.73 | 61.82 | 55.81 |

*(Source: www.rbi.org.in and www.exchange-rates.org)*

In case the RBI reference rate is not available on a particular date due to a public holiday, exchange rates of the previous working day have been considered. The reference rates are rounded off to two decimal places.

## FORWARD LOOKING STATEMENT

This Draft Red Herring Prospectus contains certain statements which are not statements of historical fact and may be described as "*forward-looking statements*". These forward-looking statements include statements which can generally be identified by words or phrases such as "aim", "anticipate", "are likely", "believe", "continue", "can", "could", "expect", "estimate", "intend", "may", "likely", "objective", "plan", "propose", "will continue", "seek to", "will achieve", "will likely", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, plans, revenue and profitability (including, without limitation, any financial or operating projections or forecasts) and other matters discussed in this Draft Red Herring Prospectus that are not historical facts. However, these are not the exclusive means of identifying forward-looking statements.

These forward-looking statements are based on our current plans, estimates and expectations and actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India and globally which have an impact on our business activities, investments, or the industry in which we operate, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes, changes in competition in the industry in which we operate and incidents of any natural calamities and/or acts of violence. Certain important factors that could cause actual results to differ materially from our Company's expectations include, but are not limited to, the following:

1. General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
2. Changes in laws and regulations relating to the sectors/areas in which we operate; ¬ Increased competition in the Industry which we operate;
3. Factors affecting the Industry in which we operate; ¬ Our ability to meet our capital expenditure requirements;
4. Fluctuations in operating costs;
5. Our ability to attract and retain qualified personnel;
6. Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries; ¬
7. Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
8. The performance of the financial markets in India and globally; ¬ Any adverse outcome in the legal proceedings in which we are involved;
9. Changes in government policies and regulatory actions that apply to or affect our business
10. Our failure to keep pace with rapid changes in technology;
11. The occurrence of natural disasters or calamities;
12. Other factors beyond our control;
13. Our ability to manage risks that arise from these factors;

For further discussion of factors that could cause our actual results to differ, see the Section titled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" beginning on page 30, 130 and 197 respectively of this Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

There can be no assurance to investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Neither our Company, our Directors, our Promoters, the Book Running Lead Managers, the Syndicate Members nor any of their respective affiliates or advisors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI ICDR Regulations, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Share forming part of the Issue from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchange.

## SECTION II- SUMMARY OF THE ISSUE DOCUMENT

### A. SUMMARY OF OUR BUSINESS OVERVIEW

**OUR COMPANY**

Our Company was incorporated on June 25, 2008, with the primary focus on manufacturing of the high-quality cellulose-based excipients which predominantly find application in the Pharmaceutical, Nutraceutical, Food and Beverages, Cosmetic and other industries**.**

For further details of change in name, change in object and change in registered office of our company, please refer to section titled *'History and Certain Other Corporate Matters'* beginning on page 165 of this Draft Red Herring Prospectus.

**OUR BUSINESS**

Our Company operates in the field of specialty chemicals, particularly focusing on the production of cellulose-based excipients. We manufacture a diverse range of products that are critical to various industries, including pharmaceuticals, food & beverages, cosmetics, and numerous industrial applications. These chemicals are fundamental in the formulation of essential products such as tablets, food additives, personal care items, and industrial formulations. Our products play vital roles as binders, disintegrants, thickeners, stabilizers, and gelling agents, each serving a specialized function across multiple sectors.

Since inception, our Company manufactures Sodium Monochloro Acetate (SMCA), Sodium Starch Glycolate (SSG), Croscaremellose Sodium (CCS), Carboxymethyl Cellulose Calcium (Calcium CMC), Sodium Carboxymethyl Cellulose (Sodium CMC), Microcrystalline Cellulose (MCC)). With a commitment to quality and innovation, we have successfully established a strong global presence, exporting our products to over 15 countries, including the USA, Germany, UK, Japan, China, Australia, and many more. Our expertise in producing high-quality excipients has enabled us to carve out a niche in the cellulose-based chemicals market, driven by our adherence to international quality standards such as US-DMF, GMP, ISO 9001:2015 etc.

For detailed information on the business of our Company please refer to "*Our Business*" beginning on page 130 of this Draft Red Herring Prospectus.

**SUMMARY OF INDUSTRY**

Our Company is engaged in the manufacturing of Carboxymethyl Cellulose Sodium (Sodium CMC), Microcrystalline Cellulose (MCC), Carboxymethyl Cellulose Calcium (Calcium CMC), Croscarmellose Sodium (CCS), Sodium Starch Glycolate (SSG), and Sodium Monochloro Acetate (SMCA). Our Company operate in chemicals industry.

For detailed information on the industry please refer to *"Industry Overview*" beginning on page number 104 of this Draft Red Herring Prospectus

### B. PROMOTERS

The Promoters of our Company are Bhupesh Patel, Anshu Patel and Vini Patel.

For detailed information please refer chapter titled "*Our Promoters and Promoter Group*" on page number 184 respectively of this Draft Red Herring Prospectus.

### C. ISSUE SIZE

The Issue size comprises of fresh issuance of up to 70,00,000 Equity Shares of face value of ₹ 10/- each fully paid-up of the Company for cash at price of ₹ [●] per Equity Share (including premium of ₹ [●] per Equity Share) aggregating ₹ [●] ("The Issue"), of which [●] equity shares of face value of ₹ 10/- each for cash at a price of ₹ [●] per equity share including a share premium of ₹ [●] per equity share aggregating to ₹ [●] Lakh will be reserved for subscription by Market Maker to the Issue (the "Market Maker Reservation Portion"). The Issue less the Market Maker Reservation Portion i.e. Net Issue of [●] equity shares of face value of ₹10/- each at a price of ₹ [●] per equity share aggregating to ₹ [●] Lakhs are herein after referred to as the "Net Issue". The Issue and the Net Issue will constitute [●] % and [●] % respectively of the post Issue paid up equity share capital of the Company.

### D. OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds for the following objects:

| S. N. | Particulars | Amount (In ₹ Lakh) |
|---|---|---|
| 1. | Funding capital expenditure to set up plant at Indrad, Mahesana for manufacturing Croscarmellose Sodium ("CCS"), Sodium Starch Glycolate ("SSG") – Corn Starch Base & Potato Starch Base and Calcium Carboxymethylcellulose (CMC) | 4,314.78 |
| 2. | General Corporate Purposes* | [●] |
| **Total** | | [●] |

**The amount utilized for general corporate purposes shall not exceed 25% of the gross proceeds of the Issue.*

## E. PRE-ISSUE SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP

Our Promoters and Promoter Group collectively holds 1,70,00,180 Equity shares of our Company aggregating to 95.13% of the Pre Issue paid-up Share Capital of our Company. Following are the details of the shareholding of the Promoters and Promoter Group, as on date of this Draft Red Herring Prospectus: -

| Sr. No. | Name of the Shareholders | Pre-Issue | | Post issue | |
|---|---|---|---|---|---|
| | | No. of equity Shares | As a % of Issued Capital | No. of equity Shares | As a % of Issued Capital |
| **Promoters** | | | | | |
| 1. | Bhupesh Patel | 1,51,28,980 | 84.66% | [●] | [●] |
| 2. | Anshu Patel | 14,96,000 | 8.37% | [●] | [●] |
| 3. | Vini Patel | 1,70,000 | 0.95% | [●] | [●] |
| **Total A** | | **1,67,94,980** | **93.98%** | [●] | [●] |
| **Promoter Group** | | | | | |
| 4. | Bhupesh Patel -HUF | 2,04,000 | 1.14% | | |
| 5. | Neha Patwari | 1,200 | 0.01% | [●] | [●] |
| **Total B** | | **2,05,200** | **1.15%** | [●] | [●] |
| **Total shareholding of Promoters and Promoter Group A+B** | | **1,70,00,180** | **95.13%** | [●] | [●] |

## F. SUMMARY OF FINANCIAL INFORMATION

Following are the details as per the restated financial statements for the financial years ended on March 31, 2024, March 31, 2023, March 31, 2022 and for the period ended June 30, 2024.

*(₹ in lakhs)*

| Particulars | For Period ended on June 30, 2024 | For the year ended March 31 | | |
|---|---|---|---|---|
| | | 2024 | 2023 | 2022 |
| Share Capital | 100.00 | 100.00 | 100.00 | 100.00 |
| Net Worth | 2214.60 | 1952.49 | 1186.87 | 898.27 |
| Revenue from Operations | 2705.25 | 8236.16 | 6939.60 | 6048.46 |
| Profit after Tax | 262.10 | 765.62 | 288.61 | 227.90 |
| Earnings per share Basic and Diluted (in ₹) | 1.54 | 4.50 | 1.70 | 1.34 |
| Net Asset Value per Equity Share (in ₹) | 13.03 | 11.49 | 6.98 | 5.28 |
| Total Borrowing | 1,443.73 | 1,545.51 | 1,179.22 | 791.49 |
| - Long Term | 740.56 | 672.26 | 540.99 | 348.25 |
| - Short Term | 703.17 | 873.24 | 638.22 | 443.23 |

## G. QUALIFICATIONS OF AUDITORS

The Restated Financial Statements do not contain any qualification requiring adjustments by the Statutory Auditors.

## H. SUMMARY OF OUTSTANDING LITIGATIONS & MATERIAL DEVELOPMENTS

A brief detail of such outstanding litigations as on the date of this Draft Red Herring Prospectus are as follows:

| Name | By/Against | Civil Proceedings | Criminal Proceedings | Tax Proceedings | Other Pending Litigation | Actions by Regulatory Authorities | Amount Involved *(₹ in lakhs)* |
|---|---|---|---|---|---|---|---|
| Company | By | - | - | - | - | - | - |

| Name | By/Against | Civil Proceedings | Criminal Proceedings | Tax Proceedings | Other Pending Litigation | Actions by Regulatory Authorities | Amount Involved *(₹ in lakhs)* |
|---|---|---|---|---|---|---|---|
| | Against | - | - | - | - | - | - |
| Promoters | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |
| Promoter Group | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |
| Group Companies /Entities | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |
| Directors other than Promoters | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |

*For further details, please refer chapter titled "Outstanding Litigations & Material Developments"* beginning on page 207 of this Draft Red Herring Prospectus.

## I. RISK FACTORS

For details relating to risk factors, please refer section titled *"Risk Factors"* beginning on page 30 of this Draft Red Herring Prospectus.

## J. SUMMARY OF CONTINGENT LIABILITIES OF OUR COMPANY

There are no Contingent Liabilities of the Company for the period ended June 30, 2024 and for the financial year ended on March 31, 2024, March 31, 2023 and March 31, 2022.

## K. SUMMARY OF RELATED PARTY TRANSACTIONS

Following is the summary of the related party transactions entered by the Company (based on Restated Financial Statements) for the period ended June 30, 2024 and for the financial year ended on March 31, 2024, March 31, 2023 and March 31, 2022.

### a. List of related parties

| Name of the Party | Relationship |
|---|---|
| Patel Chem North America INC | Related party as Vini Patel and Anshu Patel are Directors |
| Anshu Patel | Director |
| Bhupesh Patel | Director |
| Vini Patel | Director |
| Devansh Patel | Son of Bhupesh Patel |
| Kusumben Patel | Mother of Bhupesh Patel |
| Alpa Patel | Sister of Bhupesh Patel |
| Neha Patwari | Sister of Anshu Patel |
| Bhupesh V Patel (HUF) | HUF of Director |
| A V Orgonosys | Entity controlled by HUF of Director |
| A V Cellulose Products | Entity controlled by Director/ Relatives of director |
| Patel Industries | Entity controlled by Director/ Relatives of director |

### b. Transaction with Related Parties

*(₹ in Lakhs)*

| Name Of the Party | Nature Of Transaction | Particulars | For the period ended June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|---|
| A V Cellulose Products | Sale of Goods | Transaction Amount: | 2.09 | 6.97 | 2.79 | 3.92 |
| | Purchase of Goods | Transaction Amount: | 40.36 | 213.53 | 173.52 | 226.35 |
| | | As Receivable: | 2.09 | 1.39 | - | - |

| Name Of the Party | Nature Of Transaction | Particulars | For the period ended June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|---|
| | Outstanding amount at year end | As Payable: | 35.25 | 29.29 | 74.88 | 42.92 |
| Patel Industries Unit-I | Sale of Goods | Transaction Amount: | 31.90 | 120.84 | 268.50 | 182.11 |
| | Purchase of Goods | Transaction Amount: | 20.53 | 325.53 | 129.67 | 199.61 |
| | Outstanding amount at year end | As Receivable: | 9.98 | - | 203.62 | - |
| | | As Payable: | 12.68 | - | - | 5.80 |
| Patel Industries Unit-II | Sale of Goods | Transaction Amount: | - | - | 132.84 | 79.67 |
| | Purchase of Goods | Transaction Amount: | - | - | 51.75 | 38.97 |
| | Outstanding amount at year end | As Receivable: | - | - | - | - |
| | | As Payable: | - | - | - | - |
| Anshu B Patel | Managerial Remuneration | Transaction Amount: | 7.80 | 27.01 | 24.54 | 21.42 |
| | Purchase of Services (Rent) | Transaction Amount: | 6.23 | 23.36 | 21.24 | 17.70 |
| | Interest accrued on loan taken | Transaction Amount: | - | - | 5.42 | 3.63 |
| | Loan taken during the year | Transaction Amount: | - | 45.00 | 37.50 | 51.50 |
| | Loan repaid during the year | Transaction Amount: | - | 24.06 | - | 25.00 |
| | Outstanding amount at year end | As Payable towards Remuneration: | 2.48 | 1.39 | 1.26 | 1.09 |
| | | As Payable towards Rent: | 1.96 | 1.78 | 1.62 | 1.35 |
| | | As Payable towards Interest: | - | - | 1.73 | 3.27 |
| | | As Payable towards Loan taken: | 92.27 | 92.27 | 71.33 | 33.83 |
| Bhupesh Patel | Managerial Remuneration | Transaction Amount: | 11.19 | 37.09 | 33.42 | 28.50 |
| | Interest accrued on loan taken | Transaction Amount: | - | - | 21.53 | 15.97 |
| | Loan taken during the year | Transaction Amount: | - | 51.50 | 57.50 | 50.00 |
| | Loan repaid during the year | Transaction Amount: | 28.00 | 35.75 | - | - |
| | Outstanding amount at year end | As Payable towards Remuneration: | 3.95 | 1.91 | 1.71 | 1.43 |
| | | As Payable towards Interest: | - | - | 5.29 | 14.38 |
| | | As Payable towards Loan taken: | 190.08 | 218.08 | 202.33 | 144.83 |
| Vini Patel | Managerial Remuneration | Transaction Amount: | - | - | - | 3.25 |
| | Interest accrued on loan taken | Transaction Amount: | - | - | 0.02 | - |

| Name Of the Party | Nature Of Transaction | Particulars | For the period ended June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|---|
| | Loan taken during the year | Transaction Amount: | - | - | 4.25 | - |
| | Outstanding amount at year end | As Payable towards Remuneration: | - | - | - | - |
| | | As Payable towards Interest: | - | - | 0.02 | - |
| | | As Payable towards Loan taken: | 4.25 | 4.25 | 4.25 | - |
| Bhupesh V Patel (HUF) | Interest accrued on Loan taken | Transaction Amount: | - | - | 5.55 | 3.83 |
| | Loan taken during the year | Transaction Amount: | - | 30.00 | 25.00 | 5.00 |
| | Loan repaid during the year | Transaction Amount: | - | 32.88 | - | - |
| | Outstanding amount at year end | As Payable towards Interest: | - | - | 1.38 | 3.45 |
| | | As Payable towards Loan taken: | 53.62 | 53.62 | 56.50 | 31.50 |
| Patelchem North America Inc. | Sale of Goods | Transaction Amount: | - | 56.55 | - | - |
| | Purchase of Goods | Transaction Amount: | - | - | - | - |
| | Outstanding amount at year end | As Receivable: | 27.30 | 32.27 | - | - |
| | | As Payable: | - | - | - | - |

For further details, please refer to the Related Party Disclosures of chapter titled "*Financial Information*" on page 192 of this Draft Red Herring Prospectus.

## L. FINANCING ARRANGEMENTS

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six (6) months immediately preceding the date of this Draft Red Herring Prospectus.

## M. WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY EACH OF OUR PROMOTERS IN LAST ONE YEAR

Weighted average price at which the Equity Shares were acquired by our Promoters in Last one year preceding the date of this Draft Red Herring Prospectus:

| Name of the Promoters | No. of Shares held | Weighted Average Cost of Acquisition (in ₹) |
|---|---|---|
| Bhupesh Patel | 1,42,39,040 | NIL |
| Anshu Patel | 14,08,000 | NIL |
| Vini Patel | 1,60,000 | NIL |

**As certified by M/s Ashok Rajpara & Co., Chartered Accountants, by their certificate dated December 26, 2024*

## N. AVERAGE COST OF ACQUISITON

The average cost of acquisition per Equity Share to our Promoters as at the date of this Draft Red Herring Prospectus is:

| Name of the Promoters | No. of Shares held | Average cost of Acquisition (in ₹) |
|---|---|---|
| Bhupesh Patel | 15,128,980 | 0.12 |
| Anshu Patel | 1,496,000 | 0.19 |
| Vini Patel | 170,000 | 5.29 |

**As certified by M/s Ashok Rajpara & Co., Chartered Accountants, by their certificate dated December 26, 2024*

## O. DETAILS OF PRE-ISSUE PLACEMENT

Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Draft Red Herring Prospectus until the listing of the Equity Shares

## P. ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE YEAR

Except for the details mentioned below, we have not issued Equity Shares for consideration other than cash in the preceding one year.

| Date of Transaction | Number Shares Issued | Face Value (₹) | Issue Price (₹) | Reason of Allotment | Benefit Accrued to our Company | Name of Allottees | No. of Shares Allotted |
|---|---|---|---|---|---|---|---|
| July 15, 2024 | 1,60,00,000 | 10 | Nil | Bonus | Capitalization of Profits | Bhupesh Patel | 1,42,39,040 |
| | | | | | | Anshu Patel | 14,08,000 |
| | | | | | | Bhupesh V. Patel – HUF | 1,92,000 |
| | | | | | | Vini Patel | 1,60,000 |
| | | | | | | Amarkumar Panchal | 160 |
| | | | | | | Amit Chauhan | 160 |
| | | | | | | Anand Dave | 160 |
| | | | | | | Jignesh Rathod | 160 |
| | | | | | | Kalpesh Prajapati | 160 |
| | | | | | | Pravin Mistry | 160 |

## Q. SPLIT / CONSOLIDATION OF EQUITY SHARES IN THE LAST ONE YEAR

The Company has not consolidated its equity shares in the last one (1) year.

## R. EXEMPTION FROM COMPLYING SECURITIES LAWS

As on date of this Draft Red Herring Prospectus, our Company has not availed any exemption from complying with any provisions of securities laws granted by SEBI.

## SECTION III- RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties summarized below, before making an investment in our Equity Shares. The risks described below are relevant to the industries our Company is engaged in, our Company and our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the chapters titled "Our Business" and "Management's Discussion and Analysis of Financial Positions and Results of Operations" beginning on page 130 and 197 respectively, of this Draft Red Herring Prospectus as well as the other financial and statistical information contained in this Draft Red Herring Prospectus. Prior to making an investment decision, prospective investors should carefully consider all of the information contained in the section titled "Financial Information" beginning on page 192 of this Draft Red Herring Prospectus.*

*If any one or more of the following risks as well as other risks and uncertainties discussed in this Draft Red Herring Prospectus occurs, our business, financial position and results of our operation could suffer material adverse effects and could cause the trading price of our Equity Shares and the value of investment in the Equity Shares to materially decline which could result in the loss of all or part of investment. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is therefore subject to a legal and regulatory environment that may differ in certain respects from that of other countries.*

*Only to the extent explicitly indicated, industry and market data used in this section has been derived from the report titled "Industry Report on Chemicals Sector" dated December 30, 2024, prepared and issued by Infomerics (the "Infomerics Report"), appointed by us and exclusively commissioned by and paid for by our Company specifically in connection with the Issue. The Infomerics Report has been prepared and issued by Infomerics for the purpose of understanding the industry exclusively in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Infomerics Report and included herein with respect to any particular fiscal or calendar year, refers to such information for the relevant fiscal or calendar year. Also see "Certain Conventions, Currency of Presentation, Use of Financial Information and Market Data" on page 21. Infomerics is an independent agency and is not related to the Company, its Directors, Promoters, Subsidiaries or BRLMs.*

*This Draft Red Herring Prospectus also contains forward looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. These risks are not the only ones that our Company face. Our business operations could also be affected by additional factors that are not presently known to us or that we currently consider to be immaterial to our operations. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify financial or other implication of any risks mentioned herein.*

**Materiality**

*The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality.*

1. *Some events may not be material individually but may be material when considered collectively.*
2. *Some events may have an impact which is qualitative though not quantitative.*
3. *Some events may not be material at present but may have a material impact in the future.*

*Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context requires otherwise, the financial information of our Company has been derived from the Restated Financial Information.*

*The risk factors are classified as under for the sake of better clarity and increased understanding.*

**INTERNAL RISK**

1. ***We do not have long-term agreements with our suppliers for raw materials and an inability to procure the desired quality, quantity of our raw materials in a timely manner and at reasonable costs, or at all, may have a negative impact on our business, results of operations, financial condition and cash flows.***

Our purchases of raw materials are concentrated from a few suppliers. The details of this concentration are provided in the following table:

*( ₹ in Lakhs)*

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Purchases | % of Total Purchases | Purchases | % of Total Purchases | Purchases | % of Total Purchases | Purchases | % of Total Purchases |
| Top 1 Supplier | 438.24 | 25.83 | 1,448.22 | 24.10 | 1,389.18 | 23.24 | 795.83 | 16.20 |
| Top 3 Suppliers | 644.77 | 38.01 | 2,313.74 | 38.51 | 2,284.74 | 38.22 | 1,620.76 | 32.98 |
| Top 5 Suppliers | 810.67 | 47.79 | 2,968.94 | 49.41 | 2,840.17 | 47.51 | 2,131.40 | 43.38 |
| Top 10 Suppliers | 1,099.92 | 64.84 | 3,993.56 | 66.47 | 3,731.75 | 62.42 | 2,968.77 | 60.42 |

Our ability to remain competitive, maintain costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices. For further information, see "*Our Business*" on page 130 of this Draft Red Herring Prospectus. We depend on external suppliers for all the raw materials required and typically purchase raw materials on a purchase order basis and place such orders with them in advance based on our projected requirements. As a result, the success of our business is significantly dependent on maintaining good relationships with our raw material suppliers. The absence of long-term supply contracts subjects us to risks such as price volatility caused by various factors viz. commodity market fluctuations, currency fluctuations, climatic and environmental conditions, transportation cost, changes in domestic as well as international government policies, regulatory changes, and trade sanctions.

Our raw materials and consumables are also imported. As a result, we continue to remain susceptible to the risks arising out of foreign exchange rate fluctuations as well as import duties, which could result in a decline in our operating margins.

If we cannot fully offset the increase in raw material prices with increase in the prices for our products, we will experience lower profit margins, which in turn may have a material adverse effect on our results of operations, financial condition and ultimately lead to a liquidity crunch. In the absence of such contracts, we are also exposed to the risk of unavailability of raw materials in desired quantities and qualities, in a timely manner.

Although we have not faced any significant disruptions in the procurement of raw materials in the past. However, there can be no assurance that in future we will be able to procure the required quantities and quality of raw materials commensurate with our requirements. For the period ended June 30, 2024 and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022, the cost of raw materials and components consumed amounts to ₹ 1,819.02 lakhs, ₹ 5,894.98 lakhs, ₹ 5,509.36 lakhs, and ₹ 4,893.23 lakhs representing 67.24%, 71.57%, 79.39% and 80.90% respectively, of our revenue from operations. There can also be no assurance that a particular supplier will continue to supply us with raw materials in the future. Any delay in supplying finished products to customers in accordance with the terms and conditions of the purchase orders, such as delivery within a specified time, as a result of delayed raw material supply, could result in the customer refusing to accept our products, which may have an adverse effect on our business and reputation.

Further, as we generally receive purchase orders for supply of our products to customers, we rely on historical trends and other indicators to purchase the required quantities of raw materials. We, therefore, run the risk of purchasing more raw materials than necessary, which could expose us to risks associated with prolonged storage of some of these materials, and materially affect our results of operations. Conversely, if our customers place orders for greater quantities of products compared to their historical requirements, we may not be able to adequately source the necessary raw materials in a timely manner and may not have the required manufacturing capacity to meet such demand. In addition, if all or a significant number of our suppliers for any particular raw material are unable or unwilling to meet our requirements or if our estimates fall short of the demand, we could suffer shortages or significant cost increases. Continued supply disruptions could exert pressure on our costs, and we cannot assure you that all or part of any increased costs can be passed along to our customers in a timely manner or at all, which could negatively affect our business, overall profitability and financial performance.

2. ***Majority of our domestic purchases and imports for the last 3 Financial Years and stub period is dependent on few states and single country. Any loss of business from any of these states and country may adversely affect our ability to procure our raw materials in time to meet our customers needs.***

Our domestic purchases are dependent on the top 3 States including Gujarat, Maharashtra, Delhi and all of our imports are done from China. We purchased almost i.e. 50.56%, 57.88%, 53.05% and 73.87% of the total domestic purchases for the period ended June 30, 2024 and for the financial years ended 2024, 2023, 2022 respectively and imported almost i.e. 47.35%, 38.93%, 41.80% and 26.11% of total purchases for the period ended June 30, 2024 and for the financial years ended 2024, 2023, 2022 respectively. Such concentration of purchases in above states and China may have an adverse impact on our business. Further, drastic change in taxes and other levies imposed by state government and government of China as well as other financial policies and regulations, political and deregulation policies, if changed, could harm business and economic conditions. For Further information, refer Geographical wise distribution of our revenue under chapter "*Our Business*" on page 130 of this Draft Red Herring Prospectus.

***3. Majority of our domestic sales for the last 3 Financial Years and stub period is dependent on few states. Any loss of business from any of these states may adversely affect our revenues and profitability.***

Our domestic sales are dependent on the top 3 States including Gujarat, Maharashtra, West Bengal. We generated almost i.e. 65.16%, 60.74%, 64.72% and 62.22% of the total domestic sales for the period ended June 30, 2024 and for the financial years ended 2024, 2023, 2022 respectively. Such concentration of revenue in above states may have an adverse effect. Further, drastic change in taxes and other levies imposed by state government as well as other financial policies and regulations, political and deregulation policies, if changed, could harm business and economic conditions. However, the composition and revenue generated from various states might change as we continue to add new customers in the different parts of India. For Further information, refer Geographical wise distribution of our revenue under chapter "*Our Business*" on page 130 of this Draft Red Herring Prospectus.

***4. The restated financial statements have been provided by peer reviewed auditor who is not statutory auditor of our Company.***

The restated financial statements of our Company for the period June 30, 2024 and for the financial year ended March 31, 2024, 2023 and 2022 have been furnished by a peer-reviewed chartered accountant who is not the Statutory Auditor of the Company as on the date of signing the Restated Financial Information of the Company.

***5. Our Major Exports are to Egypt, United States, Russia, Republic of Korea, United Kingdom, Japan and Germany. Any loss of business from any of these countries may adversely affect our revenues and profitability.***

Our export sales are majorly dependent on the Egypt, United States, Russia, Republic of Korea, United Kingdom, Japan and Germany. Our Export revenue is dependent on the above countries, the following table represent the top 5 countries on which our export revenue predominantly depends:

| For the period/ year ended | Top 5 Countries | % of total Exports |
|---|---|---|
| June 30, 2024 | Egypt, United States, Russia, Japan, Republic of Korea | 71.85 |
| March 31, 2024 | Egypt, United States, Russia, Republic of Korea, Japan | 62.21 |
| March 31, 2023 | Egypt, United Kingdom, Russia, Japan, Germany | 62.23 |
| March 31, 2022 | Egypt, United States, Russia, Republic of Korea, Germany | 74.74 |

Our export sales are depending on the above countries and in future if any, we are not able to sell our products to above countries our revenue will impact majorly. For Further information, refer chapter titles "*Our Business*" on page 130 of this Draft Red Herring Prospectus.

***6. There may be potential conflict of interests between our Company and M/s Patel Industries.***

M/s Patel Industries, proprietorship of one of our Promoter Bhupesh Patel, is into a business of trading specialty chemicals same as manufactured by our Company, which may create a potential conflict of interest and which in turn, may have an implication on our operations and profits. Conflicts of interests may arise in allocating business opportunities between our Company and M/s Patel Industries activities in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favor M/s Patel Industries. For further details, please refer to the Related Party Disclosures of chapter titled "*Financial Information*" on page 192 of this Draft Red Herring Prospectus.

***7. Our international operations expose us to complex management, legal, tax, foreign exchange and economic risks, which could adversely affect our business, results of operations and financial condition.***

Our products are imported and exported to up to 25 countries. As a result, our business is subject to risks and challenges associated with international operations, including risks related to complying with several local laws, restrictions on the import and export of certain intermediates, technologies, multiple tax and cost structures, cultural and language factors. Further, regulatory requirements are still evolving in many markets and are subject to change and as a result may, at times, be unclear or inconsistent. We could also face other internal or external risks, including, inter alia, foreign exchange and economic volatility, any need to obtain governmental approvals and permits under unfamiliar regulatory regimes, restrictions on the transfer of funds into or out of a country, longer payment cycles in some countries and inability to maintain or enforce legal rights and remedies and at a reasonable cost or at all. If we do not effectively manage our international operations, it may affect our profitability from such countries, which may adversely affect our business, results of operations and financial condition.

***8. Under-utilization of our production capacities could have an adverse effect on our business, future prospects and future financial performance.***

For Talod, Gujarat unit with an aggregate installed production/processing capacity of 7,20,000 kgs per annum for Micro Crystalline Cellulose, we are utilizing the current capacity which can impact our operating results. The following table sets forth certain information relating to capacity utilization of our Unit calculated on the basis of total installed production / processing capacity and actual production/ processing as of/ for the periods indicated below:

***Manufacturing Unit at Talod:***

| Product | Units | June 17, 2022 to March 31, 2023 | | | For the year ended March 31, 2024 | | | For the three months period ended June 30, 2024 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capacity | Production | Utilization | Capacity | Production | Utilization | Capacity | Production | Utilization |
| MCC | Kgs | 7,20,000 | 3,17,445 | 44.09 | 7,20,000 | 5,72,515 | 79.51 | 7,20,000 | 1,54,500 | 21.45 |

*Note: Our Talod unit started manufacturing from June 17, 2022.*
**Certified by Independent Chartered Engineer i.e. Jayendrasinh K Parmar in respect of his certificate dated December 28, 2024.*

For further information, see "*Our Business*" starting from page 130 of this Draft Red Herring Prospectus. These percentages are not indicative of future capacity utilization, which are dependent on various factors, including demand for our products, availability of raw materials, shipping cost, our ability to manage our inventory and improving operational efficiency. Under-utilization of our production capacities over extended periods or significant under-utilization in the short-term could materially and adversely impact our business, growth prospects and future financial performance. Our capacity utilization levels are dependent on our ability to carry out uninterrupted operations at unit, sufficient raw materials, industry/ market conditions, as well as by the product requirements of, and procurement practice followed by our customers. In the event we face prolonged disruptions at our facilities including due to interruptions in the supply of electricity, water or as a result of labour unrest, or are unable to procure sufficient raw materials, we would not be able to achieve full capacity utilization of our current unit, resulting in operational inefficiencies which could have a materially adverse effect on our business and financial condition.

***9. Risk of Potential Machinery Strain and Operational Challenges Due to Overutilization of Installed Capacity***

For Vatva, Gujarat unit with an aggregate installed production/processing capacity of 30,00,000 kgs for Sodium Monochloro Acetate, Sodium Starch Glycolate, Croscarmellose Sodium, Calcium CMC and Sodium Carboxymethyl Cellulose, we are overutilizing of installed capacity during the June-ending quarter which may increase the likelihood of strain on machinery, potentially elevating the risk of breakdowns if such levels of utilization persist in the future. While the machinery has performed adequately under current conditions, operating consistently beyond its optimal capacity could lead to wear and tear, reducing efficiency and reliability over time. Proactive measures, such as monitoring usage patterns and adhering to maintenance schedules, can help mitigate the possibility of such outcomes and ensure sustained performance.

The following table sets forth certain information relating to capacity utilization of our Unit calculated on the basis of total installed production / processing capacity and actual production/ processing as of/ for the periods indicated below:

**Manufacturing Unit at Vatva:**

| Products | Units | Capacity | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | | April 1, 2024 to June 30, 2024 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Production | Utilization | Production | Utilization | Production | Utilization | Production | Utilization |
| SMCA | Kgs | 30,00,000 | 10,29,775 | 34.33 | 8,59,175 | 28.64 | 7,09,409 | 23.65 | 1,85,302 | 6.18 |
| SSG | Kgs | | 5,41,953 | 18.07 | 4,77,048 | 15.90 | 6,13,467 | 20.45 | 1,70,350 | 5.68 |
| CCS | Kgs | | 2,83,982 | 9.47 | 2,34,080 | 7.80 | 3,75,366 | 12.51 | 1,35,510 | 4.52 |
| Calcium CMC | Kgs | | 18,136 | 0.60 | 29,578 | 0.99 | 34,237 | 1.14 | 16,625 | 0.55 |
| Sodium CMC | Kgs | | 5,23,282 | 17.44 | 7,40,362 | 24.68 | 8,95,352 | 29.85 | 3,06,820 | 10.23 |
| **Total** | | | **23,97,128** | **79.90** | **23,40,243** | **78.01** | **26,27,831** | **87.59** | **8,14,607** | **27.15** |

**Certified by Independent Chartered Engineer i.e. Jayendrasinh K Parmar in respect of his certificate dated December 28, 2024.*

***10. The Company is in process of obtaining Fire NOC from the Fire Safety department for plot A1/272/5 and A2/272/4, GIDC Industrial Estate, Vatva, Ahmedabad – 382445 and Survey No. 93, Talod- Himmatnagar Road, Ahmedpura, Talod, Sabarkantha 383215, Gujarat, India.***

Our Company is in the process of obtaining Fire Safety No Objection Certificate (NOC) for plot A1/272/5 and A2/272/4, GIDC Industrial Estate, Vatva, Ahmedabad – 382445 and Survey No. 93, Talod- Himmatnagar Road, Ahmedpura, Talod, Sabarkantha 383215, Gujarat, India, factory from the appropriate regulatory authorities. The absence of a valid Fire Safety NOC also increases the risk of inadequate preparedness in the event of a fire-related incident, which could lead to significant property damage, interruption of production processes, injury or loss of life, and potential legal liabilities arising from such incidents. Additionally, non-compliance with fire safety regulations may adversely affect our reputation among customers, investors, and other stakeholders, and could impact our ability to obtain insurance coverage on favourable terms or at all. However, there can be no assurance that we will receive the certificate in a timely manner or without incurring substantial costs. Any prolonged delay or failure in securing the Fire Safety NOC could have a material adverse effect on our business operations, financial condition, and results of operations.

***11. Our business is dependent on the performance of certain other industries which we are serving particularly pharmaceuticals, food and beverages, cosmetics, etc. Any adverse changes in the conditions affecting these industries can adversely impact our business and financial condition.***

We indirectly serve different customers in different industries including but not limited to particularly, pharmaceuticals, food and beverages, cosmetics, etc, any adverse impact in the industry may affect the demand for our products in those specific industry and effect our revenue from operations. Below is a break-up of our revenue from operations from different industry segments we cater to:

*( ₹ in Lakhs)*

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Revenue | % of Revenue[#] | Revenue | % of Revenue[#] | Revenue | % of Revenue[#] | Revenue | % of Revenue[#] |
| Cosmetics | 1,714.91 | 63.39 | 5,412.44 | 65.72 | 4,025.53 | 58.01 | 3,426.47 | 56.65 |
| Food and Beverages | 769.99 | 28.46 | 2,184.75 | 26.53 | 2,443.19 | 35.21 | 2,155.34 | 35.63 |
| Other | 128.51 | 4.75 | 388.01 | 4.71 | 372.70 | 5.37 | 288.74 | 4.77 |
| Pharma | 91.84 | 3.39 | 250.95 | 3.05 | 98.18 | 1.41 | 177.91 | 2.94 |
| **Total** | **2,705.25** | **100.00** | **8,236.16** | **100.00** | **6,939.60** | **100.00** | **6,048.46** | **100.00** |

[#] *as a percentage of revenue from operation.*

Further, production and sales of the vehicles for which we supply products are affected by a variety of other factors that are beyond our control, including changes in government policies, changes in consumer demand, product mix shifts favoring other fuel prices, economic conditions, demographic trends, employment and income levels and interest rates, disruptions in these industries' supply chain, labor relations, regulatory requirements, credit availability and cost of credit and general economic and industry conditions. Any such unforeseen event or any negative impact in the industries we are catering could have adverse impact on our business and financial strength.

***12. We do not own the premises viz. Unit 272/5 located at Vatva, GIDC in which our manufacturing unit is located and the same is on lease arrangement. Any termination of such lease/license and/or non-renewal thereof and attachment by Property Owner could adversely affect our operations.***

Unit 272/5, located at Vavta, GIDC, Ahmedabad is presently leased from Anshu Patel, one of our Promoter, for a 5 year period and the validity of such lease is up to March 31, 2029, upon lease termination, we are obligated to return the premises to the Lessor. The renewal of these agreements is uncertain, and if not renewed on favorable terms, we may need to vacate our operational premises. this unit majorly manufactures excipients for export purpose, any disruption could significantly impact our export sales. This could necessitate finding alternative premises and entering into new lease or license agreements under less favorable conditions, potentially leading to operational disruptions.

***13. There have been some instances of delayed in the past with the Registrar of Companies which may attract penalties.***

There have been some instances of delayed filing in the past with the Registrar of Companies of Form CHG-1, MGT-14 and INC-27 with additional fees which may attract penalties.

**RoC**

| Sr No. | Form Name | Date of event | Date of Payment | Late fees (in ₹) | Purpose of e-forms filled with ROC |
|---|---|---|---|---|---|
| 1. | INC-27 | July 4, 2024 | August 1, 2024 | 1,200/- | Application for Conversion of private company into public company. |
| 2. | CHG-1 | January 8, 2020 | February 18, 2020 | 3,600/- | Modification of Charge of ₹ 60,948,000 vide Charge id 10246305 |

| Sr No. | Form Name | Date of event | Date of Payment | Late fees (in ₹) | Purpose of e-forms filled with ROC |
|---|---|---|---|---|---|
| 3. | CHG-1 | January 7, 2020 | February 18, 2020 | 3,600/- | Modification of Charge of ₹ 60,948,000 vide Charge id 10246595 |
| 4. | CHG-1 | February 14, 2024 | March 15, 2024 | 3,600/- | Modification of Charge of ₹ 13,84,18,000 vide Charge id 10246595 |
| 5. | CHG-1 | February 14, 2024 | March 15, 2024 | 3,600/- | Modification of Charge of ₹ 13,84,18,000 vide Charge id 10246305 |
| 6. | CHG-1 | June 14, 2024 | July 16, 2024 | 3,600/- | Modification of Charge of ₹ 19,05,78,000 vide Charge id 10246595. |
| 7. | MGT-14 | November 18, 2024 | December 28, 2024 | 1,200/- | Initial public Offer (IPO)(Board Resolution) |
| 8. | MGT-14 | November 18, 2024 | December 28, 2024 | 1,200/- | Approval of Sitting Fees, Composition of Committee & Policy |
| 9. | MGT-14 | November 18, 2024 | December 28, 2024 | 1,200/- | Approval of Re-Audit & Materiality Policy, Appointment of Merchant Bankers, RTA&BRLM, RTA Agreement. |
| 10. | MGT-14 | November 29, 2024 | December 30, 2024 | 1,200/- | Initial public Offer (IPO) (Special Resolution) |

No regulatory action or penalty has been taken/ levied on the Company for such delays, however, it cannot be assured that no such regulatory action or penalty will be taken/ levied in the future. Further, we cannot assure you that such non-compliances will not occur in the future. Therefore, if the concerned authorities impose monetary penalties on us or take certain punitive actions against our Company or its directors / officers in relation to the same, our business and financial condition could be adversely affected.

***14. Our lenders have charge over our movable properties and book debts in respect of finance availed by us.***

We have provided security in respect of loans / facilities availed by us from banks and financial institutions by creating a charge over present and future Machinery, Furniture and fixture, Equipments, Vehicle, Current Assets, Commercial Premises, Book debts. The total amount outstanding and payable by us as secured loans were Rs. 1,103.51 lakhs as on June 30, 2024. In the event of default in repayment of the loans / facilities availed by company and any interest thereof, the properties may be subject to forfeiture by lenders, which in turn could have significant adverse effect on business, financial condition or results of operations. For further details of secured loans of our Company, please refer the chapter titled "*Financial Indebtedness*" on page 194 of this Draft Red Herring Prospectus.

***15. Secured loans have been availed by us which may be recalled by lenders.***

As of June 30, 2024, we had availed Secured Loan of ₹ 636.43 Lakhs in the form of Cash Credit. Any failure to service such indebtedness, or otherwise perform any obligations under such financing agreements may lead to acceleration of payments under such credit facilities, which may adversely affect our Company. For further information, see "*Financial Indebtedness*" on page 194 of this Draft Red Herring Prospectus.

***16. We have issued Equity Shares during the last one year at a price that may be below the Issue Price.***

During the last one year we have issued Equity Shares at a price that is lower than the Issue Price as detailed in the following table:

| Date of allotment | Number of equity shares allotted | Face Value (₹) | Issue Price (₹) | Nature of allotment | Benefit accrued to our Company | Source out of which bonus shares issued |
|---|---|---|---|---|---|---|
| July 15, 2024 | 1,60,00,000 | 10 | N.A. | Bonus Issue in the ratio of Sixteen (16) equity shares for every One (1) Equity Shares | Capitalization of Reserves & Surplus | Bonus issued out of the Reserves. |
| November 18, 2024 | 8,70,000 | 10 | 61 | Preferential Issue | Company's Capital expenditure | N.A. |

For details of the Allottees, please refer "*Capital Structure*" on page 67 of this Draft Red Herring Prospectus.

***17. There have been some instances of delays in filing of statutory and regulatory dues in the past with the various government authorities.***

In the past, there have been certain instances of delays in filling statutory & regulatory dues with respect to GST and ESIC. These delays were majorly due to majorly due to public holidays and approver travelling business meetings. As result, the Company has filed returns and payment with delay penalty. However, the Board of Directors of our company has taken note of these delays in fulfilling our statutory and regulatory obligations. There can be no assurance that delays or default with respect to payment of statutory and regulatory dues will not occur in the future which in turn may affect our reputation and financial results.

Here are instances of delayed filings:

**ESIC:**

| Sr no | Month | Due date | Filling date | Late Fees (In ₹) |
|---|---|---|---|---|
| 1 | 24- April | May 15, 2024 | June 11, 2024 | No Late Fee Issue |

**GST**

| Sr no | Month | GSTR1 due date | GSRT1 filling date | GSTR3B due date | GSTR3B filling date | Late Fees (In ₹) |
|---|---|---|---|---|---|---|
| 1 | Feb-21 | March 13, 2021 | March 11, 2021 | March 20, 2021 | March 23, 2021 | 150.00 |
| 2 | Oct-21 | November 13, 2021 | November 2, 2021 | November 20, 2021 | November 23, 2021 | 150.00 |
| 3 | Oct-23 | November 13, 2023 | November 6, 2023 | November 20, 2023 | November 22, 2023 | 100.00 |

***18. Information relating to the installed production capacity and capacity utilization of our production unit included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.***

We have availed the services of an independent third-party chartered engineer, Jayendrasinh K Parmar to prepare a Chartered Engineer certificate dated December 28, 2024, for purposes of inclusion of such information in this Draft Red Herring Prospectus. Information relating to the installed production / processing capacity and capacity utilization of our units included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been considered by an independent chartered engineer while calculating the installed production / processing capacity of, and actual production / processing volumes at, our unit. The assumptions and estimates include the standard capacity calculation practices of the specialty chemicals industry after examining the period during which the unit were operational during the year, the expected operations, availability of raw materials, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies, and taking into account the number of working days in a year, number of days in a month, number of shifts in a day and average number of batches per day. Actual production / processing capacity, production / processing levels and utilization rates may therefore vary from the information of our unit included in this Draft Red Herring Prospectus or from the historical installed production / processing capacity information of our unit depending on the product type. Accordingly, undue reliance should not be placed on our historical installed capacity information for our existing facilities included in this Draft Red Herring Prospectus.

***19. The Objects of the Issue for which funds are being raised, are based on our management estimates and any bank or financial institution or any independent agency has not appraised the same. The deployment of funds in the project is entirely at our discretion, based on the parameters as mentioned in the chapter titled "Objects of the Issue".***

The fund requirement and deployment, as mentioned in the "*Objects of the Issue*" on page 80 of this Draft Red Herring Prospectus is based on the estimates of our management and has not been appraised by any bank or financial institution or any other independent agency. These fund requirements are based on our current business plan. We cannot assure that the current business plan will be implemented in its entirety or at all. In view of the highly competitive and dynamic nature of our business, we may have to revise our business plan from time to time and consequently these fund requirements. The deployment of the funds as stated under chapter "*Objects of the Issue*" is at the discretion of our Board of Directors and is not subject to monitoring by any external independent agency. Further, we cannot assure that the actual costs or schedule of implementation as stated under chapter "*Objects of the Issue*" will not vary from the estimated costs or schedule of implementation. Any such variance may be on account of one or more factors, some of which may be beyond our control. Occurrence of any such event may delay our business plans and/or may have an adverse bearing on our expected revenues and earnings.

***20. We are involved in certain legal proceedings, which, if determined adversely, may affect our business and financial condition.***

As on the date of filing this Draft Red Herring Prospectus, there are outstanding legal proceedings initiated by or against our Company, Promoter, Directors, and Group Companies that are incidental to our business and operation. A summary of outstanding litigation proceedings involving our Company, our Promoters, our Directors, and our Group Company as on the date of this Draft Red Herring Prospectus is provided below:

| Name | By/Against | Civil Proceedings | Criminal Proceedings | Tax Proceedings | Other Pending Litigation | Actions by Regulatory Authorities | Amount Involved *(₹ in lakhs)* |
|---|---|---|---|---|---|---|---|
| Company | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |
| Promoters | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |
| Promoter Group | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |
| Group Companies /Entities | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |
| Directors other than Promoters | By | - | - | - | - | - | - |
| | Against | - | - | - | - | - | - |

For further details on the outstanding litigation proceedings, please see "*Outstanding Litigations and Material Developments*" on page 207 of this Draft Red Herring Prospectus.

***21. Our Promoters have provided personal guarantee for loans availed by us.***

In the event of default of the debt obligations, the personal guarantee provided by our Promoter may be invoked thereby adversely affecting our Promoter's ability to manage the affairs of our Company and our Company's profitability and consequently this may impact our business, prospects, financial condition, and results of operations. Our Company has availed loans in business. Our Promoters have provided personal guarantee in relation to cash credit facility obtained by our Company, for details please see "*Financial Indebtedness*" on page 194 of this Draft Red Herring Prospectus. In the event of default in cash credit facility availed by the Company, the personal guarantee extended by our Promoter may be invoked by our lender thereby adversely affecting our Promoter's ability to manage the affairs of our Company and this, in turn, could adversely affect our business, prospects, financial condition and results of operations.

***22. We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. We are yet to place orders for 100% of the Plant and Machinery, as specified in the Objects of the Issue chapter. Any delay in procurement of such Plant & Machinery may delay the schedule of implementation and may also lead to increase in cost of these Plant & Machinery, further affecting our revenue and profitability.***

Although we have identified the installation of Plant & Machinery required. However, we are yet to place orders for 100% installation of Plant & Machinery worth ₹ 4,314.78 Lakhs as detailed in the "*Objects of the Issue*" beginning on page 80 of this Draft Red Herring Prospectus. We have not entered into any definitive agreements to utilize the Net Proceeds for this object of the issue and have relied on the quotations received from third parties for estimation of the cost. While we have obtained the quotations from various vendors in relation to such capital expenditure, most of these quotations are valid for a certain period of time and may be subject to revisions, and other commercial and technical factors. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. Delay in procurement of the same can cause time and cost overrun in the implementation of our proposed expansion and can also compel us to buy the same at a higher price, thus causing the budgeted cost to vary. As a result, our business, financial condition, results of operations and prospects could be materially and adversely affected.

***23. Any failure in our Quality control process failures may harm our business and financial condition, leading to potential product liability claims and legal actions if our products don't meet customer expectations.***

Our products may contain certain quality issues or undetected errors, due to defects in manufacture of products or raw materials which are used in the products. We have implemented quality control processes for our raw materials and finished goods on the basis of internal and international quality standards. We are engaged in export operations as well and have to fulfill the quality conditions and processes. We have a separate Quality Division which carries out necessary standard operating procedures, standard test procedures on the raw materials and the finished products. However, we cannot assure you that our quality control processes or our product will pass the quality tests and inspections conducted by various international and domestic agencies as per their prescribed standards will not fail. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality control procedures, negligence and human error or otherwise, may damage our products and result in deficient products. It is imperative for us to meet the international quality standards set by our international customers and agencies as deviation from the same can cause them to reject our products and can also cause damage to our reputation, market standing and brand value.

***24. Our manufacturing process requires our labourers to work under potentially dangerous circumstances. In the event of any accidents, our Company may be held liable for damages and penalties which may impact the financials of our Company.***

Our employees/labour may be required to work under potentially dangerous circumstances in the operation of our manufacturing unit associated with the handling, storage, movement and production of our Products, as well as accidents such as fire and explosions. Any mishandling of our equipment and machineries could also lead to serious and sometimes fatal accidents. These accidents can cause personal injury and loss of life, severe damage to and destruction of property and equipment, environmental damage and may result in the suspension of operations and the imposition of civil and criminal liabilities. Liabilities incurred as a result of these events have the potential to adversely impact our financial position and reputation. Events like these could result in liabilities, or adversely affect our reputation with suppliers, customers, regulators, employees and the public, which could in turn affect our financial condition and business performance.

***25. We depend on our Promoters, Directors, Key Managerial Personnel and Senior Management and we heavily rely on their knowledge and experience in operating our business and therefore, it is critical for our business that they remain associated with us.***

Our success depends to a large extent upon the continued services of our Promoters, Directors, Key Managerial Personnel and Senior Management team. Our Promoters, Directors, Key Managerial Personnel and Senior Management are not bound by employment or non-competition agreements and we cannot assure you that we will be able to retain them or other executive officers. We could be adversely affected by the loss of any of our senior management or other executive officers. The market for such qualified professionals is competitive and we may not continue to be successful in our efforts to attract and retain qualified people. Our success also depends, in part, on key client relationships forged by members of our Senior Management. If we were to lose these members of our Senior Management, we cannot assure you that we will be able to continue to maintain key client relationships or renew them. If we are unable to retain these members of our senior management, our business, results of operations and financial condition may be affected. Further, our Promoters, Directors, Key Managerial Personnel and Senior Management may promote other companies/ firms/ ventures, this will divert their attention to the other companies, we may not be able to function as efficiently and profitably as before. We may have to incur additional costs to replace the services of our Promoters, Directors, Key Managerial Personnel and Senior Management or we may not be able to do so at all, which could adversely affect our business operations and affect our ability to continue to manage and expand our business**.**

***26. Depletion of forest reserves could lead to a reduction in the availability of raw materials, potentially causing an increase in the cost of raw materials.***

The pharmaceutical industry relies on various excipients, which serve as inert carriers or additives in medications. These excipients can be categorized into three groups: natural, semi-synthetic, and synthetic. Among these groups, natural excipients are frequently preferred due to their minimal impurities, ready availability, and are economically cheap as compared to their synthetic counterparts. MCC is one of the most commonly used natural excipient that is obtained from wood pulp sheets and our Company also deals majorly in MCC which primary relies on wood pulp sheets as the key raw material for producing MCC and its various grades**.**

Our business's viability is closely tied to the ready availability of wood pulp sheets in the market. Every year, substantial areas of forests are cleared for various purposes, including human settlement, industrial activities, and farming, among others. Without corresponding afforestation efforts, this ongoing depletion of natural forest resources may lead to a decrease in the availability of raw materials, ultimately resulting in increased raw material cost. Rising raw material costs would compel us to raise product prices, negatively impacting our competitiveness. Presently, we have not identified an alternative to wood pulp sheets for our manufacturing processes, making our business highly reliant on a consistent supply of this critical raw material. If, due to dwindling forest reserves, we are unable to procure wood pulp sheets and find no substitute, we may have to suspend or permanently cease our operations. Further, if the government introduces policies or laws regulating the use of wood pulp, our operations would be highly affected by such policies and we cannot assure you that our end use customers will not be affected by the same. On happening of such events, the continuity of our business operations, revenue, result of operations and financial condition may adversely be affected.

***27. The unexpected loss, shutdown or slowdown of operations at our manufacturing unit could have a material adverse effect on our results of operations and financial condition.***

Our manufacturing units situated at Vatva and Talod, are subject to operating risks, such as the breakdown or failure of equipment, power supply interruptions, facility obsolescence or disrepair, labour disputes, natural disasters and industrial accidents. While we undertake precautions to minimize the risk of any significant operational problems at our unit, there can be no assurance that our business, financial position and operations will not be adversely affected by disruption caused by operational problems at our manufacturing unit. Any unscheduled, unplanned or prolonged disruption of our manufacturing operations, including, power failure, fire and unexpected mechanical failure of equipment, performance below expected levels of output or efficiency, obsolescence,

labour disputes, strikes, lock-outs, earthquakes and other natural disasters, industrial accidents, any significant social, political or economic disturbances or infectious disease outbreaks such as the COVID-19 pandemic, could reduce our ability to meet the conditions of our contracts and adversely affect sales and revenues from operations in such period. The occurrence of any of these risks could affect our operations by causing production at manufacturing plant to shut down or slowdown.

No assurance can be given that one or more of the factors mentioned above will not occur, which could have a material adverse effect on our results of operations and financial condition.

Any interruption in production may require significant and unanticipated capital expenditure to affect repairs or increase the cost of power, which could have a negative effect on profitability and cash flows. A sustained disruption to our business could also result in a loss of customers or imposition of penalties by our customers for failure to adhere to timelines. Any or all of these occurrences could result in the temporary or long-term closure of our manufacturing plants, severely disrupt our business operations and materially adversely affect our business, results of operations, financial condition and prospects.

***28. We have experienced negative cash flows from operating, investing and financing activities in the past.***

We have in the past, and may in the future, experience negative cash flows from operating, investing and financing activities. The following table sets forth our net cash inflow/(outflow) from operating, investing and financing activities for the periods/years indicated:

*(₹ in Lakhs)*

| Particulars | Period ended June 30, 2024 | Financial year ended March 31, 2024 | Financial year ended March 31, 2023 | Financial year ended March 31, 2022 |
|---|---|---|---|---|
| Net cash (used in)/ Generated from operating activities | (256.77) | 608.02 | 196.73 | 211.50 |
| Net cash (used in)/ Generated from investing activities | 182.70 | (594.45) | (327.37) | (354.74) |
| Net cash (used in)/ Generated from finance activities | 45.73 | 32.16 | 80.95 | 20.52 |
| Net increase/ (decrease) in cash and cash equivalents | (28.35) | 45.73 | (49.70) | (122.71) |
| Cash and Cash Equivalents at the beginning of the period | 51.73 | 6.00 | 55.70 | 178.41 |
| Cash and Cash Equivalents at the end of period | 23.39 | 51.73 | 6.00 | 55.70 |

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans, and make new investments without raising finance from external resources. Such negative cash flows lead to a net decrease in cash and cash equivalents. 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, please refer "*Financial Information*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" on pages 192 and 197, respectively of this Draft Red Herring Prospectus.

***29. Changes in technology and advancement of methods and machineries may render our current technologies and plant and machinery obsolete or require us to make substantial capital investments.***

Modernization and technology Upgradation is essential in our industry to reduce costs and increase productivity. With latest technology and advancement of methods and machineries, our existing technology and machineries may become obsolete or may not be upgraded timely, hampering our operations and financial conditions and we may lose our competitive edge. Although we strive to keep our technology, plant and machinery in line with the latest technological standards, we may be required to implement new technology or upgrade the machinery and other equipment's employed by us. Further, the costs in upgrading our technology and modernizing the plant and machineries are significant which could substantially affect our finances and operations.

***30. Our business is subject to extensive regulation, if we fail to comply or obtain and renew certain registrations, licenses and permits from government and regulatory authorities may adversely affect our business operations.***

We operate in a highly regulated industry and our operations are subject to extensive regulation in each market in which we do business. Our business operations require us to comply or obtain and renew certain approvals, licenses, registrations and permits, some of which may expire and for which we may have to make an application for obtaining the approval or its renewal.

We will be applying for certain approvals relating to our business. Furthermore, in certain markets where we market and sell our products, regulatory authorities must grant approval for our manufacturing facilities and products before they can be marketed, regardless of whether they have already received approval in India or elsewhere.

A majority of these approvals require renewal from time to time. There can be delays in obtaining required clearances from regulatory authorities after applications are filed. This could materially and adversely affect our business, financial condition, and results of operations. We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. For more information about the licenses required in our business and the licenses and approvals applied for, please refer "*Government and Other Approvals*" on page 210 of this Draft Red Herring Prospectus, respectively.

***31. Our success depends on stable and reliable logistics and transportation infrastructure. Disruption of logistics and transportation services could impair the ability of our suppliers to deliver raw materials or our ability to deliver products to our customers and/ or increase our transportation costs, which may adversely affect our operations. We are also 100% dependent on third-party transportation providers for the supply of raw materials and delivery of our finished products.***

Our success depends on the supply and transport of the finished products from our manufacturing facilities to our customers and distributors, which are subject to various uncertainties and risks. Uncertainties and risks such as transportation strikes, failure to book vessels or delay in supply of pharmaceutical products due to port congestions, vessel / vehicle breakdown could have an adverse effect on our supplies and deliveries to and from our customers and suppliers. In addition, raw materials and finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be a delay in delivery of raw materials and products which may also affect our business and results of operations negatively. In the event we fail to maintain a sufficient volume of raw materials and delivery of such materials to us is delayed, we may be unable to meet our purchase orders in a timely manner or at all, which may result in loss of sales opportunities that our competitors may capitalize on, thereby adversely affecting our business, financial condition, results of operations, and cash flows. Any compensation received from insurers or third-party transportation providers may be insufficient to cover the cost of any delays and will not repair damage to our relationships with our affected customers and distributors. We may also be affected by an increase in fuel costs, as it will have a corresponding impact on freight charges levied by our third-party transportation providers. This could require us to expend considerable resources in addressing our distribution requirements, including by way of absorbing these excess freight charges to maintain our selling price, which could adversely affect our results of operations, or passing these charges on to our customers, which could adversely affect demand for our products.

***32. We have significant power and water requirements for continuous running of our factories. Any disruption to our operations on account of interruption in power and water supply or any irregular or significant hike in power tariffs may have an effect on our business, results of operations and financial condition***.

All our manufacturing units have significant electricity and water requirements and any interruption in the supply of water or power may temporarily disrupt our operations.

Since, we have a high power consumption, any unexpected or unforeseen increase in the tariff rates can increase the operating cost of our manufacturing unit and thereby cause an increase in the production cost which we may not be able to pass on to our customers. Water is one of the main components of our manufacturing unit, therefore continuous water supply is essential for smooth business operations of our Company. There are a limited number of electricity providers in the areas from where we operate due to which in case of a price hike, we may not be able to find a cost-effective substitute, which may negatively affect our business, financial condition, cash flows and results of operations.

***33. Our Company has in the past entered into related party transactions and may continue to do so in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our Company's financial condition and results of operations***.

As on June 30, 2024, we have entered into related party transactions with our Promoters, Directors which are in compliance with section 188 of the Companies Act, 2013. Whilst these related party transactions have been disclosed in our financial statements as per AS-18, and we believe that all such transactions have been conducted on an arms-length basis, we cannot assure you that we may not have achieved more favourable terms had such transactions been entered into with unrelated parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, results of operations and financial condition, including because of potential conflicts of interest or otherwise. For further details kindly refer to the chapter titled '*Financial Information*' beginning on page 192 of this DRHP.

***34. Certain sections of this Draft Red Herring Prospectus contain information from the Industry Report which has been exclusively commissioned and paid for by us in relation to the Issue and any reliance on such information for making an investment decision in this offering is subject to inherent risks.***

Pursuant to being engaged by us, Infomerics Analytics and Research Pvt. Ltd., an independent third-party agency, prepared a report on the Indian chemicals industry, "Industry Report on Chemicals Sector" dated December 30, 2024 ("Industry Report"), which has been exclusively commissioned and paid for by our Company (link of the Industry Report: http://patelchem.com). Certain sections of this Draft Red Herring Prospectus include information based on, or derived from, the Infomerics Report or extracts of such Industry Report. Accordingly, any information in this Draft Red Herring Prospectus derived from, or based on, the Infomerics Report should be read taking into consideration the foregoing. The Infomerics Report uses certain methodologies for market sizing and forecasting and may include numbers relating to our Company that differ from those we record internally. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts, and assumptions that may prove to be incorrect. The Infomerics Report is subject to various limitations and based upon certain assumptions that are subjective in nature. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Red Herring Prospectus.

***35. Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition cash flows, working capital requirements, capital expenditures and restrictive covenants in our financing arrangements***.

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements. Our business is working capital intensive and we are required to obtain consents from certain of our lenders prior to the declaration of dividend as per the terms of the agreements executed with them. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our future earnings, financial condition, cash flows and requirement to fund operations and expansion of the business. Although our Company has declared dividends in the past, however there can be no assurance that our Company will declare dividends in the future also. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors. For further details, please refer "*Dividend Policy*" on page 191 of this Draft Red Herring Prospectus.

***36. Our Company's management will have flexibility in utilizing the Net Proceeds from the Issue. The deployment of the Net Proceeds from the Issue is being monitored by the Audit Committee and not an independent monitoring agency.***

Our Company intends to primarily use the Net Proceeds towards working capital requirement and for general corporate purposes as described in "*Objects of the Issue*" on page 80 of this Draft Red Herring Prospectus. In terms of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency since the Issue size is not in excess of ₹100 crores. We undertake to monitor the utilisation of the issue proceed by the audit committee of the Board.

Further, pursuant to Section 27 of the Companies Act 2013, any variation in the objects would require a special resolution of the Shareholders and our Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders of our Company who do not agree to such proposal to vary the objects, in such manner as may be prescribed in future by the SEBI.

Accordingly, prospective investors in the Issue will need to rely upon our Audit Committee's judgment with respect to the use of Net Proceeds. If we are unable to enter into arrangements for utilization of Net proceeds as expected and assumed by us in a timely manner or at all, we may not be able to derive the expected benefits from the proceeds of the Issue and our business and financial results may suffer.

***37. Compliance with, and changes in, safety, health and environmental laws and various labour, workplace and related laws and regulations impose additional costs and may increase our compliance costs and a such adversely affect our results of operations and our financial condition.***

We are subject to a broad range of safety, health and environmental laws and various labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges, on the storage, handling, employee exposure to hazardous substances and other aspects of our operations. Compliance with, and changes in these laws may increase our compliance costs and as such adversely affect our results of operations and financial condition**.**

***38. If we do not successfully develop or commercialise new products in a timely manner, or if the products that we commercialise do not perform as expected, our business, results of operations and financial condition may be adversely affected.***

Our success depends significantly on our ability to develop and commercialise new products in a timely manner. The development and commercialisation processes are both time consuming and costly and involve a high degree of business risk. During these periods, our competitors may be developing similar products of which we may be unaware of that could compete directly or indirectly with our products under development. Due to the prolonged period of time for developing a new product and delays associated with

regulatory approval process, we may invest resources in developing products that will face competition of which we are currently unaware. Such unforeseen competition may hinder our ability to effectively plan the timing of our product development, which could have an adverse impact on our results of operations and financial condition.

Additionally, our Company plans to manufacture new products, namely Crosscarmellose Sodium (CCS), Sodium Starch Glycolate (SSG), and Carboxymethyl Cellulose Calcium (Calcium), in the proposed plant at Indrad. However, there is no guarantee that these products, when fully developed and tested, will meet our performance expectations or receive the necessary regulatory approvals in a timely manner, or at all. Furthermore, it may take a considerable amount of time for these new products to gain market acceptance, if they do so at all.

***39. We may not be able to identify or effectively respond to evolving preferences, expectations or trends in a timely manner and a failure to derive the desired benefits from our product development efforts may impact our competitiveness and profitability.***

The success of our business depends in part on our ability to anticipate, identify and respond promptly to evolving trends in demographics and preferences, customer requisitions, and develop new products to meet these requirements. Our success is dependent on our ability to identify and respond to the economic, technological, and other developments that affect demographic and end-customer preferences in the variety of our product categories.

We cannot assure you that our future product development initiatives will be successful or be completed within the anticipated period or budget, or that our newly developed or improvised products will achieve wide market acceptance from our customers. Even if these products have been successfully developed, there is no guarantee that they will be accepted by our customers and achieve anticipated sales targets in a profitable manner, which may affect our ability to grow our network of customers and gain market share. In addition, there can be no guarantee that the time and effort that we spend in developing these products would be beneficial to our Company. This could also adversely affect our ability to pursue our growth strategy of continuing to develop niche and products to grow our market share. Further, we cannot assure you that our existing or potential competitors will not develop products that are similar or superior to our products. It is often difficult to estimate the time to market new products and there is a substantial risk that we may have to abandon a potential product that is no longer commercially viable, even after we have invested significant resources in the development of such product. If we fail in our product launching efforts, our business, prospects, financial condition, results of operations and cash flows may be materially and adversely affected.

Further, as we continue to grow our business by expanding our products, offerings, and our geographic reach, maintaining quality and consistency may be more difficult and there can be no assurance that the customers' confidence in our products will not diminish. Failure or any delay on our part to identify such trends, to align our business successfully and maintain quality could negatively affect our image, our relationship with our customers, the rate of growth of our business, our market share, and our prospects.

We must, on a regular basis, keep pace with the preferences and quality requirements of our consumers, invest continuously in new technology and processes to provide products having the desired qualities and characteristics, and continually monitor and adapt to the changing market demand. An unanticipated change in consumer demand and any sudden change in Government regulations may adversely affect our liquidity and financial condition.

***40. Our inability to effectively manage our growth or to successfully implement our business plan and growth strategy could adversely affect our business, results of operations and financial condition.***

We have experienced considerable growth over the past three years and we have expanded our operations and product portfolio. Our total revenue grew at a CAGR of 10.84% between Fiscals 2022 and 2024, while our restated profit after tax grew at a CAGR of 49.77 % between Fiscals 2022 and 2024. We cannot assure you that our growth strategies will continue to be successful or that we will be able to continue to expand further, or at the same rate.

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

***41. We have not identified any alternate source of financing the 'Objects of the Issue'.***

If we fail to mobilize resources as per our plans, our growth plans may be affected. We have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this Issue may delay in the implementation schedule and could adversely affect our growth plans. For further details of object of Issue and schedule of implementation, please refer to the chapter titled "*Objects of the Issue*" on page 80 of this Draft Red Herring Prospectus.

***42. Our business depends on protection of our intellectual property in our product range. Our ability to compete effectively will be impaired if we are unable to protect our intellectual property rights.***

We are exposed to the risk that other entities may pass off their products as ours by imitating our brand name and attempting to create counterfeit products. We believe that there may be other companies or vendors which operate in the unorganized segment using our trade name or brand names. The measures we take to protect our intellectual property include relying on Indian laws and initiating legal proceedings, which may not be adequate to prevent unauthorised use of our intellectual property by third parties. Furthermore, the application of laws governing intellectual property rights in India is uncertain and evolving, and could involve substantial risks to us. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

***43. Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company even after the Issue which will allow them to determine the outcome of matters submitted to shareholders for approval.***

Post this Issue, our Promoters and Promoter Group will collectively own [●] % of our post issue equity share capital. As a result, our Promoters, together with the members of the Promoter Group, will continue to exercise a significant degree of influence over the Company and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act, 2013 and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company. In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or other shareholders and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

***44. Our insurance coverage may not be adequate to protect us against certain operating hazards and this may have a material adverse effect on our business.***

We are insured for a number of the risks associated with our several businesses, such as insurance cover against loss or damage by fire, earthquake, theft and robbery and taken fidelity insurance. We believe we have got our assets and employees adequately insured; however, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, to cover all material losses. To the extent that we suffer any loss or damage that is not covered by insurance or exceeds our insurance coverage, our business and results of operations could be adversely affected.

***45. The average cost of acquisition of Equity Shares by our Promoters could be lower than the issue price.***

Our Promoters' average cost of acquisition of Equity Shares in our Company is lower than the Issue Price of the shares proposed to be issued though this Draft Red Herring Prospectus. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company, please refer to the chapter titled "*Summary of the Issue Document*" page 24 of this Draft Red Herring Prospectus.

***46. Our Promoters, Directors and Key Managerial Personnel may have interest in our Company, other than reimbursement of expenses incurred, remuneration or other benefits received.***

Our Promoters, Directors and Key Managerial Personnel may be deemed to be interested to the extent of the Equity Shares held by them and benefits deriving from their shareholding in our Company. Our Promoters, Directors and Key Managerial Personnel are interested in the transactions entered into between our Company and themselves as well as between our Company and our group Company. For further details, please refer to the chapters titled "*Our Business*" and "*Our Promoters and Promoter Group*", beginning on page 130 and 184 respectively and the chapter titled of "*Financials Information*" beginning on page 192 of this Draft Red Herring Prospectus.

***47. We face numerous protective trade restrictions, including anti-dumping laws, countervailing duties and tariffs, which could adversely affect our revenue from exports.***

Protectionist measures, including anti-dumping laws, countervailing duties and tariffs and government subsidization adopted or currently contemplated by governments in some of our export markets could adversely affect our sales from exports. Antidumping duty proceedings or any resulting penalties or any other form of import restrictions may limit our access to export markets for our products, and in the future additional markets could be closed to us as a result of similar proceedings, thereby adversely impacting our sales from exports or limiting our opportunities for growth.

Tariffs are often driven by local political pressure in a particular country and therefore there can be no assurance that quotas or tariffs will not be imposed on us in the future. If such protective trade restrictions are imposed on us, our imports and exports could decline. Further, a decrease in exports from India or an increase in aluminium imports to India because of protective trade restrictions could have a negative impact on our business, financial condition and results of operations.

***48. The Price of our Equity Shares may be volatile, or an active trading market may not develop.***

Prior to this Issue, there has been no public market for our Equity Shares. [●] is acting as Market Maker for the Equity Shares of our Company. However, the trading price of our Equity Shares may fluctuate after this Issue due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments. In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares. Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially Issued will correspond to the prices at which they will trade in the market subsequent to this Issue. For further details of the obligations and limitations of Market Maker, please refer to the section titled "*General Information*" beginning on page 55 of this Draft Red Herring Prospectus.

***49. If we are subject to any frauds, theft, or embezzlement by our employees, suppliers or customers, it could adversely affect our reputation, results of operations, financial condition and cash flows.***

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employee/ supplier/ customer fraud, theft, or embezzlement. Although we have set up various security measures in our office premises and unit such as deployment of security guards and operational processes such as periodic stock taking and Security Camera system, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, results of operations, financial condition and cash flows.

***50. Strikes, work stoppages or increased wage demands by our employees or any other kind of disputes with our employees/workmen in future could adversely affect our business and results of operations.***

With an increase in our operation capacities or execution of any expansion projects in future, we expect increase in such number of employees and labours. Except as below, we have enjoyed a good relationship with our employees, labours and have not experienced any lockouts, strikes, or any disruptions of any sort due to labour unrest. However, there can be no assurance that we may not experience any disruptions in our operations in future as well. In case of disputes or other problems with our work force such as strikes, work stoppages or increased wage demands, our business, financial conditions and results of operations may be materially and adversely affected.

***51. The requirements of being a listed company may strain our resources.***

We are not a listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges and compliances of SEBI (LODR) Regulations which will require us to file audited annual and unaudited half yearly results and limited review reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies which may adversely affect the financial position of the Company.

As a listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures, internal control over financial reporting and additional compliance requirements under the Companies Act, 2013. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge and we cannot assure you that we will be able to do so in a timely manner.

***52. Compliance with, and changes in, safety, health and environmental laws and various labour, workplace and related laws and regulations impose additional costs and may increase our compliance costs and a such adversely affect our results of operations and our financial condition.***

We are subject to a broad range of safety, health and environmental laws and various labour, workplace and related laws and regulations in the jurisdictions in which we operate, which impose controls on the disposal and storage of raw materials, noise emissions, air and water discharges, on the storage, handling, employee exposure to hazardous substances and other aspects of our operations. Compliance with, and changes in these laws may increase our compliance costs and as such adversely affect our results of operations and financial condition.

**ISSUE RELATED RISK**

***53. We cannot assure you that our equity shares will be listed on the SME platform of BSE in a timely manner or at all, which may restrict your ability to dispose of the equity shares.***

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

***54. Sale of Equity Shares by our Promoters or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.***

Any instance of disinvestments of equity shares by our Promoters or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

***55. After this Issue, the price of the Equity Shares may be highly volatile, or an active trading market for the Equity Shares may not develop.***

The price of the Equity Shares on the Stock Exchange may fluctuate as a result of the factors, including:

a. Volatility in the Indian and global capital market;
b. Company's results of operations and financial performance;
c. Performance of Company's competitors,
d. Adverse media reports on Company or pertaining to our Industry;
e. Changes in our estimates of performance or recommendations by financial analysts;
f. Significant developments in India's economic and fiscal policies; and
g. Significant developments in India's environmental regulations.

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for our industry and our Company. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

***56. We have been recently converted into public limited company and any non-compliance with the provisions of Companies Act, 2013 may attract penalties against our Company which could impact our financial and operational performance and reputation.***

Our Company has been recently converted into public limited from private limited pursuant to mandatory requirement for the Issue. Prior to the conversion, the provisions of Companies Act, 2013 for public companies were not applicable to us. However, consequent to the aforesaid conversion, our Company is in compliance with various provisions of the Companies Act, 2013. Though our

Company will endeavour to take all possible steps comply with the provisions of the Companies Act, 2013 for public companies, but in case of our inability to do so or in case of any delay, we may be subject to penal action from the appropriate authorities which may have an adverse effect on our financial and operational performance and reputation.

***57. The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sell your Equity Shares at or above the Issue Price.***

The Issue Price of our Equity Shares has been determined by book building method. This price is be based on numerous factors (For further information, please refer chapter titled "*Basis of Issue Price*" beginning on page 94 of this Draft Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price include without limitation. The following:

- ✓ Half yearly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- ✓ Changes in revenue or earnings estimates or publication of research reports by analysts;
- ✓ Speculation in the press or investment community;
- ✓ General market conditions; and
- ✓ Domestic and international economic, legal and regulatory factors unrelated to our performance.

**EXTERNAL RISK**

***58. We are subject to risks arising from exchange rate fluctuations.***

We indulge transact a portion of our business in several other currencies. For the Financial Years 2022, 2023 and 2024 and the three months ended June 30, 2024, our revenue from operations outside India amounted to ₹ 621.39 Lakhs, ₹ 702.46 Lakhs ₹ 1,139.45 Lakhs, and ₹437.90 Lakhs respectively, representing 10.27%, 10.12%, 13.83%, and 16.19% respectively, of our total revenue from operations. Additionally, we also procure our raw materials from outside India and, as a result, incur such costs in currencies other than the Indian Rupee. Therefore, we are exposed to exchange rate fluctuations due to the revenue that we receive, the raw materials that we purchase. In addition, the policies of the RBI may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our business, financial condition, cash flows and results of operations. The exchange rate between the Indian Rupee and foreign currencies, primarily the U.S. dollar, has fluctuated in the past and our results of operations may be impacted by such fluctuations. A decline in India's foreign exchange reserves could impact the valuation of the Indian Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition. A future material decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy which in turn, could adversely affect our business and future financial performance.

***59. Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.***

Our business and industry are regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

***60. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.***

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued/Offered to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that

the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

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

Under current Indian tax laws, capital gains arising from the sale of equity shares within 12 months in an Indian company are classified as short-term capital gains and generally taxable. Any gain realized on the sale of listed equity shares on a stock exchange that are held for more than 12 months is considered as long-term capital gains and is taxable at 12.5%, in excess of ₹1,25,000. Any long-term gain realized on the sale of equity shares, which are sold other than on a recognized stock exchange and on which no STT has been paid, is also subject to tax in India. Capital gains arising from the sale of equity shares are exempt from taxation in India where an exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable to pay tax in India as well as in their own jurisdiction on a gain on the sale of equity shares.

***62. Taxes and other levies imposed by the Government of India or other State Governments, as well as other financial policies and regulations, may have a material adverse effect on our business, financial condition and results of operations.***

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include custom duties on imports of raw materials and components, Goods and Service. These taxes and levies affect the cost and prices of our products and therefore demand for our product. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse effect on our business, profitability and financial condition.

***63. Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.***

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

***64. We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and industry in which we operate contained in this Draft Red Herring Prospectus.***

While facts and other statistics in this Draft Red Herring Prospectus relating to India, the Indian economy and the industry in which we operate has been based on various web site data and IBEF that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled "*Industry Overview*" beginning on page 104 of this Draft Red Herring Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

***65. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.***

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

***66. Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfer of shares between non- residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI.

If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

***67. The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.***

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

***68. Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.***

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

***69. Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.***

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

***70. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.***

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the terrorist attacks in India, other incidents such as those in US, Russia, Ukraine, Indonesia, Madrid, London and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

***71. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of Equity Shares at a premium to the market price or would otherwise be beneficial to the shareholders. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted or consummated because of the SEBI Takeover Regulations.

***72. Inflation in India could have an adverse effect on our profitability and if significant, on our financial condition.***

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected. Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

## SECTION IV- INTRODUCTION

## THE ISSUE

| PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS | |
|---|---|
| **Particulars** | **Details of Equity Shares** |
| **Fresh Issue of Equity Shares by our Company[(1)]** | Up to 70,00,000 Equity Shares having face value of ₹10/- each at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity share) aggregating ₹ [●]. |
| ***The Issue consist of:*** | |
| **Market Maker Reservation Portion** | Up to [●] Equity Shares having face value of ₹10/- each at a price of ₹[●] per Equity Share (including a share premium of ₹ [●] per Equity share) aggregating ₹ [●]. |
| **Net Issue to the Public** | Up to [●] Equity Shares having face value of ₹10/- each at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity share) aggregating ₹ [●]. |
| ***of which*** | |
| **A. QIB portion [(2)]** | Not more than [●] Equity Shares |
| ***of which*** | |
| **(a) Anchor Investor Portion** | Up to [●] Equity Shares aggregating to ₹ [●] Lakhs |
| **(b) Net QIB Portion (assuming the anchor Investor Portion is fully subscribed)** | Up to [●] Equity Shares aggregating to ₹ [●] Lakhs |
| ***of which*** | |
| **(i) Available for allocation to Mutual Funds only (5% of the Net QIB Portion)** | Up to [●] Equity Shares aggregating to ₹ [●] Lakhs |
| **(ii) Balance of Net QIB Portion for all QIBs including Mutual Funds** | Up to [●] Equity Shares aggregating to ₹ [●] Lakhs |
| **B. Non – institutional portion** | Not Less than [●] Equity Shares aggregating to ₹ [●] Lakhs |
| **C. Retail portion** | Not Less than [●] Equity Shares aggregating to ₹ [●] Lakhs |
| **Pre and Post Issue Share Capital of our Company** | |
| **Equity Shares outstanding prior to the Issue** | 1,78,70,000 Equity Shares having face value of ₹10/- per Equity Share |
| **Equity Shares outstanding after the Issue** | Up to [●] Equity Shares having face value of ₹10/- per Equity Share |
| **Objects of the Issue** | Please refer Section titled *"Objects of the Issue"* on page 80 of this Draft Red Herring Prospectus. |

***Notes:***

(1) *The Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. This Issue is being made by our company in terms of Regulation of 229(2) of SEBI (ICDR) Regulations read with Rule 19(2)(b)(i) of SCRR wherein not less than 25% of the post – issue paid up equity share capital of our company are being Issued to the public for subscription. Public Issue of up to 70,00,000 Equity Shares face value of ₹ 10/- each for cash at a price of ₹ [●] including premium of ₹ [●] per Equity Share of our Company aggregating to ₹ [●]. This Issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. For further details, please refer to section "Issue Structure" beginning on page 235 of this Draft Red Herring Prospectus. The Issue has been authorised by a resolution of our Board dated November 18, 2024. Our Shareholders have authorised the Issue pursuant to a special resolution dated November 29, 2024.*

(2) *Our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portions shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Issue Procedure" on page 239.*

*In the event of over-subscription, allotment shall be made on a proportionate basis, subject to valid Bids received at or above the Issue Price. Allocation to investors in all categories, except the Retail Portion, shall be made on a proportionate basis subject to valid bids received at or above the Issue Price. The allocation to each Retail Individual Investor shall not be less than the minimum*

*Bid Lot, and subject to availability of Equity Shares in the Retail Portion, the remaining available Equity Shares, if any, shall be allocated on a proportionate basis.*

*Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories, as applicable, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of an under-subscription in the Issue, subject to receiving minimum subscription for 90% of the Fresh Issue and compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares through the Issue for Sale to meet the minimum subscription of 90% of the Fresh Issue.*

For further details regarding the Issue Structure and Procedure, please refer to the chapters titled **"***Issue Structure***"** and **"***Issue Procedure***"** beginning on pages 235 and 239 respectively of this Draft Red Herring Prospectus.

## SUMMARY OF FINANCIAL INFORMATION

*The following tables provide the summary of financial information of our Company derived from the Restated Financial Information as at and for the three-month period ended June 30, 2024 and as at and for the Financial Years ended March 31, 2024, 2023 and 2022. The Restated Financial Information referred to above is presented under the section titled "Financial Information" beginning on page 192 of this Draft Red Herring Prospectus. The summary of financial information presented below should be read in conjunction with the Restated Financial Statements, the notes thereto and the chapters titled "Financial Information" and "Management's Discussion and Analysis of Financial Position and Results of Operations" beginning on pages 192 and 197, respectively of this Draft Red Herring Prospectus.*

### RESTATED STATEMENT OF ASSETS AND LIABILITIES

*(₹ in Lakhs)*

| Particulars | As at June 30, 2024 | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|---|---|
| **I. EQUITY AND LIABILITIES** | | | | |
| **(1) Shareholder's Funds** | | | | |
| (a) Share Capital | 100.00 | 100.00 | 100.00 | 100.00 |
| (b) Reserves and Surplus | 2,114.60 | 1,852.49 | 1,086.87 | 798.27 |
| | **2,214.60** | **1,952.49** | **1,186.87** | **898.27** |
| | | | | |
| **(2) Non-Current Liabilities** | | | | |
| (a) Long-Term Borrowings | 740.56 | 672.26 | 540.99 | 348.25 |
| (b) Deferred tax liabilities | 45.30 | 43.13 | 46.77 | 3.88 |
| | **785.86** | **715.39** | **587.76** | **352.13** |
| | | | | |
| **(3) Current Liabilities** | | | | |
| (a) Short-Term Borrowings | 703.17 | 873.24 | 638.22 | 443.23 |
| (b) Trade Payables | | | | |
| (i) Due to Micro Enterprises & small enterprises | 138.54 | 142.67 | 0.00 | 0.00 |
| (ii) Due to others | 530.54 | 673.72 | 1151.39 | 471.10 |
| (c) Other Current Liabilities | 72.88 | 50.46 | 34.46 | 55.25 |
| (d) Short-Term Provisions | 378.36 | 288.56 | 109.48 | 125.69 |
| | **1,823.49** | **2,028.66** | **1,933.54** | **1,095.27** |
| **TOTAL** | **4,823.94** | **4,696.54** | **3,708.18** | **2,345.66** |
| **II.ASSETS** | | | | |
| **(1) Non-Current Assets** | | | | |
| (a) Property, Plant and Equipment and Intangible assets | | | | |
| (i) Property, Plant and Equipment | 1,376.36 | 1,383.73 | 1,359.21 | 1,023.35 |
| (ii) Capital work in progress | 359.57 | 246.02 | 0.00 | 0.00 |
| (b) Non-current investments | 8.05 | 8.05 | 8.05 | 8.05 |
| (c) Long term loans and advances | 0.00 | 0.00 | 0.00 | 57.00 |
| (d) Other non-current assets | 27.14 | 327.14 | 34.07 | 6.43 |
| **Total Non-Current Assets** | **1,771.11** | **1,964.93** | **1401.32** | **1094.83** |
| **(2) Current Assets** | | | | |
| (a) Inventories | 779.36 | 990.82 | 678.05 | 163.26 |
| (b) Trade receivables | 2,087.85 | 1,537.78 | 1,500.22 | 957.79 |
| (c) Cash and cash equivalents | 23.39 | 51.73 | 6.00 | 55.70 |
| (d) Short term Loans and Advances | 133.26 | 132.81 | 112.23 | 66.18 |
| (e) Other current assets | 28.97 | 18.47 | 10.35 | 7.92 |
| **Total Non-Current Assets** | **3,052.83** | **2,731.61** | **2,306.86** | **1,250.84** |
| **TOTAL** | **4,823.94** | **4,696.54** | **3,708.18** | **2,345.66** |

## RESTATED PROFIT AND LOSS STATEMENT

*(₹ in Lakhs)*

| Particulars | | For the period ended June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|---|
| | | | | | |
| **I** | Revenue from operations | 2,705.25 | 8,236.16 | 6,939.60 | 6,048.46 |
| **II** | Other Income | 7.25 | 35.45 | 35.15 | 13.57 |
| **III** | **Total Income (I + II)** | **2,712.50** | **8,271.61** | **6,974.75** | **6,062.03** |
| **IV** | ***Expenses:*** | | | | |
| | Cost of Materials Consumed | 1,819.02 | 5,894.98 | 5,509.36 | 4,893.23 |
| | Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 88.86 | (199.24) | (46.01) | (2.52) |
| | Employee Benefit Expense | 84.88 | 379.98 | 293.14 | 247.98 |
| | Finance Costs | 22.56 | 99.11 | 111.79 | 66.22 |
| | Depreciation & Amortization | 18.37 | 66.29 | 56.02 | 41.61 |
| | Other Expenses | 324.84 | 993.71 | 635.62 | 464.07 |
| | **Total Expenses** | 2,358.53 | 7,234.82 | 6,559.92 | 5,710.58 |
| **V** | **Profit before tax (III - IV)** | **353.97** | **1,036.78** | **414.83** | **351.44** |
| **VI** | ***Tax expense:*** | | | | |
| | (1) Current tax | 89.69 | 272.50 | 97.90 | 116.61 |
| | (2) Deferred Tax | 2.18 | (3.64) | 42.89 | (1.80) |
| | (3) Tax adjustment for earlier period | 0.00 | 2.30 | (14.57) | 8.73 |
| **VII** | **Profit (Loss) for the period (V-VI)** | **262.10** | **765.62** | **288.61** | **227.90** |
| **VIII** | **Earning per equity share:** | | | | |
| | **(1) Basic** | **1.54** | **4.50** | **1.70** | **1.34** |
| | **(2) Diluted** | **1.54** | **4.50** | **1.70** | **1.34** |

**RESTATED CASH FLOW STATEMENT**

*(₹ in Lakhs)*

| Particulars | For the period ended June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Net profit before tax | 353.97 | 1,036.78 | 414.83 | 351.44 |
| Adjustments for : | | | | |
| Depreciation | 18.37 | 66.29 | 56.02 | 41.61 |
| Finance Cost | 22.56 | 99.11 | 111.79 | 66.22 |
| Interest and other income | (7.25) | (35.45) | (35.15) | (13.57) |
| **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | **387.66** | **1,166.73** | **547.49** | **445.70** |
| Increase/(Decrease) in Trade Payables | (147.32) | (334.99) | 680.29 | 34.44 |
| Increase/(Decrease) in Other Current Liabilities | 22.42 | 16.01 | (20.79) | 24.70 |
| Increase/(Decrease) in Provisions | 40.11 | 25.46 | 18.98 | (4.98) |
| Increase/(Decrease) in Short term Borrowings | (170.07) | 235.02 | 194.99 | 65.15 |
| (Increase)/Decrease in Inventories | 211.46 | (312.77) | (514.80) | (23.15) |
| (Increase)/Decrease in Other Current Assets | (10.50) | (8.12) | (2.44) | 1.36 |
| (Increase)/Decrease in Trade Receivables | (550.07) | (37.55) | (542.44) | (303.19) |
| (Increase)/Decrease in Short term loans and advances | (0.45) | (20.57) | (46.05) | 7.00 |
| **CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES** | **(216.77)** | **729.21** | **315.24** | **247.03** |
| Direct Taxes Paid | 40.00 | 121.19 | 118.52 | 35.53 |
| **NET CASH FLOW FROM / (USED IN) OPERATING ACTIVITIES** | **(256.77)** | **608.02** | **196.73** | **211.50** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of tangible / intangible assets | (124.55) | (336.83) | (391.88) | (511.30) |
| Other Non-Current Assets | 300.00 | (293.07) | (27.64) | (6.43) |
| Long Term Loans & Advances Given | - | - | 57.00 | 149.43 |
| Increase in Income from interest and other income | 7.25 | 35.45 | 35.15 | 13.57 |
| **NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES** | **182.70** | **(594.45)** | **(327.37)** | **(354.74)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Increase/(Decrease) in Long Term Borrowings | 68.29 | 131.27 | 192.74 | 86.74 |
| Finance Cost | (22.56) | (99.11) | (111.79) | (66.22) |
| **NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES** | **45.73** | **32.16** | **80.95** | **20.52** |
| **NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(28.35)** | **45.73** | **(49.70)** | **(122.71)** |
| **CASH AND CASH EQUIVALENTS (OPENING BALANCE)** | **51.73** | **6.00** | **55.70** | **178.41** |
| **CASH AND CASH EQUIVALENTS (CLOSING BALANCE)** | **23.39** | **51.73** | **6.00** | **55.70** |

## GENERAL INFORMATION

Our Company was originally incorporated on June 25, 2008, as a private limited company as "Patel Chem Specialities Private Limited" under the provisions of the Companies Act, 1956, with the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Subsequently, pursuant to a special resolution passed by the Shareholders at their Extraordinary General Meeting held on July 04, 2024 our Company was converted from a private limited company to public limited company and consequently, the name of our Company was changed to "Patel Chem Specialities Limited" and a fresh certificate of incorporation consequent to conversion was issued on August 29, 2024, by the Registrar of Companies, Central Processing Centre. The Corporate Identity Number of our Company is U24100GJ2008PLC054305.

For further details of change in name, change in object and change in Registered office of our company, please refer to section titled "*History and Certain Other Corporate Matters*" beginning on page 165 of this Draft Red Herring Prospectus.

**Brief Information on Company and Issue:**

| | |
|---|---|
| **Registered Office** | **Address:** Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India.<br>**Telephone:** +91- 9712999854<br>**E-mail:** info@patelchem.com<br>**Website:** www.patelchem.com |
| **Date of Incorporation** | June 25, 2008 |
| **Registration Number** | 054305 |
| **CIN** | U24100GJ2008PLC054305 |
| **Company Category** | Company Limited by Shares |
| **Registrar of Company** | Registrar of Company, Ahmedabad<br>**Address:** ROC Bhavan, Opp Rupal Park society, Behind Ankur bus stop, Naranpura, Ahmedabad, Gujarat- 380013.<br>**Telephone:** +91-079-27438531<br>**E-mail:** roc.ahmedabad@mca.gov.in<br>**Website:** www.mca.gov.in |
| **Company Secretary & Compliance Officer** | **Sonalkumari Yadav**<br>**Address:** Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India.<br>**Telephone:** +91- 9712999854<br>**E-mail:** cs@patelchem.com |
| **Chief Financial Officer** | **Name:** Kalpesh Prajapati<br>**Address:** Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India.<br>**Telephone:** + 91 - 9924454457<br>**E-mail:** kalpesh.prajapati@patelchem.com |
| **Designated Stock Exchange** | **BSE Limited**<br>**Address:** P.J Tower, Dalal Street, Fort, Mumbai-400001<br>**Website:** www.bsesme.com<br>**Telephone:** +91 22 2272 8017 |
| **Issue Schedule** | **Issue Open on:** [●]<br>**Issue Closes on:** [●] |

**DETAILS OF BOARD OF DIRECTORS OF OUR COMPANY**

As on the date of this Draft Red Herring Prospectus, the Board of Directors of our Company comprises of the following:

| Name | Designation | DIN | Residential Address |
|---|---|---|---|
| Bhupesh Patel | Managing Director | 02075545 | Flat No 201, Divya Elegance Raman Nagar Society, Opp Swaminarayan Temple, Maninagar Ahmedabad, Gujarat-380008, India. |

| Name | Designation | DIN | Residential Address |
|---|---|---|---|
| Anshu Patel | Whole Time Director | 02148403 | Flat No 201, Divya Elegance Raman Nagar Society, Opp Swaminarayan Temple, Maninagar Ahmedabad, Gujarat-380008, India. |
| Vini Patel | Non-Executive Director | 09127826 | Flat No 201, Divya Elegance Raman Nagar Society, Near Swaminarayan Temple, Maninagar Ahmedabad, Gujarat-380015, India. |
| Ashish Tripathi | Independent & Non-Executive Director | 06594281 | B-2-304, Vishwas Flats, Behind J.G International School, Gulab Tower Road, Thaltej, Ahmedabad 380061, Gujarat, India. |
| Krunal Patel | Independent & Non-Executive Director | 03574314 | A-303, Satva 3, Near Galaxy Bungalows, Nikol, Ahmedabad-382350, Gujarat, India. |
| Vaishakhi Shukla | Independent & Non-Executive Director | 09738364 | A-11, Deepkunj Apr, Opp- Purnanand Ashram, Nr Iswarbhuvan, Navrangpura, Ahmedabad – 380009, Gujarat, India. |

For further details of our directors please refer chapter titled "*Our Management*" beginning on page 169 of this Draft Red Herring Prospectus.

**INVESTOR GRIEVANCES**

**Bidders may contact the Company Secretary and Compliance Officer, BRLMs or the Registrar to the Issue in case of any pre-issue or post-issue related queries, grievances and for redressal of complaints including non-receipt of letters of Allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc.**

All Issue-related grievances, other than that of Anchor Investors, may be addressed to the Registrar to the Issue with a copy to the relevant Designated Intermediary(ies) with whom the Bid cum Application Form was submitted, giving full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, UPI ID, PAN, address of Bidder, number of Equity Shares applied for, ASBA Account number in which the amount equivalent to the Bid Amount was blocked or the UPI ID (for UPI Bidders who make the payment of Bid Amount through the UPI Mechanism), date of Bid cum Application Form and the name and address of the relevant Designated Intermediary(ies) where the Bid was submitted. Further, the Bidder shall enclose a copy of the Acknowledgment Slip or provide the application number received from the Designated Intermediary(ies) in addition to the documents or information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchange with a copy to the Registrar to the Issue.

All Issue-related grievances of the Anchor Investors may be addressed to the Registrar to the Issue, giving full details such as the name of the sole or First Bidder, Anchor Investor Application Form number, Bidders' DP ID, Client ID, PAN, date of the Anchor Investor Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Anchor Investor Application Form and the name and address of the BRLMs where the Anchor Investor Application Form was submitted by the Anchor Investor.

**DETAILS OF KEY INTERMEDIARIES PERTAINING TO THIS ISSUE AND OUR COMPANY**

| Book Running Lead Manager to the Issue | Book Running Lead Manager to the Issue |
|---|---|
| **Cumulative Capital Private Limited**<br>321, 3rd Floor, C Wing, 215 Atrium Co Op. Premises, Andheri Kurla Road, Hanuman Nagar, Andheri –E) Mumbai - 400 093, Maharashtra<br>**Telephone:** +91 98196 62664 / 701 625 1158<br>**Facsimile:** N.A.<br>**Email:** contact@cumulativecapital.group<br>**Website:** www.cumulativecapital.group<br>**Investor grievance:** investor@cumulativecapital.group<br>**Contact Person:** Swapnilsagar Vithalani / Parin Dhanesha<br>**SEBI Registration Number:** INM000013129 | **Unistone Capital Private Limited**<br>A/305, Dynasty Business Park, Andheri Kurla Road, Andheri East, Mumbai 400059, Maharashtra<br>**Telephone:** + 91 22 4604 6494<br>**Email:** mb@unistonecapital.com<br>**Website:** www.unistonecapital.com<br>**Investor grievance email**: compliance@unistonecapital.com<br>**Contact Person:** Brijesh Parekh<br>**SEBI registration number:** INM000012449<br>**CIN:** U65999MH2019PTC330850 |
| **Registrar to the Issue** | **Legal Counsel to the Issue** |

| | |
|---|---|
| **Link Intime India Private Limited**<br>**Address:** C-101,Embassy 247, LBS Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India.<br>**Website:** www.linkintime.co.in<br>**Email:** patelchem.ipo@linkintime.co.in<br>**Telephone:** +91 810 811 4949<br>**Contact Person:** Shanti Gopalkrishnan<br>**SEBI Registration:** INR000004058<br>**Validity:** Permanent Registration / May 05, 2026<br>**Investor Grievances E-mail Address:**<br>patelchem.ipo@linkintime.co.in | **Bathiya Legal**<br>909, Solaris One, N. S. Phadke Marg,<br>Andheri (East), Mumbai – 400069,<br>Maharashtra, India.<br>**Email:** info@bathiyalegal.com<br>**Contact Person:** Janak Bathiya |
| **Statutory Auditor of the Company** | **Banker to the Company** |
| **Parikh Shah & Associates**<br>Chartered Accountants<br>**Firm Registration No.:** 123999W<br>**Peer Review Regn. No.:** 015418<br>**Address:** 412, Ashwamegh Avenue, Mayur Colony, Navrangpura, Ahmedabad- 380009<br>**Telephone:** +91 98250 35883<br>**Email:** parikhshah412@yahoo.com<br>**Contact Person:** CA Shailesh Parikh | **Bank of India**<br>91/21, Vatva Industrial Estate Branch, Vatva GIDC, Ahmedabad-382445<br>**Contact Person:** Shankarlal Madhavlal Chaudhari<br>**Telephone number:** +91 99989 36775<br>**Fax Number:** 079 25894090<br>**Email**: VESsi.Ahmedabad@bankofindia.co.in<br>**Website:** www.bankofindia.co.in<br>**CIN:** U99999MH1906PLC000243 |
| **Peer Review Auditor of the Company** | **Syndicate Member** |
| **Ashok Rajpara & Company, Chartered Accountants**<br>**Address:** A/510, Diamond World Nr. Mini Bazar, Varachha Road, Surat, Gujarat – 395006;<br>Phone: +91 - 9824745000,<br>**Email:** carajpara@gmail.com / carajpara@yahoo.com,<br>**Contact Person:** CA Ashok Rajpara;<br>**Membership No:** 100559;<br>**Peer Review No:** 016097;<br>**F.R.N.:** 0153195W | [●]<br>Address: [●]<br>Telephone: [●]<br>Fax: [●]<br>Email: [●]<br>Website: [●]<br>Contact Person: [●]<br>SEBI Certificate Registration: [●] |
| **Public Issue Bank/ Banker to the Issue / Refund Banker/Escrow Collection Bank** | |
| [●]<br>Address: [●]<br>Telephone: [●]<br>Fax: [●]<br>Email: [●]<br>Website: [●]<br>Contact Person: [●] | |

**DESIGNATED INTERMEDIARIES**

**SELF-CERTIFIED SYNDICATE BANKS**

The list of banks that have been notified by SEBI to act as the SCSBs (i) in relation to the ASBA (other than through UPI Mechanism) is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI Mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, refer to the above-mentioned link or any other such website as may be prescribed by SEBI from time to time.

**SCSBS AND MOBILE APPLICATIONS ENABLED FOR UPI MECHANISM**

The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at

https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time.

In accordance with SEBI RTA Master Circular, SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, and SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, read with other applicable UPI Circulars, UPI Bidders Bidding through UPI Mechanism may apply through the SCSBs and mobile applications, using UPI handles, whose name appears on the SEBI website. A list of SCSBs and mobile applications, which, are live for applying in public offers using UPI mechanism is provided in the list available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time.

**SYNDICATE SCSB BRANCHES**

In relation to Bids (other than Bids by Anchor Investors and RIBs) submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any such other website as may be prescribed by SEBI from time to time.

**REGISTERED BROKERS**

Bidders can submit Bid cum Application Forms in the Issue using the stock brokers network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centers. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of the SEBI (www.sebi.gov.in ) and updated from time to time. For details on Registered Brokers, please refer https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes

**REGISTRAR AND SHARE TRANSFER AGENTS**

The list of the RTAs eligible to accept Bid cum Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes as updated from time to time.

**COLLECTING DEPOSITORY PARTICIPANTS**

The list of the Collecting Depository Participants (CDPs) eligible to accept Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=19 for NSDL CDPs and at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=18 for CDSL CDPs, as updated from time to time. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI (www.sebi.gov.in) and updated from time to time.

**STATEMENT OF RESPONSIBILITY OF THE BOOK RUNNING LEAD MANAGERS / STATEMENT OF INTERSE ALLOCATION OF RESPONSIBILITIES**

| Sr. No. | Activity | Responsibility | Co-Ordinator |
|---|---|---|---|
| 1. | Due diligence of the Company including its operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, abridged prospectus and application form. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchange, RoC and SEBI including finalisation of Red Herring Prospectus and Prospectus and RoC filing. | Cumulative | Cumulative |
| 2. | Capital structuring with the relative components and formalities such as type of instruments, size of issue, allocation between primary and secondary, etc. | Cumulative | Cumulative |
| 3. | Drafting and approval of all statutory advertisements | Cumulative | Cumulative |
| 4. | Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report. | Cumulative | Cumulative |

| Sr. No. | Activity | Responsibility | Co-Ordinator |
|---|---|---|---|
| 5. | Appointment of intermediaries - Registrar to the Issue, advertising agency, Banker(s) to the Issue, Sponsor Bank, printer, collection centres and other intermediaries, including coordination of all agreements to be entered into with such intermediaries. | Cumulative | Cumulative |
| 6. | Preparation of road show marketing presentation and frequently asked questions | Cumulative and Unistone | Cumulative and Unistone |
| 7. | Coordination with Stock Exchange for Book Building software, bidding terminals and mock trading etc. | Cumulative | Cumulative |
| 8. | Managing and finalization of pricing in consultation with the Company | Cumulative | Cumulative |
| 9. | Retail and Non-institutional marketing of the Issue, which will cover, inter alia,<br>• Finalising media, marketing and public relations strategy including list of frequently asked questions at road shows;<br>• Finalising centres for holding conferences for brokers, etc.;<br>• Follow-up on distribution of publicity and Issue material including application form, the Prospectus and deciding on the quantum of the Issue material; and<br>• Finalising collection centres. | Unistone | Unistone |
| 10. | Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs, Sponsor Banks and other Bankers to the Issue, intimation of allocation and dispatch of refund to Bidders, etc. Other post-Issue activities, which shall involve essential follow-up with Bankers to the Issue and SCSBs to get quick estimates of collection and advising Company about the closure of the Issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds, payment of STT and coordination with various agencies connected with the post-Issue activity such as Registrar to the Issue, Bankers to the Issue, Sponsor Bank, SCSBs including responsibility for underwriting arrangements, as applicable.<br><br>Coordinating with Stock Exchange and SEBI for submission of all post- Issue reports including the final post- Issue report to SEBI. | Cumulative | Cumulative |

**CREDIT RATING**

This being an Issue of Equity Shares, credit rating is not required.

**IPO GRADING**

Since the Issue is being made in terms of Chapter IX of SEBI ICDR Regulations, there is no requirement of appointing an IPO grading agency.

**EXPERT OPINION**

Our Company has received written consent dated September 27, 2024 from the Peer Reviewed Auditor namely, Ashok Rajpara & Company, Chartered Accountants. to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "Expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of Examination Report on the Restated Financial Statements of our Company for the period ended June 30, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 which comprises the restated balance sheet, the restated statement of profit and loss and the restated cash flow statement. Certificate dated December 26, 2024, from Peer Review Auditor, in respect of Statement of Possible Special Tax Benefits.

Consent dated December 26, 2024 from Independent Chartered Engineer i.e. Jayendrasinh K Parmar in respect of his certificate dated December 28, 2024, on Company's installed capacity and capacity utilisation at manufacturing unit included in Draft Red Herring Prospectus.

Above-mentioned consents have not been withdrawn as on date of this Draft Red Herring Prospectus.

However, the term expert shall not be construed to mean an expert as defined under the U.S. Securities Act.

**DEBENTURE TRUSTEE**

Since this is not a debenture issue, appointment of debenture trustee is not required.

**APPRAISAL AND MONITORING AGENCY**

As per regulation 262(1) of SEBI ICDR Regulations, the requirement of monitoring agency is not mandatory if the Issue size is up to ₹ 10,000 Lakh. Since the Issue size is below ₹10,000 Lakh, our Company has not appointed any monitoring agency for this Issue. However, as per section 177 of the Companies Act, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the issue.

**UNDERWRITING AGREEMENT**

Our Company and BRLMs to the Issue hereby confirm that the Issue is 100% Underwritten. The Underwriting agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions specified therein. The Underwriters have indicated their intention to underwrite the following number of specified securities being Issued through this Issue:

| Name, Address, Telephone, Fax, and Email of the Underwriter | Indicative No. of Equity Shares to be Underwritten | Amount Underwritten (₹ in Lakh) | % of the Total Issue Size Underwritten |
|---|---|---|---|
| [●] | [●] | [●] | [●] |

In the opinion of our Board of Directors of the Company, the resources of the abovementioned Underwriter are sufficient to enable them to discharge the underwriting obligations in full. The above-mentioned Underwriter is registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange.

**FILING OF ISSUE DOCUMENT**

The Draft Issue document, Red Herring Prospectus, Prospectus and Issue Document shall be filed on the platform of BSE SME.

Pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, Draft Red Herring Prospectus shall not be submitted to SEBI, however, soft copy of Red Herring Prospectus and Prospectus with the Due Diligence Certificate shall be submitted to SEBI pursuant to Regulation 246(1), and SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, through SEBI Intermediary Portal at https://siportal.sebi.gov.in. SEBI will not issue any observation on the Issue document in term of Regulation 246(2) of the SEBI ICDR Regulations.

A copy of the Red Herring Prospectus and Prospectus along with the material contracts and documents referred elsewhere in the Prospectus required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the Registrar of Companies, Ahmedabad situated at ROC Bhavan, Opp Rupal Park society, Behind Ankur bus stop, Naranpura, Ahmedabad, Gujarat- 380013 at least (3) three working days prior from the date of opening of the Issue.

**CHANGE IN THE AUDITOR DURING LAST 3 YEAR**

Except as stated below, there has been no change in the auditors of our Company in the three years immediately preceding the date of this Draft Red Herring Prospectus:

| | | |
|---|---|---|
| **Name of the Auditor** | Belsare & Associates | Parikh Shah & Associates |
| **Membership No./ FRN** | 117453W | 123999W |
| **Peer Review No.** | N.A | 015418 |
| **Email ID** | nrbelsare@gmail.com | parikhshah412@yahoo.com |
| **Address** | 704, Shitiratna, Panchwati circle, Ellisbridge, Ahmedabad 380006, Gujarat, India | 412, Ashwamegh Avenue, Mayur Colony, Navrangpura, Ahmedabad, 380009 Gujarat, India |
| **Date of Appointment** | September 30, 2014 | September 30, 2024 |
| **Date of Re-appointment** | September 30, 2019 | N.A |

| | | |
|---|---|---|
| **Name of the Auditor** | Belsare & Associates | Parikh Shah & Associates |
| **Reason for Change for Appointment / Re-appointment** | NA | Appointment of a New Auditor after the former auditor's tenure expires |
| **Date of cessation** | March 31, 2024 | N.A |
| **Reason for Change for Cessation** | On the expiration of the tenure of the auditor who was appointed for Fiscal Year 2019-24 | N.A |

**BOOK BUILDING PROCESS**

Book Building, with reference to the Issue, refers to the process of collection of Bids on the basis of this Draft Red Herring Prospectus within the Price Band. The Issue Price shall be determined by our Company, in consultation with the Book Running Lead Managers in accordance with the Book Building Process after the Bid / Issue Closing Date. Principal parties involved in the Book Building Process are:

- Our Company;
- The Book Running Lead Managers in this case being Cumulative Capital Private Limited and Unistone Capital Private Limited;
- The Syndicate Member(s) who are intermediaries registered with SEBI / registered as brokers with Exchanges and eligible to act as Underwriters. The Syndicate Member(s) will be appointed by the Book Running Lead Managers;
- The Market Maker in this case is [●];
- The Registrar to the Issue and;
- The Designated Intermediaries and Sponsor bank

The SEBI ICDR Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein allocation to the public shall be made as per Regulation 253 of the SEBI ICDR Regulations.

The Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation on a proportionate basis to QIBs, provided that our Company may in consultation with the Book Running.

Book Running Lead Managers allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI (ICDR) Regulations (the "Anchor Investor Portion"), out of which one third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Issue Price. 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue shall be available for allocation to Retail Individual Bidders, in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Issue Price. All potential Bidders may participate in the Issue through an ASBA process by providing details of their respective bank account which will be blocked by the SCSBs. All Bidders are mandatorily required to utilize the ASBA process to participate in the Issue. Under-subscription if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange.

**All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Issue. In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid / Issue Period and withdraw their Bids until the Bid / Issue Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid / Issue Period. Allocation to the Anchor Investors will be on a discretionary basis.**

Subject to valid Bids being received at or above the Issue Price, allocation to all categories in the Net Issue, shall be made on a proportionate basis, except for Retail Portion where allotment to each Retail Individual Bidders shall not be less than the minimum bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under – subscription, if any, in any category, would be allowed to be met with spill – over from any other category or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Managers and the Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill over from other categories or a combination of categories.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors (except Anchor Investors) applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by the Self Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public issue may use either Application Supported by Blocked Amount (ASBA) facility for making application or also can use UPI as a payment mechanism with Application Supported by Blocked Amount for making application. For details in this regards, specific attention is invited to the chapter titled "*Issue Procedure*" on page 239 of this Draft Red Herring Prospectus.

The process of Book Building under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

For further details on the method and procedure for Bidding, please see section entitled "*Issue Procedure*" on page 239 of this Draft Red Herring Prospectus.

**Illustration of the Book Building and Price Discovery Process:** Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors. Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20.00 to ₹24.00 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

| Bid Quantity | Amount (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 24.00 | 500 | 16.67% |
| 1,000 | 23.00 | 1,500 | 50.00% |
| 1,500 | 22.00 | 3,000 | 100.00% |
| 2,000 | 21.00 | 5,000 | 166.67% |
| 2,500 | 20.00 | 7,500 | 250.00% |

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹22.00 in the above example. The Issuer, in consultation with the Book Running Lead Managers, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

**Steps to be taken by the Bidders for Bidding:**

- Check eligibility for making a Bid (see section titled ***"Issue Procedure"*** on page 239 of this Draft Red Herring Prospectus);
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Issue will obtain the Demographic Details of the Bidders from the Depositories.
- Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depositary Participant's verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims.
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form;

**BID/ISSUE PROGRAM**

| | |
|---|---|
| **Bid/Issue Opens on** | [●]* |
| **Bid/Issue Closes on** | [●]** |
| **Finalization of Basis of Allotment with the Designated Stock Exchange** | [●] |
| **Initiation of Allotment / Refunds / Unblocking of Funds from ASBA Account or UPI ID linked bank account** | [●]*** |
| **Credit of Equity Shares to Demat accounts of Allottees** | [●] |
| **Commencement of trading of the Equity Shares on the Stock Exchange** | [●] |

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

***Our Company may, in consultation with the Book Running Lead Managers, 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.*

****In case of (i) any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) for cancelled / withdrawn / deleted ASBA Forms, the Applicant shall be compensated at a uniform rate of ₹ 100/- per day or 15% per annum of the Application Amount, whichever is higher from the date on which the request for cancellation / withdrawal / deletion is placed in the Stock Exchanges Applying platform until the date on which the amounts are unblocked (ii) any blocking of multiple amounts for the same ASBA Form (for amounts blocked through the UPI Mechanism), the Applicant shall be compensated at a uniform rate ₹ 100/- per day or 15% per annum of the total cumulative blocked amount except the original application amount, whichever is higher from the date on which such multiple amounts were blocked till the date of actual unblock; (iii) any blocking of amounts more than the Application Amount, the Applicant shall be compensated at a uniform rate of ₹ 100/- per day or 15% per annum of the difference in amount, whichever is higher from the date on which such excess amounts were blocked till the date of actual unblock; (iv) any delay in unblocking of non-allotted / partially allotted Application, exceeding four Working Days from the Issue Closing Date, the Applicant shall be compensated at a uniform rate of ₹ 100/- per day or 15% per annum of the Application Amount, whichever is higher for the entire duration of delay exceeding four Working Days from the Issue Closing Date by the SCSB responsible for causing such delay in unblocking. The post-Issue BRLMs shall be liable for compensating the Applicant at a uniform rate of ₹ 100/- per day or 15% per annum of the Application Amount, whichever is higher from the date of receipt of the Investor grievance until the date on which the blocked amounts are unblocked. For the avoidance of doubt, the provisions of the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 shall be deemed to be incorporated in the deemed agreement of the Company with the SCSBs to the extent applicable.*

The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Managers. Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 3 Working Days of the Bid / Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid / Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws.

**Submission of Application Forms:**

| **Issue period (except the Issue Closing Date)** | |
|---|---|
| Submission and Revision of Application Form | Only between 10.00 a.m. to 5.00 p.m. IST |
| **Issue Closing Date** | |
| Submission and Revision of Application Form | Only between 10.00 a.m. to 3.00***#** p.m. IST |

**UPI mandate end time and date shall be at 5.00 pm on Bid/ Issue Closing Date*

*# On the Issue Closing Date, the Applications shall be uploaded until:*

I. Until 4.00 p.m. IST in case of application by QIBs and Non – Institutional Investors and

II. Until 5.00 p.m. IST or such extended time as permitted by the Stock Exchange, in case of Retail Individual Investors which may be extended up to such time as deemed fit by the Stock Exchange after taking into account the total number of applications received up to the closure of timings and reported by Book Running Lead Managers to the Stock Exchange.

Due to the limitation of time available for uploading the Bid-Cum-Application Forms on the Bid / Issue Closing Date, Applicants are advised to submit their applications 1(one) day prior to the Issue Closing Date and, in any case, not later than 3:00 p.m. (IST) on the Bid / Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Applicants are cautioned that, in the event a large number of Bid-Cum-Application Forms are received on the Issue Closing Date, as is typically experienced in public issue, some Bid-Cum-Application Forms may not get uploaded due to the lack of sufficient time. Such Bid-Cum-Application Forms that cannot be uploaded will not be considered for allocation under this Issue. Bid-Cum-Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holidays). Neither our Company nor the Book Running Lead Managers is liable for any failure in uploading the Bid-Cum-Application Forms due to faults in any software / hardware system or otherwise.

In accordance with SEBI ICDR Regulations, QIBs and Non-Institutional Applicants are not allowed to withdraw or lower the size of their Application (in terms of the quantity of the Equity Shares or the Application amount) at any stage. Retail Individual Applicants can revise or withdraw their Bid Cum Application Forms prior to the Bid / Issue Closing Date. Allocation to Retail Individual Applicants, in this Issue will be on a proportionate basis.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid Cum Application Form, for a particular Applicant, the details as per the file received from Stock Exchange may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid Cum Application Form, for a particular ASBA Applicant, the Registrar to the Issue shall ask the relevant SCSBs / RTAs / DPs / stock brokers, as the case may be, for the rectified data.

**WITHDRAWAL OF THE ISSUE**

Our Company in consultation with the Book Running Lead Managers, reserve the right not to proceed with the Issue at any time after the Issue Opening Date but before the Board meeting for Allotment. In such an event, our Company would issue a public notice in the newspapers, in which the pre-Issue advertisements were published, within two (2) days of the Issue Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Issue. The Book Running Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Applicants within one (1) day of receipt of such notification. Our Company shall also promptly inform BSE Limited on which the Equity Shares were proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals from BSE Limited, which our Company shall apply for after Allotment. If our Company withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an IPO, our Company shall be required to file a fresh Prospectus.

**DETAILS OF THE MARKET MAKING ARRANGEMENT FOR THIS ISSUE**

| | |
|---|---|
| **Name** | [●] |
| **Address** | [●] |
| **Tel No.** | [●] |
| **Email** | [●] |
| **Contact Person** | [●] |
| **CIN** | [●] |
| **SEBI Registration No.** | [●] |

Our Company and the Book Running Lead Managers have entered into an agreement dated [●] with [●] the Market Maker for this Issue, duly registered with BSE SME to fulfill the obligations of Market Making:

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and its amendments from time to time and the circulars issued by the BSE and SEBI regarding this matter from time to time. Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the stock exchange. Further, the Market Maker(s) shall inform the exchange in advance for each and every blackout period when the quotes are not being Issued by the Market Maker.

2. The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of BSE SME and SEBI from time to time.

3. The minimum depth of the quote shall be ₹1,00,000. However, the investors with holdings of value less than₹1,00,000 shall be allowed to Issue their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker.

4. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.

5. There would not be more than five Market Makers for a script at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors.

6. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction.

7. The Marker maker may also be present in the opening call auction, but there is no obligation on him to do so.

8. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.

The Market Maker(s) shall have the right to terminate said arrangement by giving a one month notice or on mutually acceptable terms to the Merchant Banker, who shall then be responsible to appoint a replacement Market Maker(s). In case of termination of the abovementioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Book Running Lead Managers to arrange for another Market Maker in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 261 of the SEBI (ICDR) Regulations, 2018. Further, our Company and the Book Running Lead Managers reserve the right to appoint other Market Makers either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed five or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our corporate office from 11.00 a.m. to 5.00 p.m. on working days.

9. Risk containment measures and monitoring for Market Makers: SME Platform of BSE will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value- At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time- to-time.

10. Punitive Action in case of default by Market Maker: SME Platform of BSE will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non- compliances. Penalties / fines may be imposed by the Exchange on the Market Makers, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties/ fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker(s) in case he is not present in the market (Issuing two-way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties/fines/ suspension for any type of misconduct/manipulation/ other irregularities by the Market Makers from time to time.

11. Price Band and Spreads: SEBI Circular bearing reference no: CIR/MRD/DP/02/2012 dated January 20, 2012, has laid down that for Issue size up to ₹ 250 crores, the applicable price bands for the first day shall be:

(i) In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.

(ii) In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the Issue price.

Additionally, the trading shall take place in TFT sent for first 10 days from commencement of trading. The following spread will be applicable on the SME Exchange Platform.

| Sr. No. | Market Price Slab | Proposed Spread(in % to sale price) |
|---|---|---|
| 1. | Up to 50 | 9.00% |
| 2. | 50 to 75 | 8.00% |
| 3. | 75-100 | 6.00% |
| 4. | Above 100 | 5.00% |

12. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.

13. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27,2012, limits on the upper side for Markets Makers during market making process has been made applicable, based on the issue size and as follows:

| Issue Size | Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size) | Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size) |
|---|---|---|
| Up to₹ 20 Crore | 25% | 24% |
| ₹20 Crore to ₹50 Crore | 20% | 19% |

| | | |
|---|---|---|
| ₹50 Crore To ₹80 Crore | 15% | 14% |
| Above ₹80 Crore | 12% | 11% |

The Marketing Making arrangement, trading and other related aspects including all those specified above shall be subject to the applicable provisions of law and/or norms issued by SEBI/BSE from time to time.

The trading shall take place in TFT segment for first 10 days from commencement of trading. The price band shall be 20% and the Market Maker Spread (difference between the sell and the buy quote) shall be within 10% or as intimated by Exchange from time to time.

## CAPITAL STRUCTURE

The share capital of our Company as on date of this Draft Red Herring Prospectus is set forth below:

*(₹ in lakhs, except share data)*

| Sr. No. | Particulars | Aggregate Nominal Value | Aggregate Value at Issue Price |
|---|---|---|---|
| A. | **Authorised Share Capital** | | |
| | 2,50,00,000 equity shares of ₹ 10/- each. | 2,500.00 | - |
| B. | **Issued, Subscribed and Paid-Up Share Capital before the Issue** | | |
| | 1,78,70,000 Equity Shares of ₹ 10/- each | 1,787.00 | - |
| C. | **Present Issue in terms of this Draft Red Herring Prospectus**[(1)] | | |
| | Fresh Issue of up to 70,00,000 Equity Shares of Face Value ₹ 10/- each at a Price of ₹ [●]/- per Equity Share | [●] | [●] |
| | **Consisting *of:*** | | |
| | **Reservation for Market Maker** – [●] Equity Shares of ₹ 10/- each at a price of ₹ [●]/- per Equity Share reserved as Market Maker Portion. | [●] | [●] |
| | **Net Issue to the Public** - [●] Equity Shares of ₹ 10/- each at a price of ₹ [●]/- per Equity Share. | [●] | [●] |
| | ***Of the Net Issue to the Public*** | | |
| | **1. QIB Portion**[(2)] | | |
| | Of which: | | |
| | (a) Anchor Investor Portion | [●] | [●] |
| | b) Net QIB Portion (assuming the Anchor Investor Portion is fully subscribed) | [●] | [●] |
| | Of which: | | |
| | (i) Available for allocation to Mutual Funds only (5% of the Net QIB Portion (excluding Anchor Investor Portion) | [●] | [●] |
| | (ii) Balance of QIB Portion for all QIBs including Mutual Funds | [●] | [●] |
| | **2. Non-Institutional Category**[(2)] | [●] | [●] |
| | **3. Retail Portion**[(2)] | [●] | [●] |
| D. | **Issued, Subscribed and Paid-up Share Capital after the Issue** | | |
| | [●] Equity Shares of ₹10/- each | [●] | [●] |
| E. | **Securities Premium Account** | | |
| | Before the Issue | | 443.70 |
| | After the Issue | | [●] |

[(1)] *The present Issue has been authorized pursuant to a resolution of our Board dated November 18, 2024 and pursuant to a special resolution of our Shareholders passed in an Extra Ordinary General Meeting dated November 29, 2024 under Section 62(1)(c) of the Companies Act, 2013.*

[(2)] *Allocation to all categories shall be made on a proportionate basis subject to valid Applications received at or above the Issue Price. Under-subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Managers and Stock Exchange. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines.*

**Classes of Shares**

Our Company has only one class of share capital i.e. Equity Shares of face value of ₹ 10/- each only. All the issued Equity Shares are fully paid-up. Our Company has no outstanding convertible instruments as on the date of this Draft Red Herring Prospectus.

**Details of changes in Authorized Share Capital of our Company since incorporation**

The initial authorised capital of our Company was ₹ 10,00,000 (Rupees Ten lakhs only) divided into 1,00,000 Equity Shares of face value of ₹ 10/- each. Further, the authorised share capital of our Company has been altered in the manner set forth below:

| Date of Shareholder's Meeting | Particulars of Change | | AGM/EGM |
|---|---|---|---|
| | From | To | |
| August 20, 2014 | ₹ 10,00,000 divided into 1,00,000 Equity Shares of face value of ₹ 10/- each | ₹ 50,00,000 divided into 500,000 Equity Shares of face value of ₹ 10/- each. | EGM |
| November 01, 2017 | ₹ 50,00,000 divided into 5,00,000 Equity Shares of face value of ₹ 10/- each | ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of face value of ₹ 10/- each. | EGM |
| September 01, 2022 | ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of face value of ₹ 10/- each. | ₹ 3,00,00,000 divided in 30,00,000 Equity Shares of face value of ₹ 10/- each. | EGM |
| March 21, 2024 | ₹ 3,00,00,000 divided in 30,00,000 Equity Shares of face value of ₹ 10/- each. | ₹ 6,00,00,000 divided into 60,00,000 Equity Shares of face value of ₹ 10/- each. | EGM |
| April 09, 2024 | ₹ 6,00,00,000 divided into 60,00,000 Equity Shares of face value of ₹ 10/- each | ₹ 11,00,00,000 divided into 1,10,00,000 Equity Shares of face value of ₹ 10/- each. | EGM |
| June 04, 2024 | ₹ 11,00,00,000 divided into 1,10,00,000 Equity Shares of face value of ₹ 10/- each. | ₹ 25,00,00,000 divided into 2,50,00,000 Equity Shares of face value of ₹ 10/- each. | EGM |

**NOTES TO THE CAPITAL STRUCTURE**

1) **Share Capital History of our Company:**

**Equity Share Capital**

The following table sets forth details of the history of paid-up Equity Share capital of our Company:

| Date of Allotment | No. of Equity Shares | Face value (₹) | Issue Price (₹) | Nature of consideration | Nature of Allotment | Cumulative number of Equity Shares | Cumulative paid -up Capital (₹) | Cumulative Securities Premium (₹) |
|---|---|---|---|---|---|---|---|---|
| On Incorporation* | 10,000 | 10 | 10 | Cash | Subscription to Memorandum of Association (i) | 10,000 | 1,00,000 | - |
| December 02, 2010 | 90,000 | 10 | 10 | Cash | Right Issue in the ratio of 9 new Equity Shares for 1 Equity Shares(ii) | 1,00,000 | 10,00,000 | - |
| October 01, 2014 | 2,00,000 | 10 | 10 | Consideration other than cash | Bonus Issue in the ratio of Two (2) equity shares for every One (1) Equity Shares(iii) | 3,00,000 | 30,00,000 | - |
| October 10, 2014 | 2,00,000 | 10 | 10 | Cash | Right Issue in the ratio of Two (2) new Equity Shares for every Three (3) Equity Share(iv) | 5,00,000 | 50,00,000 | - |
| December 22, 2017 | 5,00,000 | 10 | 10 | Consideration other than cash | Bonus Issue in the ratio of One (1) equity shares for every One (1) Equity Shares(v) | 10,00,000 | 1,00,00,000 | - |
| July 15, 2024 | 1,60,00,000 | 10 | 10 | Consideration other than cash | Bonus Issue in the ratio of Sixteen (16) equity shares for every One (1) Equity Shares(vi) | 1,70,00,000 | 17,00,00,000 | - |
| November 18, 2024 | 8,70,000 | 10 | 61 | Cash | Preferential Allotment (vii) | 1,78,70,000 | 17,87,00,000 | 4,43,70,000.00 |

**The MoA of our Company was signed on June 12, 2008, however, our Company was incorporated on June 25, 2008.*

(i) *Initial Subscribers to Memorandum of Association subscribed 10,000 Equity Shares of face value of ₹ 10/-fully paid up as per the details given below:*

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 1. | Bhupesh Patel | 5,000 |
| 2. | Vahalabhai Patel | 5,000 |
| **Total** | | **10,000** |

(ii) Under right issue the Company allotted 90,000 Equity Shares on December 2, 2010, the details of which is given below:

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 1. | Bhupesh Patel | 81,000 |
| 2. | Vahalabhai Patel | 5,000 |
| 3. | Anshu Patel | 1,000 |
| 4. | Kusumben Patel | 1,000 |
| 5. | Bhupesh Patel – HUF | 1,000 |
| 6. | Vahalabhai Patel – HUF | 1,000 |
| | **Total** | **90,000** |

(iii) Under bonus issue the Company allotted 2,00,000 Equity Shares as on October 1, 2014, the details of which is given below:

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 1. | Bhupesh Patel | 1,80,000 |
| 2. | Anshu Patel | 16,000 |
| 3. | Bhupesh V Patel – HUF | 4,000 |
| | **Total** | **2,00,000** |

(iv) Under right issue the Company allotted 2,00,000 Equity Shares as on October 14, 2014, the details of which is given below:

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 1. | Bhupesh Patel | 1,80,000 |
| 2. | Anshu Patel | 20,000 |
| | **Total** | **2,00,000** |

(v) Under bonus issue the Company allotted 5,00,000 Equity Shares as on December 22, 2017, the details of which is given below:

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 1. | Bhupesh Patel | 4,50,000 |
| 2. | Anshu Patel | 44,000 |
| 3. | Bhupesh V Patel – HUF | 6,000 |
| | **Total** | **5,00,000** |

(vi) Under bonus issue the Company allotted 1,60,00,000 Equity Shares as on July 15, 2024, the details of which is given below:

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 1. | Bhupesh Patel | 1,42,39,040 |
| 2. | Anshu Patel | 14,08,000 |
| 3. | Bhupesh Patel – HUF | 1,92,000 |
| 4. | Vini Patel | 1,60,000 |
| 5. | Amarkumar Panchal | 160 |
| 6. | Amit Chauhan | 160 |
| 7. | Anand Dave | 160 |
| 8. | Jignesh Rathod | 160 |
| 9. | Kalpesh Prajapati | 160 |
| 10. | Pravin Mistry | 160 |
| | **Total** | **1,60,00,000** |

(vii) Under preferential issue the Company allotted 8,70,000 Equity Shares as on November 18, 2024, the details of which is given below:

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 1. | Amarkumar Panchal | 2,400 |
| 2. | Amit Chauhan | 2,400 |

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 3. | Anand Dave | 3,600 |
| 4. | Jignesh Rathod | 3,600 |
| 5. | Kalpesh Prajapati | 2,400 |
| 6. | Pravin Mistry | 2,400 |
| 7. | Ankurkumar H. Patel | 2,400 |
| 8. | Kamlesh C. Shah | 4,800 |
| 9. | Sunil G. Mehta | 4,800 |
| 10. | Kinnari T. Soni | 2,400 |
| 11. | Vrutika T. Soni | 1,200 |
| 12. | Kurupa D. Shah | 21,600 |
| 13. | Dhaval M. Shah | 21,600 |
| 14. | Pujan C. Patel | 2,400 |
| 15. | Sanjiv R. Kharidia | 25,200 |
| 16. | Jaileshkumar P. Patel | 1,200 |
| 17. | Ramaben J. Patel | 1,200 |
| 18. | Hemangini P. Thaker | 1,200 |
| 19. | Neha Hemant Patwari | 1,200 |
| 20. | Avani Ankit Shah | 10,800 |
| 21. | Chetana Rajesh Shah | 10,800 |
| 22. | Priyanka Kaushal Shah | 10,800 |
| 23. | Kaushal Rajesh Shah | 10,800 |
| 24. | Rajesh Rasiklal Shah | 10,800 |
| 25. | Ami Sandipbhai Shah | 2,400 |
| 26. | Sandeep Kiritbhai Shah | 2,400 |
| 27. | Shubham Snehalkumar Soni | 3,600 |
| 28. | Falguniben Snehalkumar Soni | 3,600 |
| 29. | Snehalkumar Hasmukhlal Soni | 3,600 |
| 30. | Sanjay P. Mehta HUF | 6,000 |
| 31. | Yash Pareshbhai Gandhi | 7,200 |
| 32. | Hemendrabhai Sevantilal Shah | 8,400 |
| 33. | Sanjay Mehta | 7,200 |
| 34. | Milan Natvarlal Bhayani | 1,00,800 |
| 35. | Mehul Natvarlal Patel | 2,400 |
| 36. | Kaushik Chandulal Raval | 1,200 |
| 37. | Falguni Kaushik Raval | 1,200 |
| 38. | Devarshi Kaushikbhai Raval | 1,200 |
| 39. | Vekaria Arajbhai Hansrajbhai HUF | 15,600 |
| 40. | Gopalbhai Arjunbhai Vekaria HUF | 14,400 |
| 41. | Asha Gopal Vekaria | 16,800 |
| 42. | Gopal Arjanbhai Vekaria | 16,800 |
| 43. | Labhuben Arjan Vekaria | 16,800 |
| 44. | Kalubhai N. Kumbhani | 16,800 |
| 45. | Arjanbhai Hansrajbhai Vekaria | 16,800 |
| 46. | Nair Shain Prabhakaran | 15,600 |
| 47. | Mitesh Lavjibhai Chikhaliya | 25,200 |
| 48. | Kayastha Raksha V | 1,200 |
| 49. | Narayan Inani | 20,400 |
| 50. | Anirudh Inani | 20,400 |
| 51. | Sejal Ashwin Kayastha | 1,200 |
| 52. | K. Prakashchand | 40,800 |
| 53. | Samir Shubhashchandra Shah | 9,600 |
| 54. | Niranjana S. Shah | 9,600 |
| 55. | Subhash Chandar Natverlal Shah | 9,600 |
| 56. | Truptiben Sameerbhai Patel | 2,400 |
| 57. | Ghanshyam Arjanbhai Patel | 9,600 |
| 58. | Architkumar Jayantibhai Pokar | 18,000 |
| 59. | Bhavinkumar D. Patel | 15,600 |

| Sr. No. | Name of Person | No. of Equity Shares Allotted |
|---|---|---|
| 60. | Damyantiben Jayantilal Patel | 13,200 |
| 61. | Jayantilal Manilal Patel | 24,000 |
| 62. | Shilpaben Vijay Pokar | 7,200 |
| 63. | Jayantilal Manilal Patel HUF | 15,600 |
| 64. | Narendrakumar M. Patel HUF | 10,800 |
| 65. | Dineshkumar Manilal Patel HUF | 15,600 |
| 66. | Tarun Ratilal Dobariya | 33,600 |
| 67. | Harshad Ramchandra Jadawala | 1,200 |
| 68. | Raj Milan Bhayani | 50,400 |
| 69. | Nayneshkumar Veljibhai Prajapati | 2,400 |
| 70. | Rasmikant Prabhulal Khamar | 1,200 |
| 71. | Iswarbhai D. Prajapati | 2,400 |
| 72. | Pareshbhai Prahladbhai Thakkar | 2,400 |
| 73. | Manish H. Yadav | 1,200 |
| 74. | Patel Vinodkumar Muljibhai | 1,200 |
| 75. | Vatsal Sudhirbhai Thakkar | 2,400 |
| 76. | Amit Harshadbhai Kadia | 6,000 |
| 77. | Ayushkumar Yogeshkumar Patel | 1,200 |
| 78. | Urviben Nagar | 1,200 |
| 79. | Dharmesh Kumar Prajapati | 1,200 |
| 80. | Tushar Pankajbhai Soni | 18,000 |
| 81. | Pringal Bharatbhai Patel | 12,000 |
| 82. | Bhautikkumar Bipinbhai Patel | 3,600 |
| 83. | Thakor Vijay Babubhai | 1,200 |
| 84. | Tulshbhai Ramjibhai Chauhan | 1,200 |
| 85. | Baldevbhai Valjibhai Kanani | 6,000 |
| 86. | Patel Miteshkumar Jivabhai | 1,200 |
| 87. | Yadav Sonal Kalpesh | 6,000 |
| | **Total** | **8,70,000** |

We confirm that our Company is in compliance with the Companies Act, 2013 with respect to issuance of securities since inception till the date of filing of Draft Red Herring Prospectus.

2) **Preference Share capital history of our Company**

Our Company does not have any preference share capital as on the date of this Draft Red Herring Prospectus.

3) Except as mentioned in point no 1 (vi) and (vii) above, the Company has not issued any Equity Share in the last two years preceding this Draft Red Herring Prospectus.

4) **Issue of equity shares for consideration other than cash or out of revaluation reserves and through Bonus Issue:**

Except as mentioned in point 1(iii), (v) and (vi) above, we have not issued equity shares for other than cash or out of revaluation reserves and through Bonus Issue

5) As of date of this Draft Red Herring Prospectus, our Company has not allotted Equity Shares pursuant to any scheme approved under sections 391-394 of the Companies Act, 1956 and/or sections 230-232 of the Companies Act, 2013.

6) Our Company has not made any public issue (including any rights issue to the public) since its incorporation

7) Our Company has not issued any Equity Shares under any employee stock option scheme or employee stock purchase scheme.

8) Our Company has not issued any Equity Shares at a price which may be lower than the Issue Price, during a period of one year preceding the date of this Draft Red Herring Prospectus except as stated below.:

| Date of allotment | Number of equity shares allotted | Face Value (₹) | Issue Price (₹) | Nature of allotment | Benefit accrued to our Company | Source out of which bonus shares issued |
|---|---|---|---|---|---|---|
| July 15, 2024 | 1,60,00,000 | 10 | N.A. | Bonus Issue in the ratio of Sixteen (16) equity shares for every One (1) Equity Shares | Capitalization of Reserves & Surplus | Bonus issued out of the Reserves. |
| November 18, 2024 | 8,70,000 | 10 | 61 | Preferential Issue | Company's Capital expenditure | N.A. |

*For details in respect of list of allottees, please see point 1(vi) and (vii) above.*

9) **Shareholding Pattern of our Company**

The shareholding pattern of our Company before the Issue as per Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given here below:

| Sr. No. | Particular | Yes / No | Promoter and Promoter Group | Public Shareholder | Non Promote/ Non Public |
|---|---|---|---|---|---|
| 1. | Whether the Company has issued any partly paid-up shares? | No | No | No | No |
| 2. | Whether the Company has issued any Convertible Securities? | No | No | No | No |
| 3. | Whether the Company has issued any Warrants? | No | No | No | No |
| 4. | Whether the Company has any shares against which depository receipts are issued? | No | No | No | No |
| 5. | Whether the Company has any shares in locked-in?* | No | No | No | No |
| 6. | Whether any shares held by promoters are pledge or otherwise encumbered? | No | No | No | No |
| 7. | Whether company has equity shares with differential voting rights? | No | No | No | No |

** All Equity Shares of our Company, as on the date of this Draft Red Herring Prospectus, will be locked in as mentioned above prior to listing of shares on SME Platform of BSE. Our Company will file the shareholding pattern in the form prescribed under Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, one day prior to the Listing of the Equity Shares. The Shareholding Pattern will be uploaded on the Website of the BSE before commencement of trading of such Equity Shares.*

The table below represents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

| Category (I) | Category of Shareholder (II) | No. of Shareholders (III) | No. of fully paid-up Equity Shares held (IV) | No. of Partly paid-up Equity Shares held (V) | No. of shares underlying depository receipts (VI) | Total No. of shares held (VII) = (IV)+(V)+(++VI) | Shareholding as a % of total no. of Equity Shares (calculated as per SCRR) (VIII) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities (IX) | | | No. of Shares underlying outstanding convertible securities (including warrants) | Shareholding as a % assuming full conversion of convertible securities No. (a) | No. of locked-in Equity Shares (XII) | | Number of Equity Shares pledged or otherwise encumbered (XIII) | | No. of Equity Shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Class (Equity) | Total | Total as a % of (A+B+C) | | | No. (a) | As a % of total shares held (b) | No. (a) | As a % of total shares held (b) | |
| (A) | Promoters and Promoter Group | 5 | 17000180 | - | - | 17000180 | 95.13 | Equity | 17000180 | 95.13 | - | 95.13 | - | - | - | - | 17000180 |
| | | | | | | | | | | | | | | | | | |
| (B) | Public | 87 | 869820 | - | - | 869820 | 4.87 | Equity | 869820 | 4.87 | - | 4.87 | - | - | - | - | 869820 |
| | | | | | | | | | | | | | | | | | |
| (C) | Non-Promoter-Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | | | |
| (C1) | Shares underlying depository receipt | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | | | |
| (C2) | Shares held by employee trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | | | | | | | | | | | | | | | | | |
| **Total** | | **92** | **17870000** | **-** | **-** | **17870000** | **100.00** | **Equity** | **17870000** | **100.00** | **-** | **100.00** | **-** | **-** | **-** | **-** | **17870000** |

*The term "Encumbrance" has the same meaning as assigned under regulation 28(3) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011*

***Notes:***

- *As on date of this Draft Red Herring Prospectus 1 Equity share holds 1 vote.*
- *We have only one class of Equity Shares of face value of ₹ 10/- each.*

10) **Other details of shareholding of our Company:**

a) Particulars of the shareholders holding 1% or more of the paid-up share capital of our Company aggregating to 80% or more of the paid-up share capital and the number of shares held by them as on the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Particulars | No. of Equity Shares | % of Shares to Pre – Issue Equity Share Capital as of the date indicated |
|---|---|---|---|
| 1. | Bhupesh Patel | 1,51,28,980 | 84.66% |
| 2. | Anshu Patel | 14,96,000 | 8.37% |
| 3. | Bhupesh V Patel – HUF | 2,04,000 | 1.14% |
| | **Total** | **1,68,28,980** | **94.17%** |

b) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them ten (10) days prior to the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Particulars | No. of Equity Shares | % of Shares to Pre – Issue Equity Share Capital as of the date indicated |
|---|---|---|---|
| 1. | Bhupesh Patel | 1,51,28,980 | 84.66% |
| 2. | Anshu Patel | 14,96,000 | 8.37% |
| 3. | Bhupesh V Patel – HUF | 2,04,000 | 1.14% |
| | **Total** | **1,68,28,980** | **94.17%** |

c) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them one (01) year from the date of filing of this Draft Red Herring Prospectus:

| Sr. No. | Particulars | No. of Equity Shares | % of Shares to Pre – Issue Equity Share Capital as of the date indicated |
|---|---|---|---|
| 1. | Bhupesh Patel | 8,90,000 | 89.00% |
| 2. | Anshu Patel | 88,000 | 8.80% |
| 3. | Bhupesh V Patel — HUF | 12,000 | 1.20% |
| 4. | Vini Patel | 10,000 | 1.00% |
| | **Total** | **10,00,000** | **100.00%** |

d) Particulars of the shareholders holding 1% or more of the paid-up equity share capital of our Company and the number of shares held by them two (02) years prior to filing of this Draft Red Herring Prospectus:

| Sr. No. | Particulars | No. of Equity Shares | % of Shares to Pre – Issue Equity Share Capital as of the date indicated |
|---|---|---|---|
| 1. | Bhupesh Patel | 9,00,000 | 90.00% |
| 2. | Anshu Patel | 88,000 | 8.80% |
| 3. | Bhupesh V Patel — HUF | 12,000 | 1.20% |
| | **Total** | **10,00,000** | **100.00%** |

e) None of the shareholders of our Company holding 1% or more of the paid-up capital of the Company as on the date of the filing of this Draft Red Herring Prospectus are entitled to any Equity Shares upon exercise of warrant, option or right to convert a debenture, loan or other instrument.

f) Our Company has not made any initial public offer of its Equity Shares or any convertible securities during the preceding 02 (two) years from the date of this Draft Red Herring Prospectus.

7) Our Company does not have any intention or proposal to alter its capital structure within a period of six (06) months from the date of opening of the Issue by way of split/consolidation of the denomination of Equity Shares or further issue of Equity Shares whether preferential or bonus, rights or further public issue basis. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the opening of the Issue to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.

11) **Shareholding of our Promoters**

As on the date of this Draft Red Herring Prospectus, our Promoters namely Bhupesh Patel, Anshu Patel, and Vini Patel holds 1,51,28,980 (84.66%); 14,96,000 (8.37%); and 1,70,000 (0.95%) Equity Shares respectively of the pre-issue paid up share capital of our Company.

**Details of build-up of shareholding of the Promoters:**

| Date of Allotment / Transfer | Nature (Subscription / Allotment / Transfer) | Number of Equity Shares | Face Value per Equity Share (in ₹) | Issue/ Transfer price per Equity Share (in ₹) | Consideration (cash/ other than cash) | Name of Transferor / Transferee (applicable in case of Transfer) |
|---|---|---|---|---|---|---|
| **Bhupesh Patel** | | | | | | |
| Subscription to MOA | Subscription | 5,000 | 10 | 10 | Cash | N.A. |
| June 2, 2009 | Transfer | 4,000 | 10 | 10 | Cash | Vahalabhai Patel |
| December 2, 2010 | Allotment | 81,000 | 10 | 10 | Cash | N.A. |
| October 1, 2014 | Allotment | 1,80,000 | 10 | N.A. | Other than cash | N.A. |
| October 14, 2014 | Allotment | 1,80,000 | 10 | 10 | Cash | N.A. |
| December 22, 2017 | Allotment | 4,50,000 | 10 | N.A. | Other than cash | N.A. |
| January 12, 2023 | Transfer | (10,000) | 10 | 90 | Cash | Vini Patel |
| March 12, 2024 | Transfer | (10) | 10 | 1,000 | Cash | Amarkumar Panchal |
| March 12, 2024 | Transfer | (10) | 10 | 1,000 | Cash | Amit Chauhan |
| March 12, 2024 | Transfer | (10) | 10 | 1,000 | Cash | Anand Dave |
| March 12, 2024 | Transfer | (10) | 10 | 1,000 | Cash | Jignesh Rathod |
| March 12, 2024 | Transfer | (10) | 10 | 1,000 | Cash | Kalpesh Prajapati |
| March 12, 2024 | Transfer | (10) | 10 | 1,000 | Cash | Pravin Mistry |
| July 15, 2024 | Allotment | 1,42,39,040 | 10 | N.A. | Other than cash | N.A. |
| **Anshu Patel** | | | | | | |
| December 2, 2010 | Allotment | 1,000 | 10 | 10 | Cash | N.A. |
| October 2, 2011 | Transfer | 6,000 | 10 | 10 | Cash | Vahalabhai Patel |
| September 25, 2012 | Transfer | 1,000 | 10 | 10 | Cash | Kusumben Patel |
| October 1, 2014 | Allotment | 16,000 | 10 | N.A. | Other than cash | N.A. |
| October 14 2014 | Allotment | 20,000 | 10 | 10 | Cash | N.A. |
| December 22, 2017 | Allotment | 44,000 | 10 | N.A. | Other than cash | N.A. |
| July 15, 2024 | Allotment | 14,08,000 | 10 | N.A. | Other than cash | N.A. |
| **Vini Patel** | | | | | | |
| January 12, 2023 | Transfer | 10,000 | 10 | 90 | Cash | N.A. |
| July 15, 2024 | Allotment | 1,60,000 | 10 | N.A. | Other than cash | N.A. |

*Note – All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares*

8) As on the date of this Draft Red Herring Prospectus, the Company has Ninety-Two (92) members/shareholders.

9) The Issuer company is in compliance with The Companies Act, 2013 regarding the issuance of securities since inception until the date of filing this Draft Red Herring Prospectus.

10) The details of the Shareholding of the Promoters and Promoter Group and Public as on the date of this Draft Red Herring Prospectus are set forth in the table below:

| Sr. No. | Name of the Shareholders | Pre-Issue | | Post issue | |
|---|---|---|---|---|---|
| | | No. of equity Shares | As a % of Issued Capital | No. of equity Shares | As a % of Issued Capital |
| **Promoters** | | | | | |
| 1. | Bhupesh Patel | 1,51,28,980 | 84.66% | [●] | [●] |
| 2. | Anshu Patel | 14,96,000 | 8.37% | [●] | [●] |
| 3. | Vini Patel | 1,70,000 | 0.95% | [●] | [●] |
| **Total A1** | | **1,67,94,980** | **93.98%** | [●] | [●] |
| **Promoter Group** | | | | | |
| 4. | Bhupesh Patel -HUF | 2,04,000 | 1.14% | | |
| 5. | Neha Patwari | 1,200 | 0.01% | [●] | [●] |
| **Total A2** | | **2,05,200** | **1.15%** | [●] | [●] |
| **Total shareholding of Promoters and Promoter Group A=(A1 + A2)** | | **1,70,00,180** | **95.13%** | [●] | [●] |
| **Public** | | | | | |
| 6. | Other Public Shareholders | 8,69,820 | 4.87% | [●] | [●] |
| **Total B** | | **8,69,820** | **4.87%** | [●] | [●] |
| **Grand Total (A+B)** | | **1,78,70,000** | **100.00%** | [●] | [●] |

11) Our Promoters, Promoter Group, Directors of our Company and their relatives have not undertaken purchase or sale transactions in the Equity Shares of our Company, during a period of six (06) months preceding the date on which this Draft Red Herring Prospectus is filed with Stock Exchange.

12) There are no financing arrangements wherein the Promoters, Promoter Group, the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six (06) months immediately preceding the date of filing of this Draft Red Herring Prospectus.

13) **Promoters' Contribution and other Lock-In details:**

Pursuant to Regulation 236 and 238 of the SEBI (ICDR) Regulations, an aggregate of 20.00% of the fully diluted post-Issue capital of our Company held by the Promoters shall be locked in for a period of three years from the date of Allotment ("**Minimum Promoters' Contribution**"), and the Promoters' shareholding in excess of 20% of the fully diluted post-Issue Equity Share capital shall be locked in for a period of one year from the date of Allotment.

The lock-in of the Minimum Promoter's Contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock exchange before the listing of the Equity Shares.

Following are the details of Minimum Promoters' Contribution:

| Number of Equity Shares locked-in*(1)(2)(3) | Nature of Allotment / Transfer | Date of Allotment and Date when made fully paid-up | Face value (in ₹) | Issue / Acquisition Price per Equity Share (in ₹) | Nature of consideration (cash / other than cash) | % of fully diluted post-Issue paid-up capital | Period of lock-in |
|---|---|---|---|---|---|---|---|
| **Bhupesh Patel** | | | | | | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **Anshu Patel** | | | | | | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **Vini Patel** | | | | | | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| **TOTAL** | | | | | | [●] | |

***** *Subject to finalisation of Basis of Allotment.*
*(1)For a period of three years from the date of allotment.*
*(2)All Equity Shares have been fully paid-up at the time of allotment.*
*(3) All Equity Shares held by our Promoters are in dematerialized form.*

For details on the build-up of the Equity Share capital held by our Promoters, see **"***Capital Structure***"** on page 67.

The Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from persons defined as 'promoter' under the SEBI (ICDR) Regulations.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoters' Contribution under Regulation 237 of the SEBI (ICDR) Regulations. In this computation, as per Regulation 237 of the SEBI (ICDR) Regulations, our Company confirms that the Equity Shares which are being locked-in do not, and shall not, consist of:

- Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalization of intangible assets
- Equity Shares resulting from bonus issue by utilization of revaluations reserves or unrealized profits of the Company or from bonus issue against Equity Shares which are otherwise ineligible for minimum promoters' contribution;
- Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- Equity Shares allotted to the promoter against the capital existing in the firms for a period of less than one year on a continuous basis.
- Equity Shares held by the Promoters that are subject to any pledge; and
- Equity Shares for which specific written consent has not been obtained from the respective shareholders for inclusion of their subscription in the Promoters' Contribution subject to lock-in.

Our Company has not been formed by the conversion of a partnership firm into a company in the past one year and thus, no Equity Shares have been issued to our Promoter upon conversion of a partnership firm in the past one year. All the Equity Shares held by the Promoter and the members of the Promoter Group are held in dematerialized form.

In terms of undertaking executed by our Promoters, Equity Shares forming part of Promoters' Contribution subject to lock in will not be disposed/ sold/ transferred by our Promoters during the period starting from the date of filing of this Draft Red Herring Prospectus till the date of commencement of lock in period as stated in this Draft Red Herring Prospectus.

Other than the Equity Shares locked-in as Promoters' Contribution for a period of three years as stated in the table above, the entire pre-Issue capital of our Company, including the excess of minimum Promoters' Contribution, as per Regulation 238 of the SEBI (ICDR) Regulations, shall be locked in for a period of one year from the date of Allotment of Equity Shares in the Issue. Such lock – in of the Equity Shares would be created as per the bye laws of the Depositories.

***Other requirements in respect of 'lock-in'***

In terms of Regulation 243 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 239 of the SEBI (ICDR) Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code as applicable.

In terms of Regulation 243 of the SEBI (ICDR) Regulations, the Equity Shares held by our Promoters which are locked in as per the provisions of Regulation 238 of the SEBI (ICDR) Regulations, may be transferred to and amongst Promoters / members of the Promoter Group or to a new promoter or persons in control of our Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Takeover Code, as applicable.

In terms of Regulation 242(a) of the SEBI (ICDR) Regulations, the locked-in Equity Shares held by our Promoters can be pledged only with any scheduled commercial banks or public financial institutions or a systemically important non-banking finance company or a housing finance company as collateral security for loans granted by such banks or financial institutions, provided that such loans have been granted for the purpose of financing one or more of the objects of the Issue and pledge of the Equity Shares is a term of sanction of such loans.

In terms of Regulation 242(b) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of allotment may be pledged only with scheduled commercial banks, public financial institutions, systemically important non-banking finance companies or housing finance companies as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

14) Our Company, our Promoters, our Directors and the Book Running Lead Managers have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Issue.

15) The post-Issue paid up Equity Share Capital of our Company shall not exceed the authorised Equity Share Capital of our Company.

16) There have been no financing arrangements whereby our Directors or any of their relatives have financed the purchase by any other person of securities of our Company during the six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

17) No person connected with the Issue, including, but not limited to, our Company, the members of the Syndicate, or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Issue.

18) There neither have been and there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the Equity Shares have been listed on the Stock Exchange or all application monies have been refunded, as the case may be.

19) There shall be only one denomination of the Equity Shares, unless otherwise permitted by law. Our Company will comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

20) All Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

21) As on the date of this Draft Red Herring Prospectus, the Book Running Lead Managers and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The Book Running Lead Managers and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

22) None of our Directors or Key Managerial Personnel/Senior Manager Personnel holds Equity Shares in our Company, except as stated in below table:

| Sr. No. | Name of the Director/KMP/SMP | Pre-Issue | | Post issue | |
|---|---|---|---|---|---|
| | | No. of equity Shares | % of Pre-Issue Equity Share Capital | No. of equity Shares | % of Post-Issue Equity Share Capital |
| 1. | Bhupesh Patel – Managing Director | 1,51,28,980 | 84.66% | [●] | [●] |
| 2. | Anshu Patel- Whole-time Director | 14,96,000 | 8.37% | [●] | [●] |
| 3. | Vini Patel- Non Executive Director | 1,70,000 | 0.95% | [●] | [●] |
| 4. | Kalpesh Prajapati-CFO | 2,570 | 0.01% | [●] | [●] |
| 5. | Sonalkumari Yadav-CS & CO | 6,000 | 0.03% | [●] | [●] |
| 6. | Pravinbhai Mistri-SMP | 2,570 | 0.01% | [●] | [●] |
| 7. | Anand Dave-SMP | 3,770 | 0.02% | [●] | [●] |
| **Total** | | **1,68,09,890** | **94.05%** | [●] | [●] |

23) For the details of transactions by our Company with our Promoter Group, Group Companies during the last three Fiscals i.e., 2022, 2023 and 2024 & period ended on 30th June, 2024 please refer to paragraph titled — Related Party Transaction in the chapter titled, "*Financial Information*" beginning on page 192 of this Draft Red Herring Prospectus.

24) Our Company has not raised any bridge loans which are proposed to be repaid from the proceeds of the Issue.

25) Investors may note that in case of over-subscription, allotment will be on proportionate basis as detailed under "Basis of Allotment" in the chapter titled *"Issue Procedure"* beginning on page 239 of this Draft Red Herring Prospectus. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 253 (2) of SEBI (ICDR) Regulations, as amended from time to time.

26) An investor cannot make an application for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

27) An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment, which is the minimum application size in this Issue. Consequently, the actual allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Equity Shares held by the Promoters and subject to lock- in shall be suitably increased; so as to ensure that 20% of the post Issue paid-up capital is locked in.

28) Under subscription, if any, in any of the categories, would be allowed to be met with spill-over from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Managers and Designated Stock Exchange. Such inter-se spill over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.

29) No payment, direct, indirect in the nature of discount, commission, and allowance, or otherwise shall be made either by us or by our Promoters to the persons who receive allotments, if any, in this Issue.

30) As on date of this Draft Red Herring Prospectus, there are no outstanding financial instruments or any other rights that would entitle the existing Promoters or shareholders or any other person any option to receive Equity Shares after the Issue.

31) We confirm that none of the investors of our Company are directly/indirectly related with Book Running Lead Managers and their associates.

32) Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 230 to 234 of the Companies Act, 2013.

33) Our Company has not re-valued its assets since inception and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

34) Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Scheme for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Scheme from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.

35) There are no safety net arrangements for this public Issue.

36) As on the date of filing of this Draft Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares.

37) All the Equity Shares of our Company are fully paid up as on the date of this Draft Red Herring Prospectus. Further, since the entire money in respect of the Issue is being called on application, all the successful applicants will be allotted fully paid-up equity shares.

38) As per RBI regulations, OCBs are not allowed to participate in this Issue.

39) There is no ―Buyback, ―Standby, or similar arrangement by our Company/Promoters/Directors/ Book Running Lead Managers for purchase of Equity Shares issued / Issued through this Draft Red Herring Prospectus.

40) As on the date of this Draft Red Herring Prospectus, none of the shares held by our Promoters/ Promoter Group are pledged with any financial institutions or banks or any third party as security for repayment of loans.

41) Investors may note that in case of over-subscription, the allocation in the Issue shall be as per the requirements of Regulation 253 of SEBI (ICDR) Regulations, as amended from time to time.

42) Under subscription, if any, in any category, shall be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the Book Running Lead Managers and BSE.

43) The Issue is being made through Book Building Method.

44) Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.

45) An Applicant cannot make an application for more than the number of Equity Shares being Issued/Issued through this fixed subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.

46) Our Promoters and the members of our Promoter Group will not participate in this Issue.

47) Our Company has not made any public issue since its incorporation.

48) Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing this Draft Red Herring Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.

## OBJECTS OF THE ISSUE

The Issue consists of fresh issue of up to 70,00,000 equity shares of our company at an Issue Price of ₹ [●] per equity share. We intend to utilize the proceeds of the issue to meet the following objects as approved by the Board of Directors of the Company vide their resolution dated December 24, 2024:

1. Funding capital expenditure requirement of our company towards;
   To Set up plant at Indrad, Mahesana for manufacturing Croscarmellose Sodium ("CCS"), Sodium Starch Glycolate ("SSG") – Corn Starch Base & Potato Starch Base and Calcium Carboxymethylcellulose (CMC).
2. General corporate purposes.

(Collectively referred as the "Objects")

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchange and enhancement of our Company's brand name. It will also provide liquidity to the existing shareholders and will also create a public trading market for the Equity Shares of our Company.

The main objects clause and the objects ancillary to the main objects clause as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Issue.

**Net Proceeds**

The details of the Net Proceeds are set forth below:

| Particulars | Amount (₹ in lakhs) |
|---|---|
| Funding capital expenditure requirement of our Company<br>To Set up plant at Indrad, Mahesana for manufacturing Croscarmellose Sodium ("CCS"), Sodium Starch Glycolate ("SSG") – Corn Starch Base & Potato Starch Base and Calcium Carboxymethylcellulose (CMC). | 4,314.78 |
| General corporate purposes | [●] |
| **Net proceeds** | [●] |

**Schedule of implementation, requirement of funds and utilization of net proceeds**

The Net Proceeds are proposed to be utilised and are currently expected to be deployed in accordance with the schedule set forth below:

*(₹ in lakhs)*

| Particulars | Total estimated cost | Amount to be financed from Net Proceeds | Estimated utilization of Net Proceeds in FY 2025 | Estimated utilization of Net Proceeds in FY 2026 |
|---|---|---|---|---|
| Funding capital expenditure requirement of our company;<br>To Set up plant at Indrad, Mahesana for manufacturing Croscarmellose Sodium ("CCS"), Sodium Starch Glycolate ("SSG") – Corn Starch Base & Potato Starch Base and Calcium Carboxymethylcellulose (CMC). | 4,314.78 | 4,314.78 | - | 4,314.78 |
| General corporate purposes* | [●] | [●] | [●] | [●] |
| **Total** | [●] | [●] | [●] | [●] |

** Amount utilized for general corporate purposes shall not exceed 25% of the gross proceeds of the issue.*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, and other commercial and technical factors. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. We may have to revise our funding requirements and deployment on account of a variety of factors such as our financial and market condition, business and strategy, competition, negotiation with vendors, variation in cost estimates on account of factors, and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws.

In the event that the estimated utilization of the Net Proceeds in a scheduled financial year is not completely met, due to the reasons stated above, the same shall be utilised in the next financial year, as may be determined by our Company, in accordance with applicable laws. Subject to applicable laws, in the event of any increase in the actual utilization of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of means available to us, including from internal accruals and any additional equity and/or debt arrangements. Further, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 15% of the Gross Proceeds of the issue or ₹ 10 crores whichever is less in accordance with the SEBI ICDR Regulations

**Means of finance**

Since the entire fund requirement of ₹ [●] lakhs will be met from the Net Proceeds hence, no amount is proposed to be raised through any other means of finance. Accordingly, we are in compliance with the requirements prescribed under Paragraph 9(C)(1) of Part A of Schedule VI and Regulation 230 (1)(e) of the SEBI ICDR Regulations which require firm arrangements of finance to be made through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue and existing identifiable internal accruals. In case of a shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilizing our internal accruals.

**Details of the Objects of the Issue**

1. *Funding capital expenditure requirement of our company to Set up plant at Indrad, Mahesana for manufacturing Croscarmellose Sodium ("CCS"), Sodium Starch Glycolate ("SSG") – Corn Starch Base & Potato Starch Base and Calcium Carboxymethylcellulose (CMC).*

We have established a manufacturing infrastructure, supported by an efficient supply chain that caters to the needs of various Indian and global clientele. With two manufacturing facilities located in Vatva Ahmedabad and Talod, Himmatnagar, the Company serves various categories of clients from different industries. The Company is developing another facility at Indrad, Mehsana, which is expected to commercialize by March, 2026. For further details please refer to the chapter titled "*Object of the Issue*" beginning at page 80 of this Draft Red Herring Prospectus.

a) Our Vatva Ahmedabad based unit is a flagship unit and manufacture products like SSG, CCS, Calcium CMC, Sodium CMC and SMCA

b) Our Talod, Himmatnagar based unit is purely engaged in the manufacture of MCC.

Our Company foresees an increase in demand for CCS, SSG, and Calcium CMC, within the market where we operate. To capture this growing demand, we are planning to enhance the production capacity of CCS, SSG, and Calcium CMC by establishing a new facility at Indrad, Mehsana. The Company will utilize the Net Proceeds of the Issue for setting up this new plant. Our total installed capacity from the existing Vatva facility and Talod facility combine is 3,720 MTPA and with our ongoing capex, we intend to add 6,012 MTPA which make the total capacity of our Company as 9,732 MTPA. It also enables us to deliver products that are specifically tailored to customer needs and help us in entering into untapped regions.

**Location of the New Facility**

The new facility will be set up at Survey No.:779, Vill: Indrad, Tal: Kadi, Dist: Mahesana, Gujarat which covers an area of 9,409 Sq. Mtrs with the expected installed capacity of 6,012 MTPA.

**Ownership of the Land**

For the new facility at Indrad, Mahesana, our company has executed purchase agreement on July 16, 2021 between the Company and Mr. Bharatbhushan Bansal. Through this agreement, the company has acquired land for a total consideration of ₹ 506.66 lakhs from Mr. Bharatbhushan Bansal who was the absolute owner of the said property.

The tentative capital expenditure for the above Project/ Manufacturing facility are as follows:

| Sr. No. | Particulars | Cost (In Lacs) |
|---|---|---|
| 1 | Civil and structural works | 1,300.00 |
| 2 | Electricals and fittings | 226.56 |
| 3 | Plant & Machinery | 2,788.22 |
| | **Total** | **4,314.78** |

**Tentative Cost Bifurcation of Civil and structural works**

The quotation of Civil and structural works is taken from a company named Ronak Buildwell Private Limited (**Address**: B-1003/1004, Empire Business Hub, Opp. ICICI Bank, Science City Road, Sola, Ahmedabad – 380060) on December 20, 2024 with an expiry of 90 days bearing quotation number RB/089/2024-25.

| Description | Length (Mtr.) | Width (Mtr.) | Area ($m^2$) | Rate (₹) | Total Amount (₹) |
|---|---|---|---|---|---|
| Production Plant 1 Ground Floor | 47.50 | 21 | 997.5 | 12,000 | 1,19,70,000 |
| Production Plant 1 First Floor | 47.50 | 21 | 997.5 | 12,000 | 1,19,70,000 |
| Production Plant 1 Second Floor | 47.50 | 21 | 997.5 | 12,000 | 1,19,70,000 |
| Production Plant 1 Third Floor | 47.50 | 21 | 997.5 | 12,000 | 1,19,70,000 |
| Production Plant 1 Terrace | 47.50 | 21 | 997.5 | 12,000 | 1,19,70,000 |
| Production Plant 2 Ground Floor | 34.50 | 12.50 | 431.25 | 12,000 | 51,75,000 |
| Production Plant 2 First Floor | 34.50 | 12.50 | 431.25 | 12,000 | 51,75,000 |
| Production Plant 2 Second Floor | 34.50 | 12.50 | 431.25 | 12,000 | 51,75,000 |
| Production Plant 2 Third Floor | 34.50 | 12.50 | 431.25 | 12,000 | 51,75,000 |
| Production Plant 2 Terrace | 34.50 | 12.50 | 431.25 | 12,000 | 51,75,000 |
| Admin Bulding Ground Floor | 20 | 12 | 240 | 12,000 | 28,80,000 |
| QC/QA Micro Lab First Floor | 20 | 12 | 240 | 12,000 | 28,80,000 |
| R&D, ADL Second Floor | 20 | 12 | 240 | 12,000 | 28,80,000 |
| Pilot Plant Third Floor | 20 | 12 | 240 | 12,000 | 28,80,000 |
| Warehouse Ground Floor | 20 | 28 | 560 | 12,000 | 67,20,000 |
| Primary Packing Area First Floor | 20 | 28 | 560 | 12,000 | 67,20,000 |
| Finish Good Store Second Floor | 20 | 28 | 560 | 12,000 | 67,20,000 |
| RM Warehouse – MF 3MTR | 4.6 | 20 | 92 | 12,000 | 11,04,000 |
| Boiler Area | 15 | 21.5 | 322.5 | 12,000 | 38,70,000 |
| Solid Fuel Storage Area | 9 | 10.2 | 91.8 | 12,000 | 11,01,600 |
| Explosive Yard Area | 21.5 | 21.5 | 462.25 | 7,500 | 34,66,875 |
| Fire Pump Room and Under Ground Tank | 6 | 7 | 42 | 7,500 | 3,15,000 |
| ETP and Mee area | 12 | 13.5 | 162 | 7,500 | 12,15,000 |
| PCC Rooms and Transformers | 6.5 | 13.5 | 87.75 | 7,500 | 6,58,125 |
| Engg, Store & Canteen | 9.5 | 13.5 | 128.25 | 7,500 | 9,61,875 |
| Security Cabin | 3 | 3 | 9 | 12,000 | 1,08,000 |
| **Total** | | | | | **13,02,08,475** |

**GST will be as applicable*

**Tentative cost bifurcation of electricals and fittings**

The quotation of Electricals and fittings is taken from a proprietor named Vaibhavi Electricals (**Address**: Shade no. 41, Plot no. 472 to 475 & 489 to 492, phase-2, Vatva, Ahmedabad - 382445) on December 20, 2024 with an expiry of 90 days bearing quotation number 075.

| Description | Quantity | Rate per unit( ₹) | Total Cost (₹)* |
|---|---|---|---|
| MCC Panel for process | 1 | 20,00,000 | 23,60,000 |
| MCC Panel for utility | 1 | 25,00,000 | 29,50,000 |
| MCC Panel for ETP | 1 | 6,00,000 | 7,08,000 |
| MCC Panel for boiler | 1 | 2,00,000 | 2,36,000 |
| MCC Panel for Warehouse & Admin/QC | 1 | 4,00,000 | 4,72,000 |
| Street light with cable | 1 | 8,00,000 | 9,44,000 |
| FLP Light fixture for plant (intermediate) | 1 | 8,00,000 | 9,44,000 |
| FLP Light fixture for plant: Pharma Area | 1 | 15,00,000 | 17,70,000 |
| FLP Light fixture for RM Warehouse | 1 | 8,00,000 | 9,44,000 |
| Light Fixture for boiler | 1 | 1,00,000 | 1,18,000 |
| Light Fixture for security cabin | 1 | 50,000 | 59,000 |

| Description | Quantity | Rate per unit( ₹) | Total Cost (₹)* |
|---|---|---|---|
| FLP Light Fixture for utility | 1 | 1,00,000 | 1,18,000 |
| Cable for lighting 1.5 into 4 core & 2.5 into 4 core | 1 | 12,00,000 | 14,16,000 |
| LDB Panel for Plant | 1 | 1,00,000 | 1,18,000 |
| LDB Panel for Boiler | 1 | 50,000 | 59,000 |
| LDB Panel for utility | 1 | 1,00,000 | 1,18,000 |
| PDB of Boiler | 1 | 1,00,000 | 1,18,000 |
| PDB of Explosive Yard | 1 | | |
| PDB of Fire Hydrant System | 0 | 0 | |
| LDB of RM Warehouse | 1 | 1,00,000 | 1,18,000 |
| PDB of Admin and QC (Warehouse/FG/Admin) | 1 | | |
| Cable tray structure for PCC Panel to plant | 1 MTR | 12,00,000 | 14,16,000 |
| Cable tray structure for PCC Panel to boiler | 1 MTR | | |
| Cable tray structure for PCC Panel to utility | 1 MTR | | |
| Cable tray for dropper plant | 1 MTR | | |
| Cable tray for dropper utility | 1 MTR | | |
| Main cable for plant | 1 SET | 18,00,000 | 21,24,000 |
| Main cable for boiler | 1 SET | | |
| Main cable for utility | 1 SET | | |
| Main cable for ETP | 1 SET | | |
| Main cable for admin | 1 SET | | |
| Main cable for canteen & Fire station | 1 SET | 1,00,000 | 1,18,000 |
| Electric cable for plant | 1 SET | 15,00,000 | 17,70,000 |
| Electric cable for boiler | 1 SET | 5,00,000 | 5,90,000 |
| Electric cable for utility | 1 SET | 20,00,000 | 23,60,000 |
| Earthing strip for plant | 1 | 4,00,000 | 4,72,000 |
| Earthing Road | 1 | 2,00,000 | 2,36,000 |
| **Total** | | **1,92,00,000** | **2,26,56,000** |

**including GST*

**Cost Bifurcation for Machinery & Utility**

| Sr. no. | Date of quotation | Description & quotation reference number | Vendor | Unit / quantity | Amount per unit / quantity (₹ in lakhs)* | Total amount (₹ in lakhs)* | Validity |
|---|---|---|---|---|---|---|---|
| 1. | December 20, 2024 | VFBD Drying Plant Quotation for EXCIPIENT POWDER with a Water Evaporation Capacity 15 Kgs/hr. (Product Capacity 104 kgs/hr) including a Thermic Fluid heater, series cyclone, Insulation, Cladding, Electrical Power and Instrument Cabling<br><br>Quotation Reference No: AESPL/Q/VR/11629/2024 | Aksh Engineering Systems (P) Ltd | 1.00 | 56.05 | 56.05 | 90 days |
| 2. | December 20, 2024 | VFBD Drying Plant for EXCIPIENT POWDER with a Water Evaporation Capacity 50 Kgs/hr. (Product Capacity 348 kgs/hr) including a Thermic Fluid heater, series cyclone , Insulation, | Aksh Engineering Systems (P) Ltd | 1.00 | 84.96 | 84.96 | 90 days |

| Sr. no. | Date of quotation | Description & quotation reference number | Vendor | Unit / quantity | Amount per unit / quantity (₹ in lakhs)* | Total amount (₹ in lakhs)* | Validity |
|---|---|---|---|---|---|---|---|
| | | Cladding, Electrical Power and Instrument Cabling<br><br>Quotation Reference No: AESPL/Q/VR/11628 /2024 | | | | | |
| 3. | December 23, 2024 | Air Handling Unit<br>Excipient plant, micro lab & ware house area (dispensing & sampling area) hvac System, including ahu, ducting, insulation hepa filter, manifold. Ddc panel,<br>Outdoor unit hvac mcc panel pressure gauge, temp, gauge, pvc pipe,<br>Transpotation. (plant-12 ahu, microlab-3 ahu & ware house 1 no., mcc panel,<br>Duct cable)<br><br>Quotation Reference No: AAE/DP/0232/24-25 | Apple Air Engineers | 2.00 | 100.30 | 200.60 | 90 days |
| 4. | December 23, 2024 | Cabling & cable tray mccc panel<br><br>Quotation Reference No: AAE/DP/0232/24-25 | Apple Air Engineers | 1.00 | 29.50 | 29.50 | 90 days |
| 5. | December 20, 2024 | 5 kl s.s reactor jacketed<br>Anchor type stirrer<br>Shell 6mm s.s 316l<br>Dishend 8mm s.s 316l<br>Jacket 6mm s.s 304<br>With gearbox and motor<br><br>Quotation Reference No: 106/24-25 | Arpit Industries | 4.00 | 17.83 | 71.32 | 90 days |
| 6. | December 20, 2024 | Receiver Tank 300 Liter S.S 316<br>600 mm Dia x 1000 mm Length<br>S.S 316 L 5mm Thickness<br>Necessary connection as per your Requirement<br><br>Quotation Reference No: 106/24-25 | Arpit Industries | 27.00 | 0.826 | 22.30 | 90 days |
| 7. | December 20, 2024 | Receiver Tank with Stirrer 2500 Liter (Vert)<br>1250 mm (H) X 1500mm (D) S.S 316 5mm<br>Shell / Dishend both 5mm Thick Top Flat<br>With 2 HP Bonfigoli Make Gearbox and Crompton Make FLP Motor<br><br>Quotation Reference No: 108/24-25 | Arpit Industries | 4.00 | 3.67 | 14.68 | 90 days |
| 8. | December 20, 2024 | Receiver Tank 2000 Liter (Vertical) SS 316<br>1200 dia x 1800 Height<br>Plate thickness 6mm shell / dishend<br>Non Contact Parts M.S<br><br>Quotation Reference No: 108/24-25 | Arpit Industries | 4.00 | 3.19 | 12.75 | 90 days |

| Sr. no. | Date of quotation | Description & quotation reference number | Vendor | Unit / quantity | Amount per unit / quantity (₹ in lakhs)* | Total amount (₹ in lakhs)* | Validity |
|---|---|---|---|---|---|---|---|
| 9. | December 20, 2024 | Receiver Tank With Stirrer 5KL SS 316<br>1600 Dia x 2500mm Height<br>Dishend And Shell From 6mm 316<br>With stirrer and 2 HP Gear and FLP Motor<br><br>Quotation Reference No: 108/24-25 | Arpit Industries | 1.00 | 7.20 | 7.20 | 90 days |
| 10. | December 20, 2024 | Receiver Tank 5KL (Horizontal)<br>1600 Dia x 2500 mm Height<br>Dish end and shell form 6mm<br>Stand from M.S<br><br>Quotation Reference No: 108/24-25 | Arpit Industries | 3.00 | 5.90 | 17.70 | 90 days |
| 11. | December 20, 2024 | 10 KL Vertical Storage Tank SS 304<br>2000mm Dia x 3200mm Height<br>Plate Thickness 6mm S.S 304<br>Bottom and Top Flat<br>Outer Side M.S Channel support with paint<br><br>Quotation Reference No: 109/24-25 | Arpit Industries | 10.00 | 5.44 | 54.40 | 90 days |
| 12. | December 20, 2024 | 15 KL Vertical Storage Tank SS 304<br>2400 mm Dia x 3350 mm Height<br>Plate thickness 6 mm S.S 304<br>Bottom and Top Flat<br>Outer side M.S Channel Support with Paint<br><br>Quotation Reference No: 109/24-25 | Arpit Industries | 5.00 | 7.20 | 36.00 | 90 days |
| 13. | December 20, 2024 | 5 KL Vertical Storage Tank SS 304<br>1700 mm Dia x 2200 mm Height<br>Plate thickness 6mm S.S 304<br>Bottom and Top Flat<br>With Level Indicator<br><br>Quotation Reference No: 109/24-25 | Arpit Industries | 5.00 | 3.73 | 18.65 | 90 days |
| 14. | December 19, 2024 | Steam Bolier with Accecories 6 Ton<br><br>Quotation Reference No: BBPL/00579/12/2024 | Balkrishna Boilers Private Limited | 1.00 | 138.12 | 138.12 | 90 days |
| 15. | December 21, 2024 | 120TR water cooled chilling plant<br><br>Quotation Reference No.: MKTG/MP/Offer/PCSL/797/24-25-R0 | Extra Cooling System | 2.00 | 50.39 | 100.78 | 90 days |
| 16. | December 20, 2024 | 5 KL, SS 316 / SS 304 Jcktd Reactor vessel<br><br>Quotation Reference No.: 24-25/12/21 | Maruti Engineers | 4.00 | 18.59 | 74.34 | 90 days |
| 17. | December 20, 2024 | 8 M sqr SS 316, 1-pass condenser<br><br>Quotation Reference No.: 24-25/12/21 | Maruti Engineers | 27.00 | 2.83 | 76.41 | 90 days |
| 18. | December 20, 2024 | 300 Ltr, SS 316 Receiver<br><br>Quotation Reference No.: 24-25/12/21 | Maruti Engineers | 27.00 | 1.16 | 31.38 | 90 days |
| 19. | December 20, 2024 | 2.5 KL, SS 316 Receiver tank With Stirrer. (Vertical) | Maruti Engineers | 2.00 | 5.84 | 11.68 | 90 days |

| Sr. no. | Date of quotation | Description & quotation reference number | Vendor | Unit / quantity | Amount per unit / quantity (₹ in lakhs)* | Total amount (₹ in lakhs)* | Validity |
|---|---|---|---|---|---|---|---|
| | | Quotation Reference No.: 24-25/12/23 | | | | | |
| 20. | December 20, 2024 | 2 KL, SS 316 Receiver Tank (Vertical)<br><br>Quotation Reference No.: 24-25/12/23 | Maruti Engineers | 4.00 | 4.27 | 17.08 | 90 days |
| 21. | December 20, 2024 | 5 KL, SS 316 Receiver tank With Stirrer. (Horizontal)<br><br>Quotation Reference No.: 24-25/12/23 | Maruti Engineers | 1.00 | 8.56 | 8.56 | 90 days |
| 22. | December 20, 2024 | 5 KL, SS 316 Receiver Tank (Horizontal)<br><br>Quotation Reference No.: 24-25/12/23 | Maruti Engineers | 3.00 | 7.73 | 23.19 | 90 days |
| 23. | December 20, 2024 | Solvent Recovery - Distillation Unit<br><br>Quotation Reference No.: 24-25/12/24 | Maruti Engineers | 2.00 | 88.50 | 177.00 | 90 days |
| 24. | December 20, 2024 | 20,000 KL storage spiral tank<br><br>Quotation Reference No.: 158/24-25 | Jay Ambe Enterprise | 6.00 | 2.07 | 12.39 | 90 days |
| 25. | December 23, 2024 | Prince Vibro Shifter Model PVS-48 SS-304<br><br>Quotation Reference No.: Prince/Qtn/205/24-25 | Prince Industries | 8.00 | 1.30 | 10.40 | 90 days |
| 26. | December 23, 2024 | Msgl reactor<br>Msgl 6300 ltrs. Ae glr with anchor agitator (gk sigma blue glass)<br>1. Standard jacket<br>2. Mechanical seal : single mechanical seal make hifab/leakproof<br>3. Standard motor tefc flange mounted flame proof 415v, 50hz, make crompton<br>4. Gearbox : flange mounted in -line helical of bonfiglioli make<br>5. Cigl valve : 150nb x 100 nb | PFG Glasskem Private Limited | 8.00 | 20.18 | 161.44 | 90 days |
| 27. | December 23, 2024 | Ultrafine Pulveriser 4000 kg/ Day<br><br>Quotation Reference No.: Shakti/2023-2024/0226A | Shakti Engineering Works | 2.00 | 52.51 | 105.02 | 90 days |
| 28. | December 23, 2024 | Ultrafine Pulveriser 2500 kg/ Day<br><br>Quotation Reference No.: Shakti/2023-2024/0226A | Shakti Engineering Works | 1.00 | 36.76 | 36.76 | 90 days |
| 29. | December 23, 2024 | Ultrafine Pulveriser 1500 kg/ Day<br><br>Quotation Reference No.: Shakti/2023-2024/0226A | Shakti Engineering Works | 1.00 | 34.99 | 34.99 | 90 days |
| 30. | December 20, 2024 | ANFD, 5KL Limper Vert monoblock ss316 NGMP<br><br>Quotation Reference No.: Q04594 | System Engitech Private Limited | 4.00 | 38.06 | 152.22 | 90 days |
| 31. | December 20, 2024 | ANF, 6KL Vert Monoblock SS316+C-276 Cladded<br><br>Quotation Reference No.: Q04594 | System Engitech Private Limited | 2.00 | 123.90 | 247.80 | 90 days |

| Sr. no. | Date of quotation | Description & quotation reference number | Vendor | Unit / quantity | Amount per unit / quantity (₹ in lakhs)* | Total amount (₹ in lakhs)* | Validity |
|---|---|---|---|---|---|---|---|
| 32. | December 20, 2024 | ANFD, 6KL Limpet vert monoblock SS316 NGMP<br><br>Quotation Reference No.: Q04594 | System Engitech Private Limited | 6.00 | 45.73 | 274.35 | 90 days |
| 33. | December 20, 2024 | RVPD, 5KL Limpet Horz SS316 NGMP<br><br>Quotation Reference No.: Q04594 | System Engitech Private Limited | 8.00 | 46.91 | 375.24 | 90 days |
| 34. | December 23, 2024 | Ribbon blender – 10 m3 –SS 304 STD Model<br>Trough: 6 mm – SS 304 / Structure: MS<br>Gear Box: Parallel Shaft Helical Gear Box Ratio 48:1<br>Motor: 60HP NFLP-IE3 IP 55 – Bharat Bijlee Make<br>Discharge: Knife Edge Gate Valve 10" SS304<br><br>Quotation Reference No.: STL/011 | Shubh Innovatives | 3.00 | 23.97 | 71.90 | 90 days |
| 35. | December 23, 2024 | Ribbon blender – 6 m3 –SS 304 STD Model<br>Trough: 6 mm – SS 304 / Structure: MS<br>Gear Box: Parallel Shaft Helical Gear Box Ratio :1<br>Motor: 50HP NFLP-IE3 IP 55 – Bharat Bijlee Make<br>Discharge: Knife Edge Gate Valve 8" – SS304 Slide<br><br>Quotation Reference No.: STL/011 | Shubh Innovatives | 1.00 | 21.06 | 21.06 | 90 days |
| Total | | | | | | **2,788.22** | |

**including GST*

Notes:

- The actual cost of procurement and actual supplier/dealer may vary.
- We have considered the above quotations for the budgetary estimate purpose and have not placed orders for them.
- We are not acquiring any second-hand machinery.
- All quotations received from the vendors mentioned above are valid as on the date of this Draft Red Herring Prospectus. However, we have not entered into any definitive agreements with any of these vendors and there can be no assurance that the same vendors would be engaged to eventually supply the machineries/equipment's or at the same costs.
- The machinery/equipment models and quantity to be purchased are based on the present estimates of our management. The Management shall have the flexibility to revise such estimates (including but not limited to change of vendor or any modification/addition/deletion of machineries or equipment's) at the time of actual placement of the order. In such case, the Management can utilize the surplus of proceeds, if any, arising at the time of actual placement of the order, to meet the cost of such other machinery, equipment's or utilities as required. Furthermore, if any surplus / deficit of the proceeds for meeting the total cost of machineries shall be used / adjusted in General Corporate Purposes, subject to limit of 15% of the amount raised by our Company through this Issue.
- The order for 100% of equipment's are yet to be placed. Placing the order will require the company to pay the taxes related to the order, certain advance payment and commitment for balance payment.
- The quotations relied upon by us in arriving at the above cost are valid for a specific period and may lapse after the expiry of the said period. Consequent upon which, there could be a possible escalation in the cost of machineries proposed to be acquired by us at the actual time of purchase, resulting in increase in the estimated cost. Any extra cost above the cost mentioned would be met out of our internal accruals.

**Rationale for Machineries:**

| Sr. no. | Description & quotation reference number | Justification for the expense |
|---|---|---|
| 1. | VFBD Drying Plant<br>Quotation for EXCIPIENT POWDER with a Water Evaporation Capacity 15 Kgs/hr. (Product Capacity 104 kgs/hr)<br>including a Thermic Fluid heater, series cyclone, Insulation, Cladding, Electrical Power and Instrument Cabling<br><br>Quotation Reference No: AESPL/Q/VR/11629/2024 | This VFBD – for Calcium Carboxy methyl cellulose line is a drying machine manufactured from Stainless Still, required to dry the final product. This machine is essential to dry the material before milling and to match moisture content specifications as per Product specifications. |
| 2. | VFBD Drying Plant for EXCIPIENT POWDER with a Water<br>Evaporation Capacity 50 Kgs/hr. (Product Capacity 348 kgs/hr)<br>including a Thermic Fluid heater, series cyclone , Insulation,<br>Cladding, Electrical Power and Instrument Cabling<br><br>Quotation Reference No: AESPL/Q/VR/11628 /2024 | This VFBD – for Croscarmellose Sodium production line is a drying machine manufactured from Stainless Still, required to dry the final product. This machine is essential to dry the material before milling and to match moisture content specifications as per Product specifications. |
| 3. | Air Handling Unit<br>Excipient plant, micro lab & ware house area (dispensing & sampling area) hvac<br>System, including ahu, ducting, insulation hepa filter, manifold. Ddc panel,<br>Outdoor unit hvac mcc panel pressure gauge, temp, gauge, pvc pipe,<br>Transpotation. (plant-12 ahu, microlab-3 ahu & ware house 1 no., mcc panel,<br>Duct cable)<br><br>Quotation Reference No:<br>AAE/DP/0232/24-25 | Air handling unit is a essential utility system to control environment in critical production area. Air handling unit circulate the air, control humidity and temperature of critical production area and help to maintain parameters of Controlled production process as per revise schedule M |
| 4. | Cabling & cable tray mccc panel<br><br>Quotation Reference No:<br>AAE/DP/0232/24-25 | Cable tray and Cabling is necessary to transfer electricity power from transformer to machinery to perform the operations for production. |
| 5. | 5 kl s.s reactor jacketed<br>Anchor type stirrer<br>Shell 6mm s.s 316l<br>Dishend 8mm s.s 316l<br>Jacket 6mm s.s 304<br>With gearbox and motor<br><br>Quotation Reference No: 106/24-25 | SS reactor, will be made from SS 316, a heart of Chemical plant – to be used for production of Sodium Starch Glycolate. In this machinery Reaction will take place to convert starch in to Sodium Starch Glycolate. |
| 6. | Receiver Tank 300 Liter S.S 316<br>600 mm Dia x 1000 mm Length<br>S.S 316 L 5mm Thickness<br>Necessary connection as per your Requirement<br><br>Quotation Reference No: 106/24-25 | Receiver tank 300 liter, will be made from SS 316, will be used during Solvent recovery process along with ANFD / RVPD and Shell & Tube condensors. Solvent recovery a inline process with production. |
| 7. | Receiver Tank with Stirrer 2500 Liter (Vert)<br>1250 mm (H) X 1500mm (D) S.S 316 5mm<br>Shell / Dishend both 5mm Thick Top Flat<br>With 2 HP Bonfigoli Make Gearbox and<br>Crompton Make FLP Motor<br><br>Quotation Reference No: 108/24-25 | Receiver Tank with stirrer – 2500 lit, made from SS 316, will be used for preparation of required concentration of Alcohol for washing process in ANFD for production of Croscarmellose Sodium. |
| 8. | Receiver Tank 2000 Liter (Vertical) SS 316<br>1200 dia x 1800 Height | Receiver Tank– 2000 lit, made from SS 316, will be used as purified water storage tank for process requirement. Purified |

| Sr. no. | Description & quotation reference number | Justification for the expense |
|---|---|---|
| | Plate thickness 6mm shell / dishend<br>Non Contact Parts M.S<br><br>Quotation Reference No: 108/24-25 | water from water purification plant will be transferred into this tank. |
| 9. | Receiver Tank With Stirrer 5KL SS 316<br>1600 Dia x 2500mm Height<br>Dishend And Shell From 6mm 316<br>With stirrer and 2 HP Gear and FLP Motor<br><br>Quotation Reference No: 108/24-25 | Receiver Tank with stirrer – 5000 lit, made from SS 316, will be used in Calcium Carboxymethyl Cellulose process process for neutralization of Acidic spent alcohol before it will be transferred to spent alcohol tank in Solvent distillation area. |
| 10. | Receiver Tank 5KL (Horizontal)<br>1600 Dia x 2500 mm Height<br>Dish end and shell form 6mm<br>Stand from M.S<br><br>Quotation Reference No: 108/24-25 | Receiver Tank – 5000 lit, made from SS 316, will be used in Sodium Starch Glycolate and Croscarmellose Sodium process for collection of spent alcohol before it will be transferred to spent alcohol tank in Solvent distillation area. |
| 11. | 10 KL Vertical Storage Tank SS 304<br>2000mm Dia x 3200mm Height<br>Plate Thickness 6mm S.S 304<br>Bottom and Top Flat<br>Outer Side M.S Channel support with paint<br><br>Quotation Reference No: 109/24-25 | 10 KL Vertical Storage Tank - MoC SS 304 is for storage of Solvent / Alcohol for Process. |
| 12. | 15 KL Vertical Storage Tank SS 304<br>2400 mm Dia x 3350 mm Height<br>Plate thickness 6 mm S.S 304<br>Bottom and Top Flat<br>Outer side M.S Channel Support with Paint<br><br>Quotation Reference No: 109/24-25 | 15 KL Vertical Storage Tank - MoC SS 304 is for storage of recovered Solvent / Alcohol of distillation Process. |
| 13. | 5 KL Vertical Storage Tank SS 304<br>1700 mm Dia x 2200 mm Height<br>Plate thickness 6mm S.S 304<br>Bottom and Top Flat<br>With Level Indicator<br><br>Quotation Reference No: 109/24-25 | 5 KL Vertical Storage Tank - MoC SS 304 is for storage of Purified water for process and Boiler |
| 14. | Steam Bolier with Accecories 6 Ton<br><br>Quotation Reference No: BBPL/00579/12/2024 | Steam boiler is energy utility – most important for any production plant. Required to generate steam for process heating in reaction stage and solvent recovery – distillation unit. |
| 15. | 120TR water cooled chilling plant<br><br>Quotation Reference No.: MKTG/MP/Offer/PCSL/797/24-25-R0 | 120 TR chilling plant a utility for production required for for cooling requirement during chemical process. |
| 16. | 5 KL, SS 316 / SS 304 Jcktd Reactor vessel<br><br>Quotation Reference No.: 24-25/12/21 | SS reactor, will be made from SS 316, a heart of Chemical plant – to be used for production of Sodium Starch Glycolate. In this machinery Reaction will take place to convert starch in to Sodium Starch Glycolate. |
| 17. | 8 M sqr SS 316, 1-pass condenser<br><br>Quotation Reference No.: 24-25/12/21 | 8 mm shall and tube condensers will be used as a auxiliary equipment during reaction and drying process. |
| 18. | 300 Ltr, SS 316 Receiver<br><br>Quotation Reference No.: 24-25/12/21 | Receiver tank 300 liter, will be made from SS 316, will be used during Solvent recovery process along with ANFD / RVPD and Shell & Tube condensors. Solvent recovery a inline process with production. |

| Sr. no. | Description & quotation reference number | Justification for the expense |
|---|---|---|
| 19. | 2.5 KL, SS 316 Receiver tank With Stirrer. (Vertical)<br><br>Quotation Reference No.: 24-25/12/23 | Receiver Tank with stirrer – 2500 lit, made from SS 316, will be used for preparation of required concentration of Alcohol for washing process in ANFD in production of Calcium Carboxymethyl Cellulose. |
| 20. | 2 KL, SS 316 Receiver Tank (Vertical)<br><br>Quotation Reference No.: 24-25/12/23 | Receiver Tank– 2000 lit, made from SS 316, will be used as purified water storage tank for process requirement. Purified water from water purification plant will be transferred into this tank. |
| 21. | 5 KL, SS 316 Receiver tank With Stirrer. (Horizontal)<br><br>Quotation Reference No.: 24-25/12/23 | Receiver Tank with stirrer – 5000 lit, made from SS 316, will be used in Calcium Carboxymethyl Cellulose process process for neutralization of Acidic spent alcohol before it will be transferred to spent alcohol tank in Solvent distillation area. |
| 22. | 5 KL, SS 316 Receiver Tank (Horizontal)<br><br>Quotation Reference No.: 24-25/12/23 | Receiver Tank – 5000 lit, made from SS 316, will be used in Sodium Starch Glycolate and Croscarmellose Sodium process for collection of spent alcohol before it will be transferred to spent alcohol tank in Solvent distillation area. |
| 23. | Solvent Recovery - Distillation Unit<br><br>Quotation Reference No.: 24-25/12/24 | Alcohol will be used in manufacturing process of all products. To recover pure alcohol from spent alcohol distillation unit will be required. |
| 24. | 20,000 KL storage spiral tank<br><br>Quotation Reference No.: 158/24-25 | HDPE spiral storage tanks will be required to store spent alcohol in solvent recovery – distillation area. |
| 25. | Prince Vibro Shifter Model PVS-48 SS-304<br><br>Quotation Reference No.: Prince/Qtn/205/24-25 | Vibro shifter is a machine for screening of final product through different meshes to achieve desired particle size as per product specifications and remove oversized particles from final product. |
| 26. | Msgl reactor<br>Msgl 6300 ltrs. Ae glr with anchor agitator (gk sigma blue glass)<br>1. Standard jacket<br>2. Mechanical seal : single mechanical seal make hifab/leakproof<br>3. Standard motor tefc flange mounted flame proof 415v, 50hz, make crompton<br>4. Gearbox : flange mounted in -line helical of bonfiglioli make<br>5. Cigl valve : 150nb x 100 nb | MSGL reactor, will be made from MS with inside glass lining. Glass lined vessels used as reactors where acidic process requirement and metal reactors not useful. It will be used for production of Croscarmellose Sodium and Calcium Carboxymethyl Cellulose production. |
| 27. | Ultrafine Pulveriser 4000 kg/ Day<br><br>Quotation Reference No.: Shakti/2023-2024/0226A | Ultrafine pulveriser is a grinding machine, used for grinding of final product after drying in to fine particles. This 4000 kg/day machine will be used for Croscarmellose Sodium production. |
| 28. | Ultrafine Pulveriser 2500 kg/ Day<br><br>Quotation Reference No.: Shakti/2023-2024/0226A | Ultrafine pulveriser is a grinding machine, used for grinding of final product after drying in to fine particles. This 2500 kg/day machine will be used for Sodium Starch Glycolate production. |
| 29. | Ultrafine Pulveriser 1500 kg/ Day<br><br>Quotation Reference No.: Shakti/2023-2024/0226A | Ultrafine pulveriser is a grinding machine, used for grinding of final product after drying in to fine particles. This 1500 kg/day machine will be used for Calcium Carboxymethyl Cellulose production. |
| 30. | ANFD, 5KL Limper Vert monoblock ss316 NGMP<br><br>Quotation Reference No.: Q04594 | 5 KL ANFD is a unique machine used for filtration and solvent recovery. MoC of SS 316 with detailed engineering. Used for filtration for Sodium Starch Glycolate also It helps in recover excess alcohol from the reacted mass. |
| 31. | ANF, 6KL Vert Monoblock SS316+C-276 Cladded<br><br>Quotation Reference No.: Q04594 | 6 KL ANF is manufactured from SS 316 with inside Cladding of hastalloy ( C-276 ), used for filtration process of higly acidic reaction mass during production of Calcium |

| Sr. no. | Description & quotation reference number | Justification for the expense |
|---|---|---|
| | | Carboxymethyl Cellulose |
| 32. | ANFD, 6KL Limpet vert monoblock SS316 NGMP<br><br>Quotation Reference No.: Q04594 | 6 KL ANFD is a unique machine used for filtration and solvent recovery. MoC of SS 316 with detailed engineering. Used for filtration for Croscarmellose Sodium and Calcium Carboxymethyl Cellulose. It helps in recover excess alcohol from the reacted mass. |
| 33. | RVPD, 5KL Limpet Horz SS316 NGMP<br><br>Quotation Reference No.: Q04594 | RVPD is rotalry vaccume dryer to dry final product of Sodium Starch Glycolate and intermediate drying of Croscarmellose Sodium. It dry and partially grind the material, recover residual alcohol from the product. |
| 34. | Ribbon blender – 10 m3 –SS 304 STD Model<br>Trough: 6 mm – SS 304 / Structure: MS<br>Gear Box: Parallel Shaft Helical Gear Box Ratio 48:1<br>Motor: 60HP NFLP-IE3 IP 55 – Bharat Bijlee Make<br>Discharge: Knife Edge Gate Valve 10" SS304<br><br>Quotation Reference No.: STL/011 | Ribbon blender is a machine used for mixing of material. Will be used in final product blending to uniform quality before dispatch. 10m3 Ribbon blender will be used for Sodium Starch Glycolate and Croscarmellose Sodium. |
| 35. | Ribbon blender – 6 m3 –SS 304 STD Model<br>Trough: 6 mm – SS 304 / Structure: MS<br>Gear Box: Parallel Shaft Helical Gear Box Ratio :1<br>Motor: 50HP NFLP-IE3 IP 55 – Bharat Bijlee Make<br>Discharge: Knife Edge Gate Valve 8" – SS304 Slide<br><br>Quotation Reference No.: STL/011 | Ribbon blender is a machine used for mixing of material. Will be used in final product blending to uniform quality before dispatch. 10m3 Ribbon blender will be used for Calcium Carboxymethyl Cellulose. |

We have not entered into any definitive agreements with the suppliers and there can be no assurance that the same suppliers would be engaged to eventually supply the machinery and material at the same costs. The quantity of the machinery and material to be purchased is based on the estimates of our management. Our Company shall have the flexibility to deploy the machinery according to the business requirements which are dynamic, which may evolve with the passage of time and based on the estimates of our management.

Above quotations are very short duration quotation and are used only for the purpose of price estimation. The above prices are subject to change without any notice and final applicable prices will be as per prevailing prices at the time of invoicing of machinery. Our Management does not have any intention of purchasing the above-mentioned proposed machinery as second-hand machinery.

Our Promoters, Directors, Key Management Personnel or Group Entities have no interest in the proposed procurements, as stated above. If the Net Proceeds are insufficient to the extent required for purchase of plant and machinery and/or other any material required for setting up the manufacturing unit, such excessive amount shall be met from our internal accruals and/ or from borrowing from banks/ financial institutions.

*2. General Corporate Purposes*

Our Company proposes to deploy the balance proceeds, aggregating to ₹ [●] lakhs, towards general corporate purposes as approved by our management from time to time, subject to such utilisation not exceeding 25% of the gross proceeds, in compliance with the SEBI ICDR Regulations. The general corporate purposes for which our Company proposes to utilise net proceeds include, business development initiatives, meeting any expense including salaries, rent, administration costs, insurance premiums, repairs and maintenance, payment of taxes and duties, and similar other expenses incurred in the ordinary course of our business or towards any exigencies. The quantum of utilisation of funds towards each of the above purposes will be determined by our board, based on the amount actually available under this head and the business requirements of our Company, from time to time, subject to compliance with applicable law.

In addition to the above, our Company may utilise the net proceeds towards other purposes considered expedient and as approved periodically by our board, subject to compliance with necessary provisions of the Companies Act. Our Company's management shall have flexibility in utilising surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of net proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of net proceeds in a financial year, we will utilize such unutilized amount in the subsequent financial

years.

**Issue Related Expenses**

The total expenses of the Issue are estimated to be approximately ₹ [●] lacs. The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expense, advertisement expenses, legal fees and listing fees. The estimated Issue expenses are as under:

| Particulars | Estimated expenses (Rs. in Lakhs) | As a % of total estimated Issue related expenses | As a % of the total Issue Size |
|---|---|---|---|
| Book Running Lead Manger fees | [●] | [●] | [●] |
| Fees Payable to Registrar to the Issue | [●] | [●] | [●] |
| Fees Payable for Advertising and Publishing Expenses | [●] | [●] | [●] |
| Fees Payable to Regulators including Stock Exchanges | [●] | [●] | [●] |
| Payment for Printing & Stationery, Postage, etc. | [●] | [●] | [●] |
| Fees Payable to Auditor, Legal Advisors and other Professionals | [●] | [●] | [●] |
| Others, if any (Fees payable for Marketing & distribution expenses, Selling Commission, Brokerage, depositories, secretarial, advisors, consultancy, peer review auditors, Processing Fees, Underwriting fees and Miscellaneous Expenses) | [●] | [●] | [●] |
| Total Estimated Issue Expenses | [●] | [●] | [●] |

**Please note that the cost mentioned is an estimate quotation as obtained from the respective parties and excludes GST, interest rate and inflation cost. The amount deployed so far toward issue expenses shall be recouped out of the issue proceeds.*

Notes:

*1) Selling commission payable to the SCSBs on the portion for Retail Individual Bidders. Non-Institutional Bidders, which are directly procured by the SCSBs, would be as follows*

| | |
|---|---|
| *Portion for Retail Individual Bidders** | *0.10 % of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders** | *0.10 % of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Eligible Employees* | *0.10 % of the Amount Allotted* (plus applicable taxes)* |

**Amount allotted is the product of the number of Equity Shares Allotted and the Offer Price. The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of BSE or NSE*

*2) No uploading/ processing fees shall be payable by our Company to the SCSBs on the applications directly procured by them. Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/ sub-Syndicate/ Registered Broker/ CRTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | *Rs. 10 per valid Bid cum Application Form (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders* | *Rs. 10 per valid Bid cum Application Form (plus applicable taxes)* |
| *Portion for Eligible Employees* | *Rs. 10 per valid Bid cum Application Form (plus applicable taxes)* |

*Notwithstanding anything contained above the total processing fee payable under this clause will not exceed Rs. 1 lakh (plus applicable taxes) and in case if the total processing fees exceeds Rs. 1 lakh (plus applicable taxes) then processing fees will be paid on pro-rata basis.*

*3) The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows:*

| | |
|---|---|
| *Sponsor Bank* – [●] | [●] *per valid Bid cum Application Form* (plus applicable taxes) The Sponsor Bank shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under the SEBI circulars, the Syndicate Agreement and other applicable laws.* |

**For each valid application by respective Sponsor Bank*

*No uploading/ processing fees shall be payable by our Company to the Members of the Syndicate/ RTAs/ CDPs for applications made by RIBs (up to ₹200,000), Non-Institutional Bidders (for an amount more than ₹200,000 and up to ₹500,000) using the UPI Mechanism.*

*4) Selling commission on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by members of the Syndicate (including their sub-Syndicate Members), Registered Brokers, CRTAs and CDPs or for UPI or using 3-in-1 type accounts- linked online trading, demat & bank account provided by some of the Registered Brokers which are Members of the Syndicate (including their Sub-Syndicate Members) would be as follows:*

| | |
|---|---|
| *Portion for Retail Individual Bidders* | *0.10 % of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Non-Institutional Bidders* | *0.10 % of the Amount Allotted* (plus applicable taxes)* |
| *Portion for Eligible Employees* | *0.10 % of the Amount Allotted* (plus applicable taxes)* |

*5) The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 read with SEBI Circular No:. SEBI/HO/CFD/DIL2/CIR/P/2022/51 April 20, 2022.*

**Interim use of Net Proceeds**

The Net Proceeds pending utilisation for the purposes stated in this section, shall be deposited only with scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended. In accordance with Section 27 of the Companies Act, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

**Bridge Financing Facilities**

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Draft Red Herring Prospectus, which are proposed to be repaid from the Net Proceeds

**Monitoring Utilization of Funds**

As the size of the Issue will not exceed ₹ 10,000 Lakhs, the appointment of Monitoring Agency would not be required as per Regulation 262(1) of the SEBI ICDR Regulations. Our Board and the management will monitor the utilization of the Net Issue Proceeds through our audit committee. Pursuant to Regulation 32 of the SEBI Listing Regulations, our Company shall on half-yearly basis disclose to the Audit Committee the Application of the proceeds of the Issue. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosures shall be made only until such time that all the proceeds of the Issue have been utilized in full.

**Variation in Objects**

In accordance with Section 27 of the Companies Act, 2013, our Company shall not vary the objects of the issue without our Company being authorized to do so by the shareholders by way of a special resolution. In addition, the notice issued to the shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act and shall be published in accordance with the Companies Act and the rules there under. As per the current provisions of the Companies Act, our Promoters or controlling Shareholders would be required to provide an exit opportunity to such shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

**Other confirmations**

No part of the Net Proceeds will be paid by our Company as consideration to our Promoters, Promoter Group, our Directors, our Key Management Personnel or our Group Company. Except in the normal course of business and in compliance with applicable law, there are no existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoters, Promoter Group, our Directors, our Key Management Personnel or our Group Company.

Further, pursuant to the issue, the Net Proceeds received by our Company shall only be utilised for objects identified by our Company and for general corporate purposes and none of our Promoters, Promoter Group, Group Companies of our Company, as applicable, shall receive a part of or whole Net Proceeds directly or indirectly.

## BASIS OF ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the BRLMs on the basis of an assessment of market demand for the Equity Shares issued through the book building process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares of our Company is ₹10/- each and the Issue Price is [●] times of the face value.

Investors should read the following basis with the section titled *"Risk Factors"* and chapters titled *"Restated Financial Statements"*, *"Management's Discussion and Analysis of Financial Position and Results of Operations"* and *"Our Business"* beginning on page 30 192, 197 and 130 respectively, of this Draft Red Herring Prospectus to get a more informed view before making any investment decisions. The trading price of the Equity Shares of our Company could decline due to these risk factors and you may lose all or part of your investments.

***Qualitative Factors***

Some of the qualitative factors and our strengths which form the basis for computing the Issue Price are:

- Product Portfolio
- Experienced Promoter and Management group
- Global Presence
- Diversified customer base
- Continuous innovation and quality consistency

***Quantitative Factors (Based on Restated Financial Statements)***

Information presented below is derived from our Company's Restated Financial Statements prepared in accordance with Indian GAAP. For details, see "*Financial Information*" on page 192 of this Draft Red Herring Prospectus. Investors should evaluate our Company and form their decisions taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors, which form the basis for computing the price, are as follows:

**1. Basic & Diluted Earnings Per Share (EPS):**

| Period | Basic and Diluted EPS (In Rs.) | Weights |
|---|---|---|
| For the year ended 2022 | 1.34 | 1 |
| For the year ended 2023 | 1.70 | 2 |
| For the year ended 2024 | 4.50 | 3 |
| **Weighted Average** | **3.04** | |
| For the period ended June 30, 2024 | 1.54 | |

*The Company has issued 1,60,00,000 Equity Shares as Bonus allotment on July 15, 2024. We have considered Bonus Issue for calculation of EPS.*

***Notes:***

1. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. sum of (EPS x Weight) for each year /Total of weights.*
2. *Basic and diluted EPS are based on the Restated Financial Statements.*
3. *The face value of each Equity Share is ₹10/-.*
4. *Earnings per Share (₹) = Profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the year/period divided by the weighted average no. of equity shares during the respective year/period.;*

**2. Price/Earning (P/E) ratio in relation to Price Band of ₹ [●] to ₹ [●] per Equity Share:**

| Particulars | P/E at the Floor Price (number of times)* | P/E at the Cap Price (number of times)* |
|---|---|---|
| P/E ratio based on Basic EPS for Financial Year 2024 | [●] | [●] |
| P/E ratio based on Diluted EPS for Financial Year 2024 | [●] | [●] |

**To be updated at Prospectus stage.*

*Note: Price / earning (P/E) ratio is computed by dividing the price per share by earnings per share*

**Industry Peer Group P/E ratio**

| Particulars | Industry P/E (Number of times) |
|---|---|
| **Industry** | |
| Highest | 33.87 |
| Lowest | 15.80 |
| Average | 24.84 |

*Notes:*

1. *The industry high and low has been considered from the industry peer set provided later in this section. The industry composite has been calculated as the arithmetic average P / E of the industry peer set disclosed in this section i.e. Accent Microcell Limited and Sigachi Industries Limited.*
2. *P/E Ratio has been computed based on the closing market price of equity shares on the NSE website on December 23, 2024 divided by the Diluted EPS for the period ended March 31, 2024.*

*All the financial information for listed industry peers mentioned above is sourced from the Annual Report of the relevant companies for Fiscal 2024, as available on the websites of the Stock Exchange.*

**3. Return on Net Worth (RoNW):**

| Period | Return on Net Worth (%) | Weights |
|---|---|---|
| For the year ended 2022 | 25.37 | 1 |
| For the year ended 2023 | 24.32 | 2 |
| For the year ended 2024 | 39.21 | 3 |
| **Weighted Average** | **31.94** | |
| June 30, 2024 | 11.84 | |

**Source: Restated Financial Statements*

*Notes:*

*a. Weighted Average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. sum of (RoNW x Weight) for each year / Total of weights.*

*b. The figures disclosed above are based on the Restated Financial Statements of our Company.*

*c. Return on Net Worth (%) = Restated Profit/(loss) attributable to owners of the holding company/ net worth at the end of the year/ period.*

*d. Net-worth, as restated at the end of the relevant period (Equity attributable to the owners of the Company, excluding non-controlling interest)*

**4. Net Asset Value (NAV) per Equity Share:**

| Particulars | NAV (in Rs.) |
|---|---|
| As on March 31, 2024 | 11.49 |
| As on June 30, 2024 | 13.03 |
| After completion of the Issue | |
| (i) At Floor Price | [●] |
| (ii) At Cap Price | [●] |
| **Issue Price per equity share** | [●] |

*Notes:*

1. *Net Asset Value per Equity Share is calculated as total equity divided by weighted average number of equity shares outstanding during the respective year/period.*
2. *The Company has issued 1,60,00,000 Equity Shares as Bonus allotment on July 15, 2024. We have considered Bonus Issue for calculation of NAV per Equity Share.*

**5. Peer Competitors - Comparison of Accounting Ratios:**

Our Company in the business of manufacturing specialty chemicals. Accordingly, considering the nature, range of products, turnover and size of business of our Company, the peer is not strictly comparable. However, the below mentioned listed company in the specialty chemicals businesses have been taken into consideration as peer comparative listed company and has been included for broad comparison only:

| Name of the Company | For the year ended March 31, 2024 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Face value (₹) | Revenue from operations (₹ in Lakhs)[(1)] | Basic EPS (₹) | Diluted EPS (₹) | P/E (based on Diluted EPS) | Return on net worth (%) | NAV per Equity Share (₹) |
| Patel Chem Specialities Limited | 10 | 8,236.16 | 4.50 | 4.50 | [●] | 39.21 | 11.49 |
| **Peer Group** | | | | | | | |
| Accent Microcell Limited | 10 | 24,549.78 | 18.67 | 18.67 | 15.80 | 18.41 | 77.86 |
| Sigachi Industries Limited | 1 | 39,895.61 | 1.81 | 1.54 | 33.87 | 16.41 | 13.09 |

*Source: All the financial information for listed industry peers mentioned above is on a Consolidated basis sourced from the Annual Reports of the peer company or their financial results uploaded on the NSE website for the year ended March 31, 2024.*

*Notes:*

1. *P/E Ratio has been computed based on the closing market price of equity shares on the NSE on December 23, 2024 divided by the Diluted EPS of March 31, 2024.*
2. *RoNW is computed as net profit after tax divided by the closing net worth. Net worth has been computed as sum of share capital and reserves and surplus.*
3. *NAV is computed as the closing net worth divided by the weighted average number of equity shares.*

Investors should read the above mentioned information along with *"Risk Factors"*, *"Our Business"*, "*Management Discussion and Analysis of Financial Position and Results of Operations*" and "*Financial Information*" on pages 30, 130, 197 and 192 respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" and you may lose all or part of your investments.

**6. Key Operational and Financial Performance Indicators:**

The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help us in analysing the growth of various verticals.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the Issue Section, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations.

The KPIs of our Company have been disclosed in the sections titled "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations – Key Performance Indicators*" on pages 130 and 197, respectively. We have described and defined the KPIs as applicable in "*Definitions and Abbreviations*" on page 6.

**Explanation for KPI metrics**

| KPI | Explanations |
|---|---|
| Revenue from Operations (₹ Lakhs) | Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business. |
| Total Revenue | Total Revenue is used to tack the total revenue generated by the business including other income. |
| EBITDA (₹ Lakhs) | EBITDA provides information regarding the operational efficiency of the business. |
| EBITDA Margin (%) | EBITDA Margin is an indicator of the operational profitability and financial performance of our business. |
| Profit after Tax (₹ Lakhs) | Profit after tax provides information regarding the overall profitability of the business. |
| PAT Margin | PAT Margin is an indicator of the overall profitability and financial performance of our business. |
| RoE (%) | RoE provides how efficiently our Company generates profits from shareholders' funds. |
| Debt To Equity Ratio | Debt-to-equity (D/E) ratio is used to evaluate a company's financial leverage. |
| Interest Coverage Ratio | The interest coverage ratio is a debt and profitability ratio used to determine how easily a company can pay interest on its outstandingdebt. |
| Return on Capital employed (RoCE) (%) | It is calculated as profit before tax plus finance costs divided by total equity plus non-current liabilities. |
| Current Ratio | It tells management how business can maximize the current assets on its balance sheet to satisfy its current debt and other payables. |

| KPI | Explanations |
|---|---|
| Net Capital Turnover Ratio | This metric enables us to track the how effectively company is utilizing its working capital to generate revenue. |

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated December 5, 2024 and the members of the Audit Committee have verified the details of all KPIs pertaining to the Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this DRHP. Further, the KPIs herein have been certified by Ashok Rajpara & Co., by their certificate dated December 26, 2024.

*(₹ in lakhs)*

| Financial Metrics | As at and for the period ended | As at and for the year ended | | |
|---|---|---|---|---|
| | June 30, 2024 | March 31, 2024 | March 31, 2023 | March 31, 2022 |
| Revenue From operations (₹ in Lakhs) | 2,705.25 | 8,236.16 | 6,939.60 | 6,048.46 |
| Total revenue (₹ in Lakhs) | 2,712.50 | 8,271.61 | 6,974.75 | 6,062.03 |
| EBITDA (₹ in Lakhs) | 387.66 | 1166.73 | 547.49 | 445.70 |
| EBITDA Margin (%) | 14.33 | 14.17 | 7.89 | 7.37 |
| Profit after tax (₹ in Lakhs) | 262.10 | 765.62 | 288.61 | 227.90 |
| PAT Margin (%) | 9.69 | 9.30 | 4.16 | 3.77 |
| Return on Equity (ROE) (%) | 11.84 | 39.21 | 24.32 | 25.37 |
| Debt To Equity Ratio | 0.65 | 0.79 | 0.99 | 0.88 |
| Interest Coverage Ratio | 17.26 | 13.01 | 4.89 | 6.64 |
| Return on Capital Employed (ROCE) (%) | 13.16 | 45.06 | 32.83 | 36.73 |
| Current Ratio | 1.67 | 1.35 | 1.19 | 1.14 |
| Net Capital Turnover Ratio | 2.20 | 11.72 | 18.59 | 38.88 |

*Notes:*

a) *As certified by Ashok Rajpara & Co., Chartered Accountants pursuant to their certificate dated December 26, 2024. The Audit committee in its resolution dated December 5, 2024 has confirmed that the Company has not disclosed any KPIs to any investors at any point of time during the three years preceding the date of this Draft Red Herring Prospectus other than as disclosed in this section.*

b) *Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.*

c) *EBITDA refers to earnings before interest, taxes, depreciation, amortisation, gain or loss from discontinued operations and exceptional items. EBITDA excludes other income but includes reversal of provision of doubtful debts.*

d) *EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period.*

e) *Net Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes but before other comprehensive income by our revenuefrom operations.*

f) *Return on equity (RoE) is equal to profit after tax for the year divided by the total equity during that period and is expressed as a percentage.*

g) *Debt to equity ratio is calculated by dividing the debt (excluding lease liabilities) by total equity (whichincludes issued capital and all other equity reserves).*

h) *Interest Coverage Ratio measures our ability to make interest payments from available earnings and is calculated by dividing EBIT by interest cost payment.*

i) *RoCE (Return on Capital Employed) (%) is calculated as profit before tax plus finance costs divided by total equity plus non-current liabilities.*

j) *Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.*

k) *Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and iscalculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).*

See *"Management Discussion and Analysis of Financial Position and Results of Operations"* on page 197 for the reconciliation and the manner of calculation of our key financial performance indicators.

**7. Comparison of financial KPIs of our Company and our listed peer.**

| Metric | Patel Chem Specialities Limited | | | Accent Microcell Limited | | |
|---|---|---|---|---|---|---|
| | As at and for the year ended | | | As at and for the year ended | | |
| | March 31, 2024 | March 31, 2023 | March 31, 2022 | March 31, 2024 | March 31, 2023 | March 31, 2022 |
| Revenue From operations (₹ in Lakhs) | 8,236.16 | 6,939.60 | 6,048.46 | 24,549.78 | 19,727.36 | 17,182.11 |
| Total revenue (₹ in Lakhs) | 8,271.61 | 6,974.75 | 6,062.03 | 24,912.73 | 19,976.24 | 17,338.22 |
| EBITDA (₹ in Lakhs) | 1166.73 | 547.49 | 445.70 | 3,947.20 | 1,895.17 | 1,683.10 |
| EBITDA Margin (%) | 14.17 | 7.89 | 7.37 | 16.08 | 9.61 | 9.80 |
| Profit after tax (₹ in Lakhs) | 765.62 | 288.61 | 227.90 | 3,016.80 | 1,223.21 | 821.57 |
| PAT Margin (%) | 9.30 | 4.16 | 3.77 | 12.29 | 6.20 | 4.78 |
| Return on Equity (ROE) (%) | 39.21 | 24.32 | 25.37 | 28.16 | 25.19 | 21.58 |
| Debt To Equity Ratio | 0.79 | 0.99 | 0.88 | 0.08 | 0.45 | 0.63 |
| Interest Coverage Ratio | 13.01 | 4.89 | 6.64 | 39.62 | 7.95 | 4.67 |
| Return on Capital Employed (ROCE) (%) | 45.06 | 32.83 | 36.73 | 21.20 | 23.70 | 25.82 |
| Current Ratio | 1.35 | 1.19 | 1.14 | 4.32 | 1.45 | 1.24 |
| Net Capital Turnover Ratio | 11.72 | 18.59 | 38.88 | 3.28 | 10.17 | 11.84 |

| Metric | Patel Chem Specialities Limited | | | Sigachi Industries Limited | | |
|---|---|---|---|---|---|---|
| | As at and for the year ended | | | As at and for the year ended | | |
| | March 31, 2024 | March 31, 2023 | March 31, 2022 | March 31, 2024 | March 31, 2023 | March 31, 2022 |
| Revenue From operations (₹ in Lakhs) | 8,236.16 | 6,939.60 | 6,048.46 | 39,895.61 | 30,204.51 | 25,028.98 |
| Total revenue (₹ in Lakhs) | 8,271.61 | 6,974.75 | 6,062.03 | 41,064.49 | 30,871.68 | 25,291.94 |
| EBITDA (₹ in Lakhs) | 1166.73 | 547.49 | 445.70 | 7,665.10 | 5,872.49 | 5,567.41 |
| EBITDA Margin (%) | 14.17 | 7.89 | 7.37 | 19.21 | 19.44 | 22.24 |
| Profit after tax (₹ in Lakhs) | 765.62 | 288.61 | 227.90 | 5,726.75 | 4,353.62 | 4,003.73 |
| PAT Margin (%) | 9.30 | 4.16 | 3.77 | 14.35 | 14.41 | 16.00 |
| Return on Equity (ROE) (%) | 39.21 | 24.32 | 25.37 | 16.41 | 17.55 | 17.58 |
| Debt To Equity Ratio | 0.79 | 0.99 | 0.88 | 0.29 | 0.15 | 0.15 |
| Interest Coverage Ratio | 13.01 | 4.89 | 6.64 | 14.51 | 18.62 | 78.51 |
| Return on Capital Employed (ROCE) (%) | 45.06 | 32.83 | 36.73 | 16.41 | 21.41 | 22.51 |
| Current Ratio | 1.35 | 1.19 | 1.14 | 1.67 | 2.38 | 3.50 |
| Net Capital Turnover Ratio | 11.72 | 18.59 | 38.88 | 3.27 | 3.00 | 1.97 |

*Notes:*

a) *Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.*

b) *Gross Profit is calculated as Revenue from Operations less Cost of Materials consumed, Purchase of Traded goods, Changes in inventories of finished goods and work-in-progress.*

c) *Gross margin refers to gross profit as a % of total revenues earned during a financial year.*

d) *EBITDA refers to earnings before interest, taxes, depreciation, amortisation, gain or loss from discontinued operations and exceptional items. EBITDA excludes other income but includes reversal of provision of doubtful debts.*

e) *EBITDA Margin refers to EBITDA during a given period as a percentage of revenue from operations during that period.*
f) *Net Profit Ratio/Margin quantifies our efficiency in generating profits from our revenue and is calculated by dividing our net profit after taxes by our revenue from operations.*
g) *Return on equity (RoE) is equal to profit for the year divided by the total equity during that period and is expressed as a percentage.*
h) *Debt to equity ratio is calculated by dividing the debt (i.e., borrowings (current and non-current) and current maturities of long-term-borrowings) by total equity (which includes issued capital and all other equity reserves).*
i) *Interest Coverage Ratio measures our ability to make interest payments from available earnings and is calculated by dividing EBIT by interest payment.*
j) *RoCE (Return on Capital Employed) (%) is calculated as profit before tax plus finance costs divided by total equity plus non-current liabilities.*
k) *Current Ratio is a liquidity ratio that measures our ability to pay short-term obligations (those which are due within one year) and is calculated by dividing the current assets by current liabilities.*
l) *Net Capital Turnover Ratio quantifies our effectiveness in utilizing our working capital and is calculated by dividing our revenue from operations by our working capital (i.e., current assets less current liabilities).*
m) *Return on Net Worth (RoNW) is a measure of profitability (expressed in percentage) and is defined as net profit after tax attributable to our equity shareholders divided by our Net Worth (total shareholders' equity) for the year. "Net Worth" is defined as the aggregate of share capital and other equity.*

*** All the information for listed industry peer mentioned above is sourced from their respective annual report.*

**8. Weighted average cost of acquisition**

**a) Primary Transactions:**

Price per share of Issuer Company based on primary / new issue of shares, excluding issuance of bonus shares, during the 18 months preceding the date of filing of the DRHP / RHP, where such issuance is equal to or more than 5 per cent of the fully diluted paid-up share capital of the Issuer Company (calculated based on the pre-issue capital before such transaction/s), in a single transaction or multiple transactions combined together over a span of rolling 30 days;

| Date of allotment | No. of equity shares allotted | Face value per equity share (₹) | Issue price per equity share (₹) | Nature of allotment | Nature of consideration | Total Consideration (in ₹ Lakhs |
|---|---|---|---|---|---|---|
| November 18, 2024 | 8,70,000 | 10 | 61 | Preferential Allotment | Cash | 5,30,70,000 |
| **Weighted average cost of acquisition (WACA)** | | | | | | **61.00** |

**b) Secondary Acquisition:**

There have been no secondary sale / acquisitions of Equity Shares, where the Promoters, members of the Promoter Group or shareholder(s) having the right to nominate director(s) in the board of directors of the Company are a party to the transaction (excluding gifts), during the 18 months preceding the date of this certificate, where either acquisition or sale is equal to or more than 5% of the fully diluted paid up share capital of the Company (calculated based on the pre-issue capital before such transaction/s and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days. ("Secondary Transactions").

**c) Price per share based on the last five secondary transactions;**

Since there are transactions to report to under (b) above therefore, information based on last 5 secondary transactions (secondary transactions where Promoter / Promoter Group entities or Selling Shareholder or shareholder(s) having the right to nominate director(s) in the Board of our Company, are a party to the transaction) not older than 3 years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions is disclosed as under:

| Date of Transfer | Name of Transferor | Name of Transferee | No. of Securities | % of pre Issue paid up share capital on fully diluted basis | Face value (₹) | Issue Price (₹) | Nature of Consideration | Total Consideration |
|---|---|---|---|---|---|---|---|---|
| March 12, 2024 | Bhupesh Patel | Pravin Mistry | 170* | 0.00% | 10 | 58.82 | Cash | 10,000 |

| Date of Transfer | Name of Transferor | Name of Transferee | No. of Securities | % of pre Issue paid up share capital on fully diluted basis | Face value (₹) | Issue Price (₹) | Nature of Consideration | Total Consideration |
|---|---|---|---|---|---|---|---|---|
| March 12, 2024 | Bhupesh Patel | Amarkumar Panchal | 170* | 0.00% | 10 | 58.82 | Cash | 10,000 |
| March 12, 2024 | Bhupesh Patel | Amit Chauhan | 170* | 0.00% | 10 | 58.82 | Cash | 10,000 |
| March 12, 2024 | Bhupesh Patel | Anand Dave | 170* | 0.00% | 10 | 58.82 | Cash | 10,000 |
| March 12, 2024 | Bhupesh Patel | Jignesh Rathod | 170* | 0.00% | 10 | 58.82 | Cash | 10,000 |
| March 12, 2024 | Bhupesh Patel | Kalpesh Prajapati | 170* | 0.00% | 10 | 58.82 | Cash | 10,000 |
| January 12, 2023 | Bhupesh Patel | Vini Patel | 1,70,000* | 0.95% | 10 | 5.29 | Cash | 9,00,000 |
| **Total** | | | **1,71,020*** | | | | | **9,60,000** |
| **Weighted average cost of acquisition (WACA) (in ₹ per Equity Share) is ₹ 5.61/- per Equity Share** | | | | | | | | |

**The shares are adjusted with the bonus of 16:1 issued on July 15, 2024.*

**d) Weighted average cost of acquisition, Floor Price and Cap Price**

Based on the disclosures in (a), (b) and (c) above, the weighted average cost of acquisition of Equity Shares as compared with the Floor Price and Cap Price is set forth below:

| Past Transactions | Weighted average cost of acquisition (₹) | Floor Price ₹ [●] | Cap Price ₹ [●] |
|---|---|---|---|
| Weighted average cost of acquisition(WACA) of Primary issuances | 61.00 | [●] | [●] |
| Weighted average cost of acquisition(WACA) of secondary transactions | NA | [●] | [●] |
| Weighted average cost of acquisition(WACA) of last 5 secondary transactions | 5.61 | [●] | [●] |

**9. Justification for Basis of Issue Price**

Explanation for Issue Price / Cap Price being [●] times of weighted average cost of acquisition of primary issuance price / secondary transaction price of Equity Shares along with our Company's KPIs and financial ratios for the year ended on March 31, 2024, March 31, 2023, and March 31, 2022.

[●]*

**To be included upon finalization of Price Band*

**10. The Issue Price is [●] times of the Face Value of the Equity Shares.**

The issue Price of ₹ [●] has been determined by our Company in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares, as determined through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. Investors should read the above-mentioned information along with "*Risk Factors*", "*Our Business*", "*Management Discussion and Analysis of Financial Position and Results of Operations*" and "*Financial Information*" on pages 30,130, 197 and 192, respectively, to have a more informed view. The trading price of the Equity Shares could declinedue to the factors mentioned in the "*Risk Factors*" and you may lose all or part of your investments.

## STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,
**The Board of Directors,**
**PATEL CHEM SPECIALITIES LIMITED**
Plot No. 272/4-5, Phase-II, GIDC Estate,
Vatva, Ahmedabad - 382445

Dear Sir / Ma'am,

**Subject - Statement of Possible Special Tax Benefits ("the Statement") available to Patel Chem Specialities Limited ("the Company") and its shareholder prepared in accordance with the requirement in Point No. 9 (L) of Part A of Schedule VI to the Securities Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2018.**

1. We hereby confirm that the enclosed Annexure-A, prepared by Patel Chem Specialities Limited ('the Company'), which provides the possible special tax benefits under direct tax and indirect tax laws presently in force in India, including the Income Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, (collectively the "Taxation Laws"), the rules, regulations, circulars and notifications issued thereon, as applicable to the assessment year 2024-25 relevant to the financial year 2023-24, available to the Company, its shareholders. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Taxation Laws. Hence, the ability of the Company and or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

2. This Statement is required as per Schedule VI (Part A) (9)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended ('SEBI ICDR Regulations'). While the term 'Special Tax Benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to Special Tax Benefits available to the Company, its shareholders and the same would include those benefits as enumerated in the statement. The benefits discussed in the enclosed statement cover the possible special tax benefits available to the Company, its Shareholders and do not cover any general tax benefits available to them. Any benefits under the Taxation Laws other than those specified in the statement are considered to be general tax benefits and therefore not covered within the ambit of this statement. Further, any benefits available under any other laws within or outside India, except for those specifically mentioned in the statement, have not been examined and covered by this statement.

3. The benefits discussed in the enclosed Annexure-A are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this Annexure is only intended to provide information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering.

4. In respect of non-residents, the tax rates and the consequent taxation shall be further subject to any benefits available under the applicable Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile.

5. We do not express any opinion or provide any assurance as to whether:

   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been met with; and
   iii) the revenue authorities courts will concur with the views expressed herein.

6. The Content of the enclosed Annexures are based on information, explanations and representations obtained from the company and on the basis of their understanding of the business activities and operations of the Company.

7. No assurance is given that the revenue authorities / Courts will concur with the view expressed herein. Our views are based on existing provisions of law and its implementation, which are subject to change from time to time. We do not assume any responsibility to updates the views consequent to such changes.

8. We shall not be liable to any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this statement.

9. This certificate is provided solely for the purpose of assisting the addressee Company in discharging its responsibility under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 20I8 for inclusion in the Draft Red Herring Prospectus/ Red Herring Prospectus/Prospectus in connection with the proposed issue of equity shares and is not be used, referred to or distributed for any other purpose without our written consent.

**For Ashok Rajpara & Co**
**Chartered Accountants**
**Firm Reg. No. 0153195W**
**Sd/-**
**M. No. 100559**
**UDIN: 24100559BKDFHF1209**
**Date: December 26, 2024**
**Place: Surat**

## ANNEXURE- A

The information provided below sets out the possible special tax benefits available to the Company, the Shareholders under the Taxation Laws presently in force in India. It is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Equity Shares particularly in view of the certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

**YOU SHOULD CONSULT YOUR OWN TAX ADVISORS CONCERNING THE INDIAN TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN YOUR PARTICULAR SITUATION**

### A. SPECIAL TAX BENEFITS TO THE COMPANY

The Company is not entitled to any special tax benefits under the Taxation Laws.

### B. SPECIAL TAX BENEFITS TO THE SHAREHOLDER

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

Note:
All the above benefits are as per the current tax laws and will be available only to the sole / first name holder where the shares are held by joint holders.

We hereby give our consent to include our above referred opinion regarding the special tax benefits available to the Company, to its shareholders in the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus.

## SECTION V- ABOUT THE COMPANY

## INDUSTRY OVERVIEW

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications, in particular, the report titled "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited, appointed by us on December 26, 2024 and exclusively commissioned and paid for by us in connection with this Issue.*

*The data included herein includes excerpts from the Infomerics Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data or information (which may be relevant for the proposed Issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the Infomerics Report and included herein with respect to any particular calendar year/Fiscal refers to such information for the relevant calendar year/ Fiscal. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

*Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents of the Infomerics Report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction. For more information, see "Risk Factors." on page 30. Also see, "Certain Conventions, Use Of Financial Information and Market Data and Currency Presentation" on page 21 of this Draft Red Herring Prospectus.*

**1. Indian Macro Economy an overview:**

The Indian economy is on a strong wicket and stable footing, demonstrating resilience in the face of geopolitical challenges. The Indian economy has consolidated its post-Covid recovery with policymakers – fiscal and monetary – ensuring economic and financial stability. Nonetheless, change is the only constant for a country with high growth aspirations. For the recovery to be sustained, there has to be heavy lifting on the domestic front because the environment has become extraordinarily difficult to reach agreements on key global issues such as trade, investment and climate.

High economic growth in FY24 came on the heels of growth rates of 9.7% and 7.0%, respectively, in the previous two financial years. The headline inflation rate is largely under control, although the inflation rate of some specific food items is elevated. The trade deficit was lower in FY24 than in FY23, and the current account deficit for the year is around 0.7% of GDP. In fact, the current account registered a surplus in the last quarter of the financial year. Foreign exchange reserves are ample. Public investment has sustained capital formation in the last several years even as the private sector shed its balance sheet blues and began investing in FY22. Now, it has to receive the baton from the public sector and sustain the investment momentum in the economy. The signs are encouraging.

National income data show that non-financial private-sector capital formation, measured in current prices, expanded vigorously in FY22 and FY23 after a decline in FY21. However, investment in machinery and equipment declined for two consecutive years, FY20 and FY21, before rebounding strongly. Early corporate sector data for FY24 suggest that capital formation in the private sector continued to expand but at a slower rate.

RBI data on India's Balance of Payments shows us that the investment interest of external investors, measured in terms of dollar inflows of new capital, was USD45.8 billion in FY24 compared to USD47.6 billion in FY23. This slight decline is in line with global trends. Reinvestment of earnings remained the same. Repatriation of investment was USD29.3 billion in FY23 and USD44.5 billion in FY24. Many private equity investors took advantage of buoyant equity markets in India and exited profitably. It is a sign of a healthy market environment that offers profitable exits to investors, which will bring newer investments in the years to come.

That said, the environment for foreign direct investment to grow in the coming years is not highly favourable for many reasons.

Interest rates in developed countries are much higher than they were during and before Covid years. This not only means a higher cost of funding but also a higher opportunity cost to invest abroad. Second, emerging economies have to compete with active industrial policies in developed economies involving considerable subsidies that encourage domestic investment. Third, notwithstanding the impressive strides made in the last decade, uncertainties and interpretations related to transfer pricing, taxes, import duties and non-tax policies remain to be addressed. Lastly, geopolitical uncertainties, which are on the rise, will likely exert a bigger influence on capital flows, notwithstanding other reasons for preferring to invest in India.

On employment generation, the Periodic Labour Force Survey provides quarterly data on urban employment indicators and annually for the entire country, including rural India. A surge in agriculture employment is partly explained by reverse migration and the entry of women into the labour force in rural India. The Annual Survey of Industries has data on workers in nearly 2.0 lakh Indian factories. The total number of factory jobs grew annually by 3.6% between 2013-14 and 2021-22. Somewhat more satisfyingly, they grew faster at 4.0% in factories employing more than a hundred workers than in smaller factories (those with less than a hundred workers). The annual growth rate was 1.2% in the latter set of factories. In absolute numbers, employment in Indian factories has grown from 1.04 crore to 1.36 crore in this period.

Between the last Economic survey published in January 2023 and this one, big changes are afoot in the geopolitical environment. The global backdrop for India's march towards Viksit Bharat in 2047 could not be more different from what it was during the rise of China between 1980 and 2015. Then, globalisation was at the cusp of its long expansion. Geopolitics was largely calm with the end of the Cold War, and Western powers welcomed and even encouraged the rise of China and its integration into the world economy. Concerns over climate change and global warming were not so pervasive or grave then as they are now. Fourth, the advent of Artificial Intelligence casts a huge pall of uncertainty as to its impact on workers across all skill levels – low, semi and high. These will create barriers and hurdles to sustained high growth rates for India in the coming years and decades. Overcoming these requires a grand alliance of union and state governments and the private sector.

**Employment generation is the real bottom line for the private sector**

It is worth reiterating that job creation happens mainly in the private sector. Second, many (not all) of the issues that influence economic growth, job creation and productivity and the actions to be taken therein are in the domain of state governments. So, in other words, India needs a tripartite compact, more than ever before, to deliver on the higher and rising aspirations of Indians and complete the journey to Viksit Bharat by 2047. In more than one respect, the action lies with the private sector. In terms of financial performance, the corporate sector has never had it so good. Results of a sample of over 33,000 companies show that, in the three years between FY20 and FY23, the profit before taxes of the Indian corporate sector nearly quadrupled. Further, newspaper headlines told us that the corporate profits-to-GDP ratio rose to a 15-year high in FY24. Business Line reported, "The corporate profit for the Nifty-500 universe was up 30 per cent last fiscal to ₹14.11-lakh crore against ₹10.88 lakh crore in FY23. The nominal GDP grew 9.6 per cent y-o-y to ₹295-lakh crore (₹269-lakh crore). Hiring and compensation growth hardly kept up with it. But, it is in the interest of the companies to step up hiring and worker compensation.

The Union government cut taxes in September 2019 to facilitate capital formation. Between FY19 and FY23, the cumulative growth in private sector non-financial Gross Fixed Capital Formation (GFCF) is 52% in current prices. During the same period, the cumulative growth in general government (which includes states) is 64%. The gap does not appear to be too wide.

**Future ahead:-**

While contemplating the challenges that lie ahead, one should not be daunted because the social and economic transformation of democratic India is a remarkable success story. We have come a long way. The economy has grown from around USD288 billion in FY93 to USD3.6 trillion in FY23. India has generated more growth per dollar of debt than other comparable nations. Abject poverty has all but been eliminated. Human development indicators have improved, and more Indians, especially women, are getting educated. For all its flaws and warts, the system has delivered accountability through the democratic process and public discourse, where the occasional and rarer mature commentary proves effective. We should not lose sight of that.

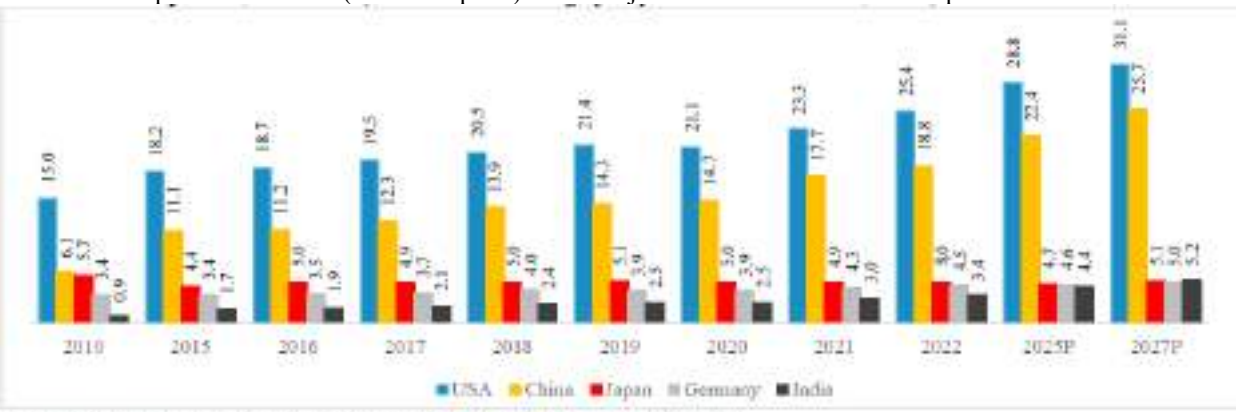
**Global Economy:-**

Following the onset of the Covid-19 pandemic crisis, the global economy has experienced a combination of both risks and opportunities. Progressing toward recovery, the global economy started returning to normalcy after a prolonged struggle; the governments worldwide have taken swift and appropriate measures, including widespread vaccination efforts and the consistent implementation of fiscal and monetary support strategies. Right when the economic situation seemed to be improving after the Covid-19, the Russia-Ukraine geopolitical conflict unfolded, contributing to global inflationary pressures and resulting in record-high levels not witnessed in the past four decades. Moreover, the impact of the conflict between Israel and Hamas on global financial markets will be contingent on the involvement of major regional powers. If the conflict remains localized between Israel and

Hamas, its effects are likely to be limited, primarily affecting countries directly engaged in trade with Israel or Palestine. However, should the conflict extend to major oil-producing nations in the region, such as Iran, the global economy may experience significant consequences. Interruptions in the oil supply could lead to a sharp increase in energy costs for businesses and households, posing a potential threat to the overall stability of the global economy. To tackle this, Central Banks are adopting a hawkish approach and implementing interest rate hikes.

On the back of enhanced vaccination coverage and continued fiscal and monetary stimuli across countries, the GDP of the World grew by 13.2% CY 21 against a contraction of 3.0 % in CY 20. The positive trend continued into CY 22, with a growth rate of 4.7%.

The global GDP is forecasted to grow from USD 101.0 trillion in CY 22 to 128.5 in CY 27, thus growing at a CAGR of 4.9% during the forecasted period. The GDP (at current price) of the major economies in the world is presented in the table below




*Source: World Bank Data, IMF, RBI; CY 2022 for India refers to FY 2023 data and so on.*

| Country | Rank in GDP (CY 22) | Rank in GDP (PPP) | CY 10 | CY 15 | CY 16 | CY 17 | CY 18 | CY 19 | CY 20 | CY 21 | CY 22 | CY 25P | CY 27P | CAGR (2016-21 | CAGR (2022-27) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| USA | 1 | 2 | 15.1 | 18.2 | 18.7 | 19.5 | 20.5 | 21.4 | 21.1 | 23.3 | 25.4 | 28.8 | 31.1 | 4.5% | 4.1% |
| China | 2 | 1 | 6.1 | 11.1 | 11.2 | 12.3 | 13.9 | 14.3 | 14.7 | 17.7 | 18.8 | 22.4 | 25.7 | 9.6% | 6.5% |
| Japan | 3 | 4 | 5.8 | 4.4 | 5.0 | 4.9 | 5.0 | 5.1 | 5.0 | 4.9 | 5.0 | 4.7 | 5.1 | -0.4% | 0.4% |
| Germany | 4 | 5 | 3.4 | 3.4 | 3.5 | 3.7 | 4 | 3.9 | 3.9 | 4.3 | 4.5 | 4.6 | 5.0 | 4.2% | 2.1% |
| India | 5 | 3 | 0.9 | 1.7 | 1.9 | 2.1 | 2.4 | 2.5 | 2.5 | 3.0 | 3.4 | 4.4 | 5.2 | 9.6% | 8.9% |
| UK | 6 | 10 | 2.5 | 2.9 | 2.7 | 2.6 | 2.9 | 2.8 | 2.7 | 2.9 | 3.2 | 3.6 | 4.0 | 1.4% | 4.6% |
| Brazil | 12 | 8 | 2.2 | 1.8 | 1.8 | 2.1 | 1.9 | 1.9 | 1.5 | 1.6 | 1.8 | 2.3 | 2.6 | -2.3% | 7.6% |
| Russia | 11 | 6 | 1.6 | 1.4 | 1.3 | 1.6 | 1.7 | 1.7 | 1.5 | 1.8 | 1.9 | 2.2 | 2.3 | 6.7% | 3.9% |
| World | - | - | 66.6 | 75.2 | 76.5 | 81.4 | 86.5 | 87.7 | 85.0 | 96.5 | 101.0 | 116.5 | 128.5 | 4.8% | 4.9% |

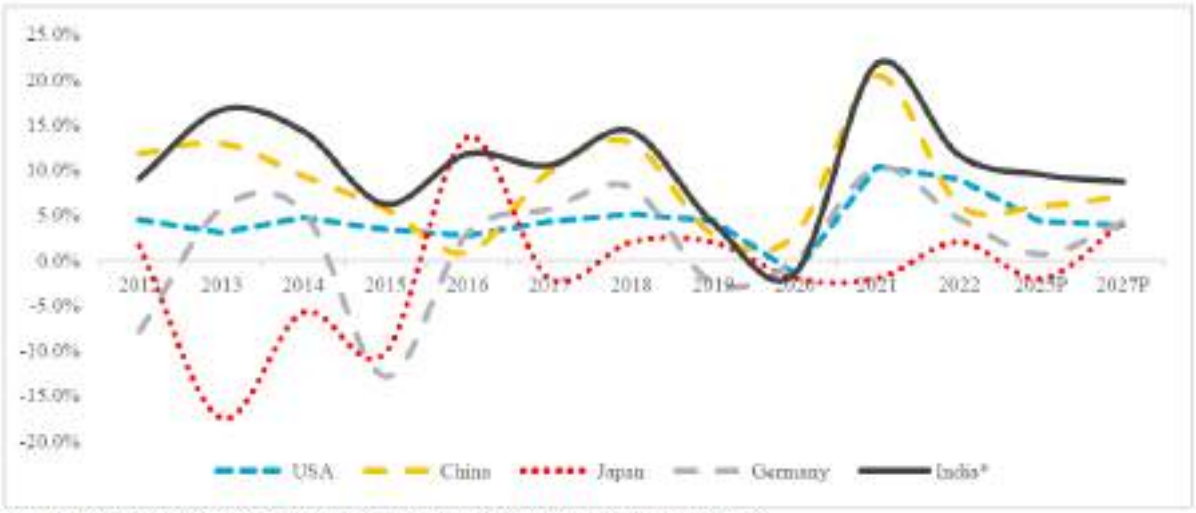
*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

The world economy has experienced a contraction in GDP growth during the pandemic i.e. in CY 20. However, the governments and central banks globally have taken decisive actions by implementing fiscal and monetary stimulus measures to bolster the process of economic recovery. Further, the gradual recovery of global supply chains and increased international trade have contributed to the positive growth trajectory. These well-calibrated initiatives and the recovery to global supply-chain have been directed towards reinstating consumer and business confidence, stimulating demand, and achieving stability in financial markets. As a result of these concerted efforts, multiple countries and regions have demonstrated encouraging signs of economic revival and notable growth.

**2. Indian Macro Economy an overview:**

India's economy carried forward the momentum it built in FY23 into FY24 despite a gamut of global and external challenges. The focus on maintaining macroeconomic stability ensured that these challenges had minimal impact on India's economy. As a result, India's real GDP grew by 8.2 per cent in FY24, posting growth of over 7 per cent for a third consecutive year, driven by stable consumption demand and steadily improving investment demand.

The economies of India and China witnessed remarkable growth in nominal GDP during the calendar year 2021 and 2022, following the COVID-19 pandemic. India demonstrated a substantial year-on-year nominal GDP growth rate of 21.8% in CY 21 followed by a growth of 11.7% in CY 22. Meanwhile China experienced a notable growth rate of 20.4% in CY 21 and 6.2% growth in CY 22. On the other hand, major economies like the United States and Germany reported GDP growth rates of 10.4% and 10.3% respectively during CY 21 followed by 9% and 4.7% GDP growths in CY 22. Japan, however, experienced a negative growth in GDP (-2.0%) during CY 21. Nevertheless, in CY 22, Japan's GDP rebounded with a growth rate of 2%.



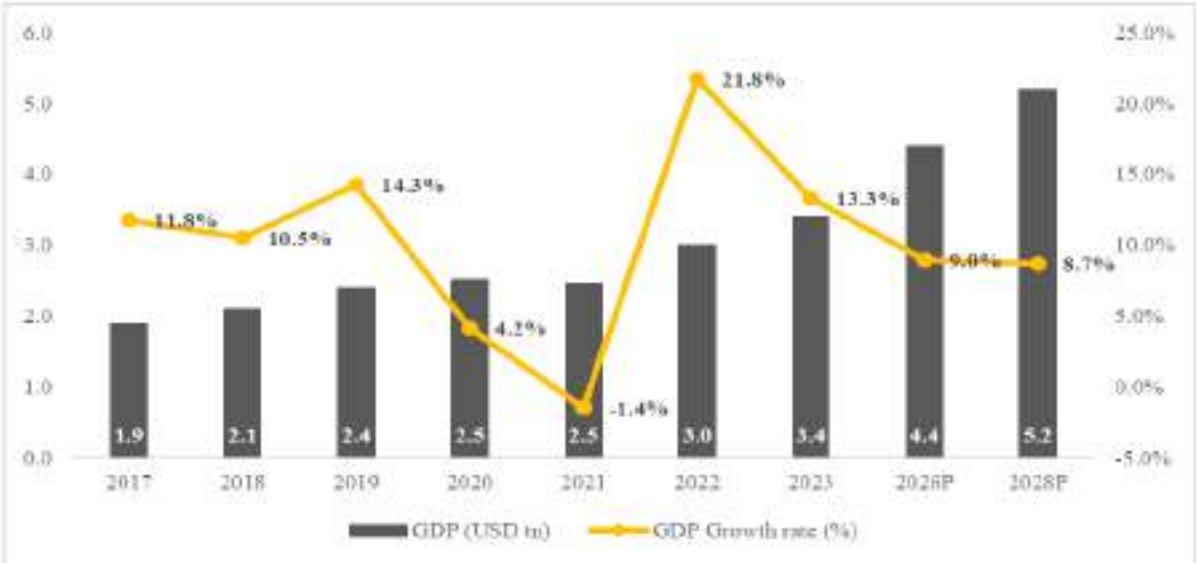

*Source: India Data from RBI, Future growth rate from OECD Data, Technopak Analysis*
*1USD = INR 80*
**For India, CY 11 represents FY 12 and so on.*

| | CY 12 | CY 13 | CY 14 | CY 15 | CY 16 | CY 17 | CY 18 | CY 19 | CY 20 | CY 21 | CY 22 | CY 25P | CY 27P |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| USA | 4.5% | 3.1% | 4.8% | 3.4% | 2.7% | 4.3% | 5.1% | 4.4% | -1.4% | 10.4% | 9.0% | 4.3% | 3.9% |
| China | 11.8% | 12.9% | 9.4% | 5.7% | 0.9% | 9.8% | 13.0% | 2.9% | 2.8% | 20.4% | 6.2% | 6.0% | 7.1% |
| Japan | 1.6% | -17.5% | -5.8% | -10.2% | 13.6% | -2.0% | 2.0% | 2.0% | -2.0% | -2.0% | 2.0% | -2.0% | 4.2% |
| Germany | -7.9% | 5.7% | 5.4% | -12.8% | 2.9% | 5.7% | 8.1% | -2.5% | 0.0% | 10.3% | 4.7% | 0.7% | 4.3% |
| **India*** | **9.1%** | **16.7%** | **14.3%** | **6.2%** | **11.8%** | **10.5%** | **14.3%** | **4.2%** | **-1.4%** | **20.0%** | **11.7%** | **9.5%** | **8.7%** |

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

India is the world's 5th largest economy and expected to be in the top 3 by FY 28 India ranked fifth in the world in terms of nominal gross domestic product ("GDP") for FY 22 and is the third largest economy in the world in terms of purchasing power parity ("PPP"). India is expected to be USD ~5.2 trillion economy by FY 28 and is estimated to be the third largest economy surpassing Germany and Japan

**India's nominal GDP at current prices (In USD Tn) and GDP Growth rate (%) (FY).**




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*
India's nominal GDP has grown at a CAGR of 9.6% between FY 17 and FY 22 and is expected to continue the trend by registering an expected CAGR of 8.9% for 5-year time period from FY 23 to FY 28.

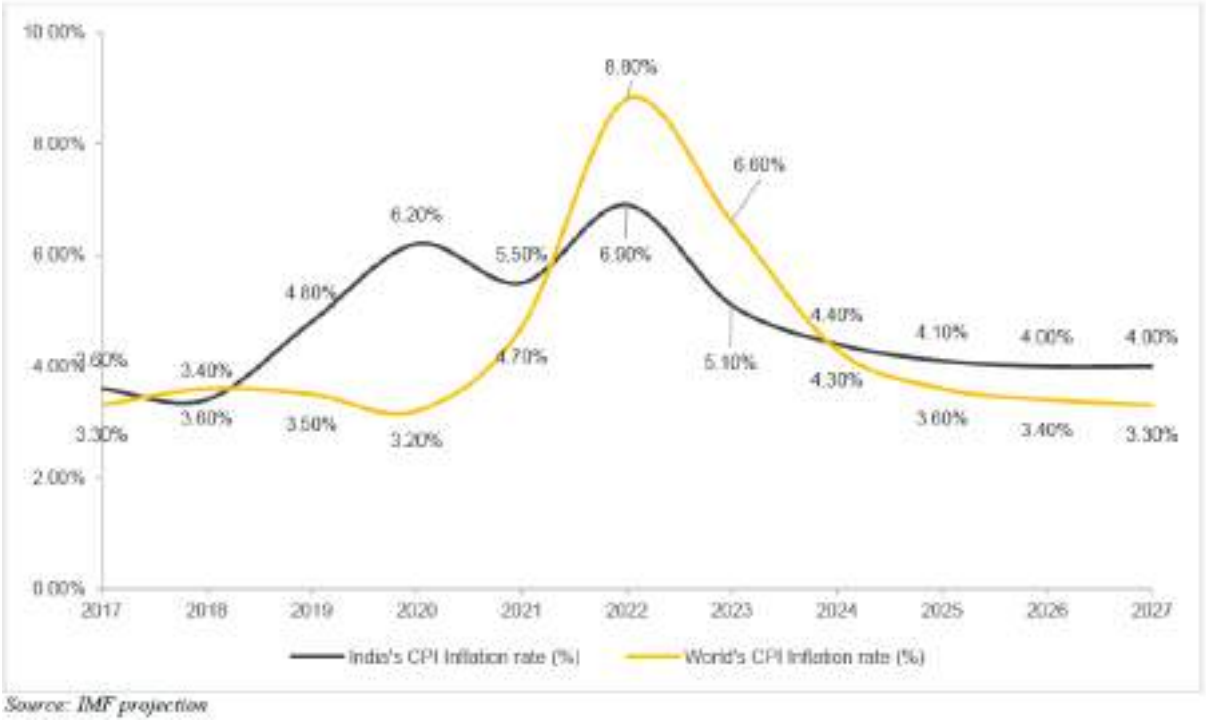
Since FY 05, the Indian economy's growth rate had been twice as that of the world economy and it is expected to sustain this growth momentum in the long term. From FY 23 to FY 28, India's nominal GDP is expected to grow at a CAGR of 8.9%, which compares favourably to the world average (4.9%) and with other major economies,including China (6.5%), UK (4.6%), Japan (0.4%), Germany (2.1%) and the USA (4.1%) for the similar period of CY 22 to CY 27. It is also expected that the growth trajectory of Indian economy will enable India to be among the top 3 global economies by FY 28. Several factors are likely to contribute to economic growth in the long run.

These include favourable demographics, reducing dependency ratio, rapidly rising education levels, steady urbanization, growing young & working population, IT revolution, increasing penetration of mobile & internet infrastructure, government policies, increasing aspirations and affordability etc.

**Macro-Economic and Overview – Inflation**

Inflation is measured by the consumer price index (CPI), is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households. The world has witnessed a significant rise in inflation during the year 2022 where the average global inflation was recorded at 8.8%. As per the IMF report, the global inflation rate is expected to drop to 6.6% in CY 23 and 4.3% to CY 24 as compared to a pre-pandemic level of 3.5% during CY 17 to CY 19.

Comparison of India's inflation rate (%) to the World's – average consumer price (CY)




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

The economies of both India and the world are undergoing a recovery process following the impact of the COVID-19 pandemic. However, the speed of their recovery is influenced not only by the severity of the COVID-19 impact but also by their ability to handle the challenges arising from the economic consequences of the ongoing geopolitical conflict between Russia and Ukraine.

Due to a substantial increase in global crude oil and commodity prices, India along with other developed countries are faced significant challenges related to high levels of inflation in recent years. Further, the pandemic has led to disruptions in global supply chains, affecting the availability of goods and raw materials. In response to this inflationary pressure, these countries are compelled to raise their domestic interest rates. RBI has been working towards reducing inflation by increasing the Repo rate to control the supply and demand of goods and services.

The RBI has increased repo rate by a cumulative 250 basis points, from 4% in April 2022 to 6.50% in April 2023, with an aim to tackle the current inflation scenario in India. The CPI inflation rate in India has been above the Reserve Bank of India (RBI) medium-term target of 6%. The country's retail inflation slipped to 4.25% in May 2023, from 6.44% in January 2023. The CPI inflation in India is expected to fall from 6.9% in FY 22 to 5.1% in FY 23 and further dropping to 4.4% during the year 2024.

Global Inflation rate, average CPI (%) – U.S., U.K, China, Japan, India, Germany (CY)

| Inflation rate (CPI%) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023P | 2024P | 2025P | 2026P | 2027P |
|---|---|---|---|---|---|---|---|---|---|---|---|
| China | 1.6% | 2.1% | 2.9% | 2.4% | 0.9% | 2.2% | 2.2% | 1.9% | 2.0% | 2.0% | 2.0% |
| India | 3.6% | 3.4% | 4.8% | 6.2% | 5.5% | 6.9% | 5.1% | 4.4% | 4.1% | 4.0% | 4.0% |
| Japan | 0.5% | 1.0% | 0.5% | 0.0% | -0.2% | 2.0% | 1.4% | 1.0% | 1.0% | 1.0% | 1.0% |
| Germany | 1.7% | 1.9% | 1.4% | 0.4% | 3.2% | 8.5% | 7.2% | 3.5% | 2.6% | 2.0% | 2.0% |
| UK | 2.7% | 2.5% | 1.8% | 0.9% | 2.6% | 9.1% | 9.0% | 3.7% | 1.8% | 2.0% | 2.0% |
| USA | 2.1% | 2.4% | 1.8% | 1.2% | 4.7% | 8.1% | 3.5% | 2.2% | 2.0% | 2.0% | 2.0% |
| World | 3.3% | 3.6% | 3.5% | 3.2% | 4.7% | 8.8% | 6.6% | 4.3% | 3.6% | 3.4% | 3.3% |

*Source: IMF projections*

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Private Final consumption: -**

GDP growth in India is expected to be driven by rising private final consumption expenditure. India is a private consumption driven economy where the share of domestic consumption is measured as private final consumption expenditure (PFCE). This private consumption expenditure comprises both goods (food, lifestyle, home, pharmacy etc.) and services (food services, education, healthcare etc.). High share of private consumption to GDP has the advantage of insulating India from volatility in the global economy. It also implies that sustainable economic growth directly translates into sustained consumer demand for goods and services. India's domestic consumption has grown at a CAGR of 10.4% between FY 17 and FY 23, compared to 5.5% and 12.7% in the USA and China, respectively during the similar period of CY 16 and CY 22. Further, Indian total PFCE is expected to grow at same pace during the next 5 years at a CAGR of 10.8% and projected reach to USD 3 trillion by FY 27.

In FY 22, PFCE accounted for ~60% of India's GDP. This is much higher than that in China (~39%), Germany (~50%) and comparable to that of the US (~68%) and the UK (~61%) for similar time of CY 21. With the rapidly growing GDP and PFCE, India is expected to be one of the top consumer markets in the world. It is estimated that the Private Final Consumption expenditure contribution to India's GDP will be 60.55% for FY 23.

Total Private Final Consumption Expenditure in CY (Current Prices USD Tn)

| Country | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2026P | Contribution to GDP | | CAGR | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | | | 2019 | 2021 | 2022 | 2016-22 | 2022-26 |
| U.S. | 10.7 | 11 | 11.4 | 11.8 | 12.3 | 12.7 | 13.2 | 13.9 | 14.4 | 14 | 15.7 | 17.5 | NA | 67.4% | 68.3% | NA | 5.5% | NA |
| China | 2.6 | 3 | 3.4 | 3.8 | 4.2 | 4.3 | 4.7 | 5.4 | 5.6 | 5.6 | 6.8 | 8.8 | NA | 39.2% | 38.9% | NA | 12.7% | NA |
| Germany | 2 | 1.9 | 2 | 2.1 | 1.8 | 1.8 | 1.9 | 2.1 | 2 | 2 | 2.1 | 2.6 | NA | 51.7% | 49.6% | 73.1% | 6.3% | NA |
| India* | 0.6 | 0.7 | 0.8 | 0.9 | 1.0 | 1.1 | 1.3 | 1.4 | 1.5 | 1.5 | 1.8 | 2.1 | 3.0 | 61.0% | 59.6% | 60.1% | 10.4% | 10.8% |
| Italy | 1.4 | 1.3 | 1.3 | 1.3 | 1.1 | 1.1 | 1.2 | 1.3 | 1.2 | 1.1 | 1.1 | 1.5 | NA | 59.8% | 57.8% | 79.8% | 5.3% | NA |
| U.K. | 1.7 | 1.8 | 1.8 | 2 | 1.9 | 1.8 | 1.7 | 1.9 | 1.8 | 1.7 | 2 | 2.6 | NA | 66.0% | 61.1% | 83.9% | 6.3% | NA |
| World | 41.7 | 42.6 | 43.8 | 45 | 42.6 | 43.6 | 46 | 48.5 | 49.3 | 46.9 | 50.2 | NA | NA | 56.2% | 55.7% | NA | NA | NA |

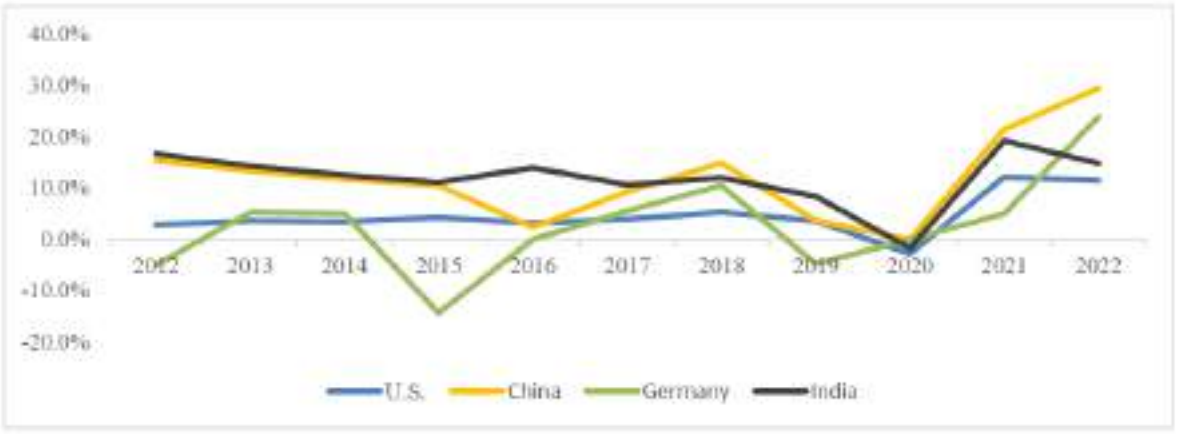
*Source: World Bank, RBI, Technopak Research & Analysis*
** For India, CY 2011 refers to FY 2012 and so on, India Data in FY*
*1USD = INR 80*

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

Total Private Final Consumption Expenditure growth (%) (CY*)*

| Country | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| U.S. | 2.8% | 3.6% | 3.5% | 4.2% | 3.3% | 3.9% | 5.3% | 3.6% | -2.8% | 12.1% | 11.5% |
| China | 15.4% | 13.3% | 11.8% | 10.5% | 2.4% | 9.3% | 14.9% | 3.7% | 0.0% | 21.4% | 29.4% |
| Germany | -5.0% | 5.3% | 5.0% | -14.3% | 0.0% | 5.6% | 10.5% | -4.8% | 0.0% | 5.0% | 23.8% |
| India | 16.7% | 14.3% | 12.5% | 11.1% | 13.9% | 10.6% | 12.0% | 8.4% | -1.7% | 17.1% | 16.3% |

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

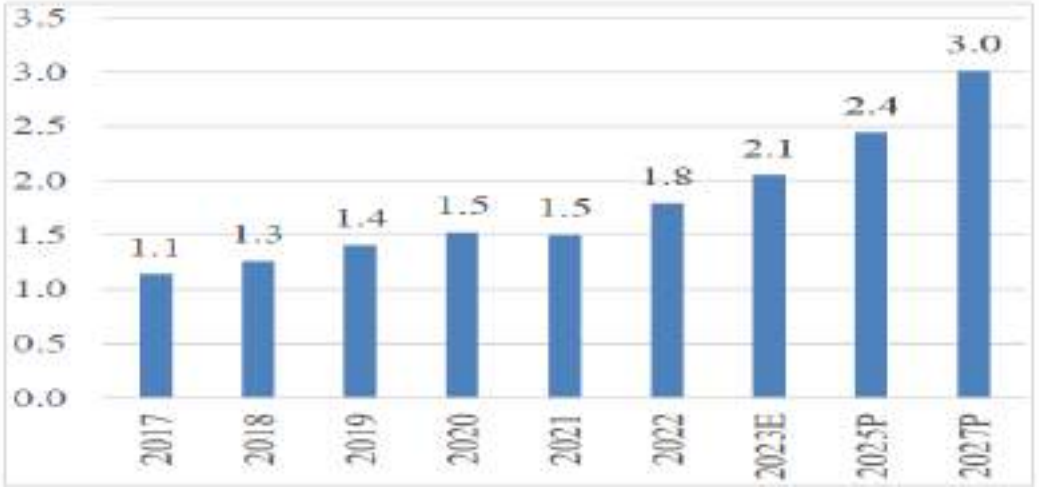



*Source: World Bank, RBI, Technopak Research & Analysis*
** For India, CY 12 refers to FY 13 and so on, India Data in FY. 1USD = INR 80*

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

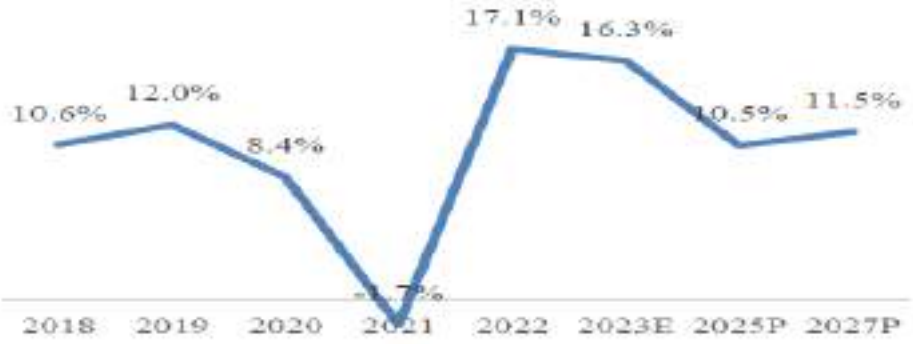
Over the years, the growth rate of Total Private Final Consumption of India has always been the highest as compared to the other top economies in the world.

*Total Private Final Consumption Expenditure of India (Current Prices USD Tn) FY:-*




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

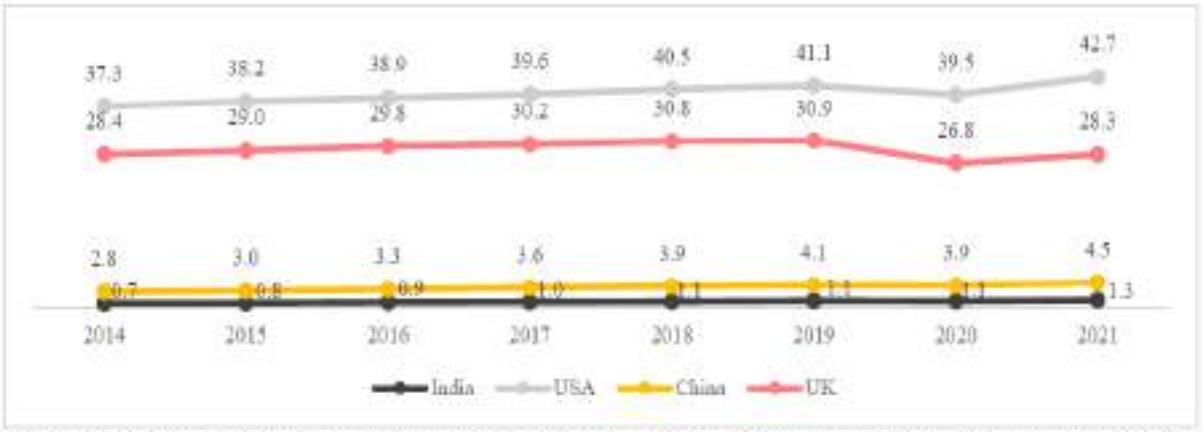
Private Final Consumption Expenditure y-o-y growth rate of India (%)




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

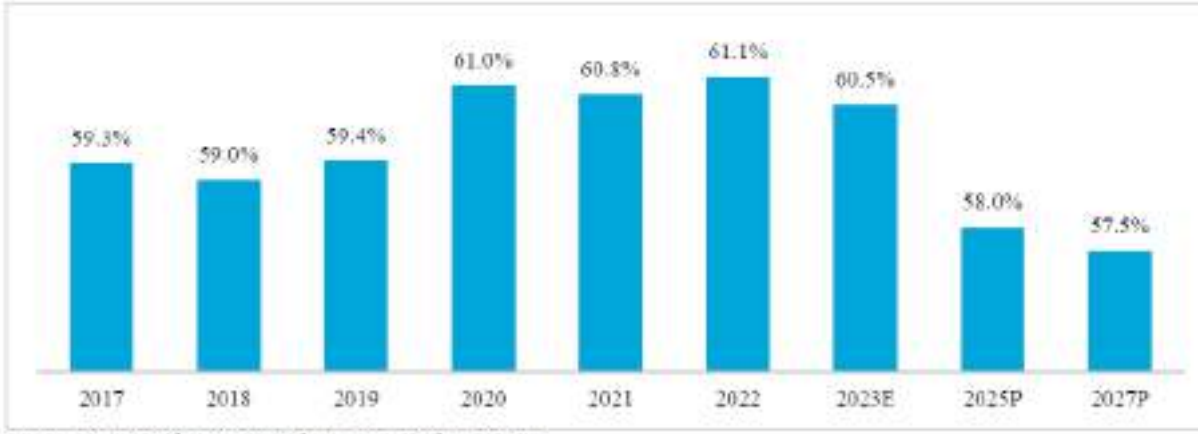
PFCE in India has exhibited varying y-o-y growth rates over the past few years. During FY 18 and FY 19, the PFCE grew by 10.6% and 12.0% respectively, indicating a robust expansion in consumer spending and a sustained momentum in private consumption. However, FY 21 witnessed a significant contraction in PFCE growth, with a y-o-y rate of -1.7% caused by the COVID-19 pandemic. Data for FY 22 estimate a substantial rebound with a growth rate of 17.1%, reflecting the anticipated revival in consumer demand as the economy recovers from the pandemic-induced downturn. With a projected growth rates of 10.5% in FY 25 and 11.5% in FY 27, it is forecasted to have a sustained positive trajectory for PFCE growth rate in India.

Per Capita Final Consumption Expenditure:-




*Source: RBI, World Bank, Note: Per capita consumption for countries other than India include per capita final consumption expenditure for NPISHs and households*
*Note: India's per capita consumption is at current prices while for other countries, it is at constant 2015 USD prices.*
*Note: CY 2014 represents FY 2015 and so on for India.*
*1USD = INR 80*
*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

Private Final Consumption Expenditure to India's GDP:-




*Source: Ministry of Statistics and Program Implementation*
*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

A high share of private final consumption expenditure to GDP indicates that the economy is driven by consumer spending, which can be a positive sign for economic growth. However, if the share of private consumption expenditure is too high, it can lead to inflationary pressures and an unsustainable economy. India's share of private
final consumption expenditure to GDP has increased over the years and has recorded 61.12% in FY 22 from 59.34% in FY 17. As per Ministry of Statistics and Program Implementation report, the share of India's PFCE to GDP will account for approximately 60.55% in FY 23.

**Per Capita Income Growth:-**

Income growth, presented by the GNI (Gross National Income) which is defined as the total amount of money earned by a country's businesses and individuals. India's gross national income growth with a CAGR of ~8% for the period FY 17 to FY 22 and is expected

to continue the growth momentum with a CAGR of 12.6% from FY 22 to FY 25. Growing GNI is one of the strongest drivers for higher private consumption trends. The GNI per capita for the top five economies of the world such as the USA (USD 76,370), China (USD 12,850), Japan (USD 42,440), Germany (USD 53,390) and the UK (USD 48,890) is higher for CY 22 than that of India's GNI of USD 2,422 (INR 1,93,790) for a similar period of FY 23.

India's GNI Per Capita (INR) (Current Prices) and Y-o-Y growth trend (FY):-

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Correlation between India's Per Capita income growth to per capita consumption growth:-**

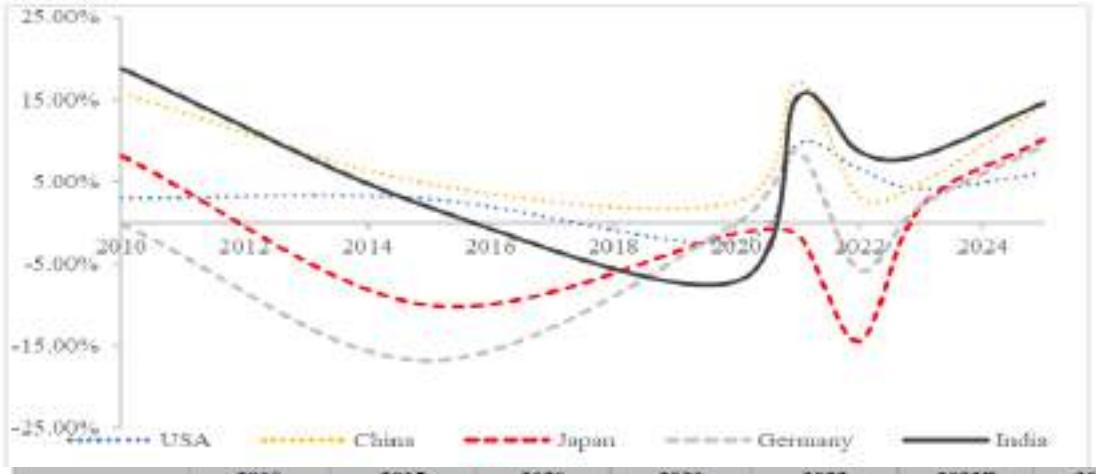
In recent years, India has experienced a significant economic growth, with per capita income increasing from INR 1.16 lakhs in FY 17 to INR 1.70 lakhs in FY 22 and is expected to have reached INR 1.93 lakhs during FY 23. During this period, there has also been a corresponding increase in per capita consumption, as people have more money to spend on a variety of goods and services. The per capita PFCE of India increased from INR 0.70 lakhs in FY 17 to INR 1.02 lakhs in FY 22 and INR 1.18 lakhs in FY23. There is generally a positive correlation between a country's per capita income growth and per capita consumption growth.

**Correlation between India's per capita income growth and per capita PFCE growth (%) (FY)**

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

India's Per Capita GDP has almost doubled from year 2010 to 2023. India's per capita income has grown at a CAGR of 6.50% from the period of CY 15 to CY 22 while the per capita GDP for other developed and developing countries such as US, China, Japan and Germany grew at the CAGR of 4.10%, 7.12%, -0.25% and 2.36% respectively over a similar time period of CY 15 to CY 22.

**Per Capita GDP growth rate of top 5 economy in the world (US$)**




| | 2010 | 2015 | 2020 | 2021 | 2022 | 2023P | 2025P |
|---|---|---|---|---|---|---|---|
| USA | 3.0% | 2.9% | -2.5% | 9.5% | 6.6% | 4.1% | 6.0% |
| China | 15.8% | 4.7% | 2.6% | 17.1% | 3.2% | 4.8% | 14.3% |
| Japan | 8.1% | -10.1% | -1.4% | -1.5% | -14.4% | 1.9% | 10.1% |
| Germany | -0.2% | -16.8% | 0.0% | 8.7% | -5.8% | 2.1% | 9.4% |
| **India** | **18.8%** | **1.9%** | **-7.2%** | **15.3%** | **8.6%** | **8.2%** | **14.6%** |

*Source: IMF Projection*

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Sectorial share of Gross value added (GVA)**

The shares of the agriculture, industry and services sector in overall GVA (Gross value added) at current prices were 17.7 per cent, 27.6 per cent and 54.7 per cent respectively in FY24. GVA in the agriculture sector continued to grow, albeit at a slower pace. Erratic weather patterns during the year and an uneven spatial distribution of the monsoon in 2023 impacted overall output. This is reflected in the marginal decline in total foodgrain output for FY24 of 0.3 per cent as per the third advanced estimate of foodgrain production released by the Ministry of Agriculture and Farmers' Welfare (MoAFW).Within the industrial sector, manufacturing GVA shrugged off a disappointing FY23 and grew by 9.9 per cent in FY24. Manufacturing activities benefitted from reduced input prices while catering to stable domestic demand. The input price advantage was reflected in the subdued growth in the Wholesale Price Index (WPI) inflation, which led to a deflator of (-)1.7 per cent for the manufacturing sector during FY24. Manufacturers also passed on the reduction in input prices to consumers, reflected in the sustained decline in the core consumer price inflation. The strength of manufacturing is further corroborated by the strong performance of the HSBC India PMI for manufacturing, which consistently remained well above the threshold value of 50, indicating sustained expansion and stability in India's manufacturing sector. Construction activities displayed increased momentum and registered a growth of 9.9 per cent in FY24 due to the infrastructure buildout and buoyant commercial and residential real estate demand.

**Outlook of the Indian Economy: -**

The Indian economy recovered swiftly from the pandemic, with its real GDP in FY24 being 20 per cent higher than the pre-COVID, FY20 levels. This meant a CAGR of 4.6 per cent from FY20, despite a 5.8 per cent decline in FY21 inflicted by the pandemic. During the decade ending FY20, India grew at an average annual rate of 6.6 per cent, more or less reflecting the long-run growth prospects of the economy. This is the background against which we can see the prospects for FY25.

IMF projects the global economy to grow at 3.2 per cent in 2024, with risks being broadly balanced. The average annual global growth was 3.7 per cent during the decade ending FY20. Inflationary pressures have moderated in most economies with declining global commodity prices and easing of supply chain pressures. However, core inflation remains sticky and driven by high service inflation. Many central banks have hinted at the peaking of the interest rate hike cycle. The ECB has already cut the policy rate, while the Fed has hinted at reducing the rate in 2024. If the services inflation across economies moderates faster, that may allow central banks to bring forward the monetary policy easing cycle earlier than currently anticipated. A likely reduction in policy rates by central banks of AEs, especially the Fed, will open the space for central banks of EMEs to follow the lead, bringing down the cost of capital.

On the downside, any escalation of geopolitical conflicts in 2024 may lead to supply dislocations, higher commodity prices, reviving inflationary pressures and stalling monetary policy easing with potential repercussions for capital flows. This can also influence RBI's monetary policy stance. The global trade outlook for 2024 remains positive, with merchandise trade expected to pick up after registering a contraction in volumes in 2023. Conversely, increased fragmentation along geopolitical lines and renewed thrust on

protectionism may distort merchandise trade growth, impacting India's external sector. Global financial markets have scaled new heights, with investors betting on global economic expansion. However, any corrections in the elevated financial market valuations may have ramifications for household finances and corporate valuation, negatively impacting growth prospects. Hiring in the information technology sector had slowed down considerably in FY24, and even if hiring does not decline further, it is unlikely to pick up significantly. However, leveraging the initiatives taken by the government and capturing the untapped potential in emerging markets, exports of business, consultancy and IT-enabled services can expand. Despite the core inflation rate being around 3 per cent, the RBI, with one eye on the withdrawal of accommodation and another on the US Fed, has kept interest rates unchanged for quite some time, and the anticipated easing has been delayed.

Domestic growth drivers have supported economic growth in FY24 despite uncertain global economic performance. Improved balance sheets will help the private sector cater to strong investment demand. A note of caution is warranted here. Private capital formation after good growth in the last three years may turn slightly more cautious because of fears of cheaper imports from countries that have excess capacity. While merchandise exports are likely to increase with improving growth prospects in AEs, services exports are also likely to witness a further uptick. A normal rainfall forecast by the India Meteorological Department and the satisfactory spread of the southwest monsoon thus far are likely to improve agriculture sector performance and support the revival of rural demand. However, the monsoon season still has some ways to go. Structural reforms such as the GST and the IBC have also matured and are delivering envisaged results.

**3. Industry overview:**

**Products type: -**

- Carboxymethyl Cellulose Sodium (Sodium CMC),
- Microcrystalline Cellulose (MCC),
- Carboxymethyl Cellulose Calcium (Calcium CMC),
- Croscarmellose Sodium (CCS),
- Sodium Starch Glycollate (SSG) and Sodium Monochloro Acetate (SMCA)

**Products and their usage:-**

**Sodium CMC** is versatile product and can be used Pharmaceuticals, Food and Beverages, Cosmetic and many other industrial applications like tooth paste, hand wash, Oil Well drilling, Ceramic, Paints, Pencil manufacturing, mining and minerals, pesticides, agriculture, Soaps and detergents, textiles, paper etc. Sodium CMC is a white powder and used as Thickener, binder, coagulating agent, suspending agent, gelling agent etc.

**Microcrystalline Cellulose - MCC** is an odorless, fine white powder & a purified form of cellulose, which is derived from refinement of highly purified wood pulp. It is widely used as texturizer, anticaking agent, binder, lubricant, a bulking agent, diluent which finds a wide range of applications in Pharmaceutical, Nutraceutical, Food and Beverages, Cosmetic and other industries**.**

**Sodium Starch Glycolate - SSG** is used in pharmaceutical and nutraceutical formulations as a dis-integrant agent.

**Croscarmellose Sodium and Carmellose Calcium (Calcium CMC)** are used in pharmaceutical and nutraceutical formulations as a super dis-integrant. Croscarmellose Sodium and Calcium CMC have low water soluble content and rapid swelling properties provides superior drug dissolution and disintegration characterizes in pharmaceutical and nutraceutical formulations.

**Sodium Monochloro Acetate – SMCA**. SMCA is a raw material for the products like Sodium CMC and Sodium Starch Glycolate. It's also a key starting material for drug API Citrazin. SMCA can also be used for producing modified starches and printing gums. Also it's an important raw material for Betaine production which and an important nutritional product.

**End user industries:**

**Pharmaceuticals**

**Food & Breverage**

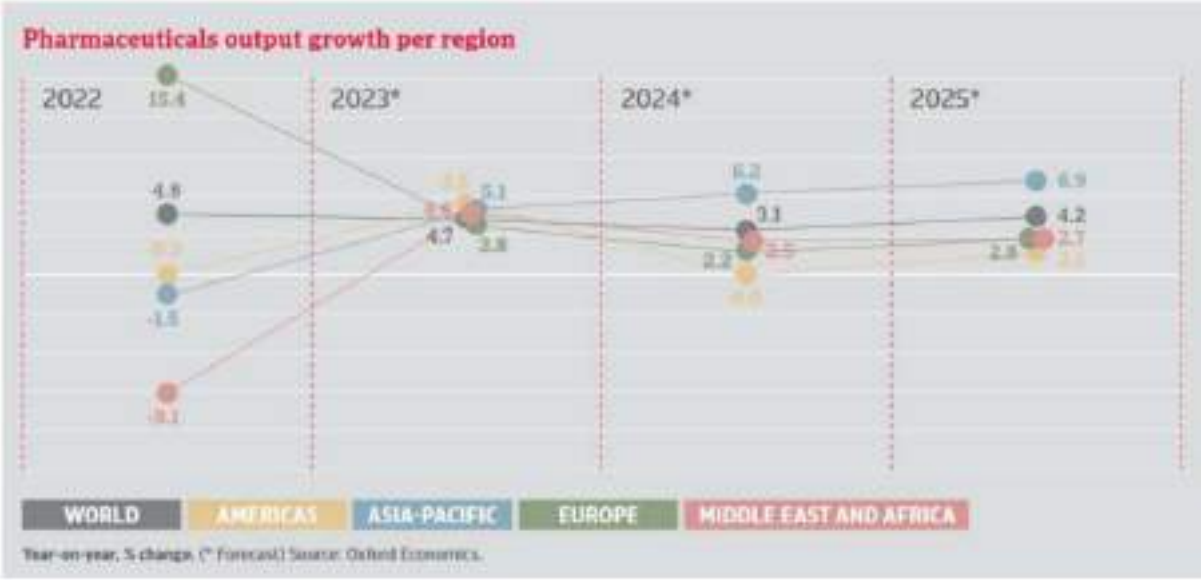
**Cosmetic Industry**

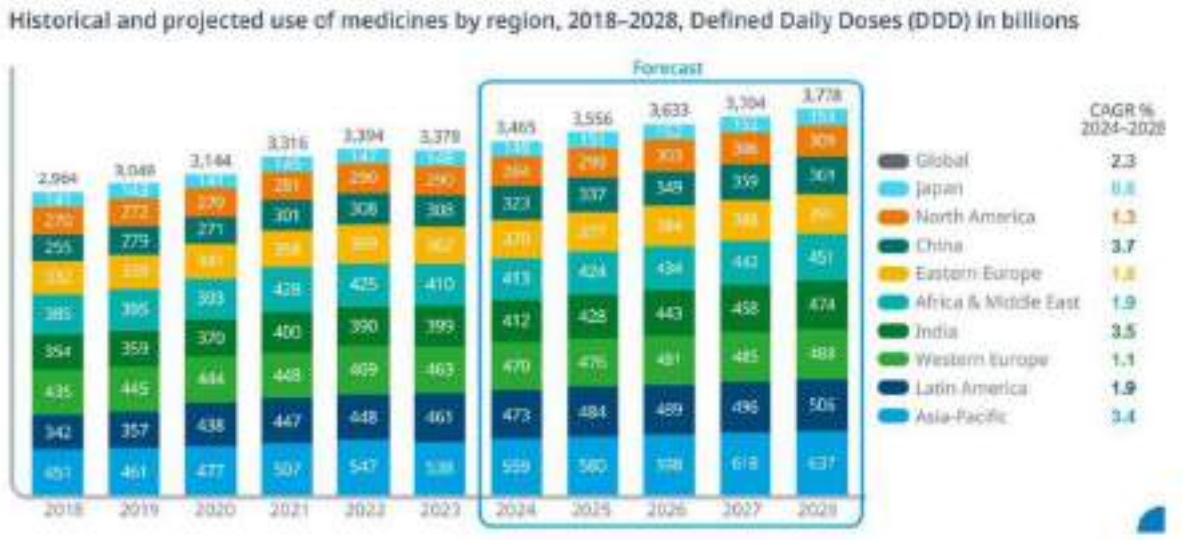
End user industry's details discussed in the following chapter

**4. Pharma Industry board overview**
**Global Scenario:-**

Global health systems have demonstrated remarkable resilience in the face of the pandemic, global inflation, and regional conflicts and have moved forward to adopt novel therapies and increase usage. Overall, the global use and spending on medicines is exceeding pre pandemic growth rates and is expected to continue significantly above those trends through 2028. The pharmaceutical industry has and will continue to have a significant impact on the global economy in terms of contribution to GDP.

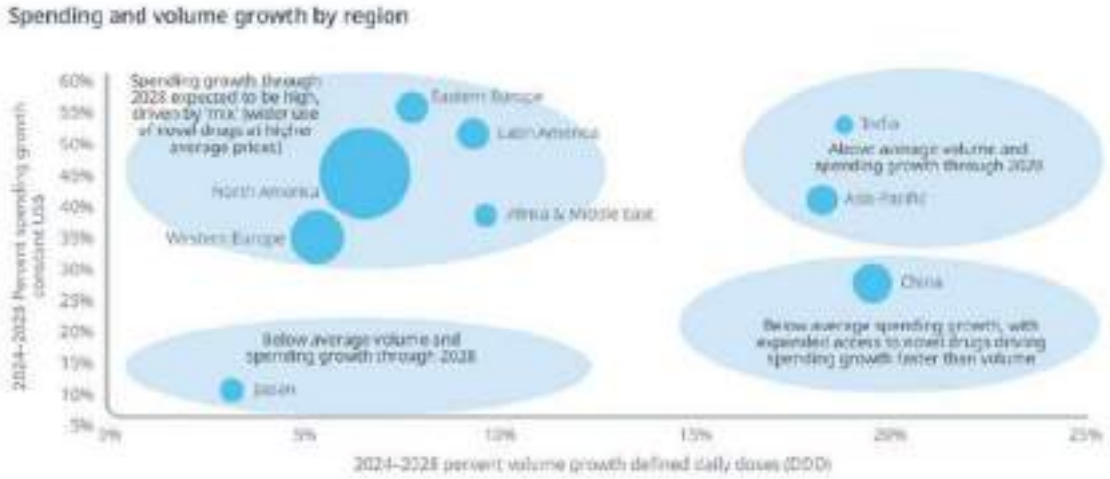
The Pharmaceuticals market has been growing steadily in recent years, which is mainly driven by innovative drugs and an increasing demand for drugs and treatments worldwide. The largest driver of medicine spending growth through the next five years is still expected to be the availability and use in developed markets of innovative therapeutics and offset by losses of exclusivity and the lower costs of generics and biosimilars. Traditionally, innovative medicine growth has occurred most in the years immediately following launch, whereas recent years and the forecast outlook show growth driven by older products. This mix of spending growth between volume driven growth, and mix-driven changes in the cost of therapy are showing most geographies shifting to more expensive therapies, reflecting the broader availability and patient access to medicines with higher clinical value.






*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

Global medicine spending growth is expected to accelerate over the next five years, driven mostly by increased growth contribution from existing branded products even as most growth segments are expected to increase compared to the last five years. The impact from brands losing exclusivity (LOE) is expected to more than double to $192Bn, although a large part of that increase is from biologics facing biosimilars where the impacts have had more uncertainty.




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

With the start of the year 2024, we are hopeful about the fact that the pharma industry stands at the threshold of significant changes driven by advancements in technology, regulatory shift, and evolving market dynamics. They are new trends creating a sense of anticipation, dominance of small molecule drugs, a growing usage and adoption of a growing biologics, the outsourcing of drug development and manufacturing, an increasing interest in personalized medicine with the advent of AI, and a grave emphasis on emerging markets. Pharma companies are also facing the task of addressing challenges related to regulatory compliance, rising expenses in research and development, effective management of supply chains, acquisition of intellectual property, coping with the substantial costs linked to medications, and much more

**Global Market trend:-**

The global medicine market, measured by list price levels, is projected to grow at a Compound Annual Growth Rate (CAGR) of 5-8% through 2028, reaching approximately US$2.3 trillion in total market size. This growth outlook represents a 2% increase compared to previous forecasts, despite a significant downward revision in expected spending on COVID-19 vaccines and therapeutics. Developed

markets, characterised by larger established economies, are expected to experience more rapid growth driven by the introduction of new and existing branded products.

In the United States, the market is forecast to grow at a CAGR of 2-5% over the next five years, a decrease from the 5.3% CAGR observed in the previous five years. This projection includes the anticipated effects of the Inflation Reduction Act. Europe is anticipated to see an increase in spending of US$70 billion through 2028, propelled by the introduction of new brands, albeit offset by the presence of generics and biosimilars.

Japan's medicine spending growth is expected to range from -1 to 2% through 2028. Despite robust brand growth, this increase is mitigated by annual price cuts and ongoing shifts towards generics. While spending growth in developed markets may vary, overall, they are anticipated to maintain positive trajectories, supported by ongoing innovation and market dynamics.

**USA**

Medicine spending at net levels in the U.S. pharmaceutical market is expected to grow at a rate of 2% to 5%, primarily driven by increasing brand spending on an invoice basis. Off-invoice discounts and rebates are projected to be amplified by the provisions of the Inflation Reduction Act (IRA), resulting in spending estimates that are 37% lower than invoice levels in 2023, anticipated to reach 47% lower by 2028. The IRA is anticipated to influence gross-to-net differences, impacting growth trajectories in various therapy areas.

**US pharmaceutical spending and growth (US$ Bn) at invoice level:-**

| 2023 | 2019-2023 CAGR | 2027 | 2023-2027 CAGR |
|---|---|---|---|
| 711 | 7.60% | 1010 | 6-9% |

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Key trends:-**

**Acceleration in Therapy Areas:** Notably, oncology, immunology, diabetes, and obesity have shown accelerating growth, driven by the adoption of novel therapies. These therapy areas are expected to be major contributors to overall spending growth.

**Market Dynamics and Patent Expiries:**

Market dynamics around the use of medicines, adoption of newer treatments, impact of patent expiries, and competition from generics and biosimilars will significantly shape spending patterns through 2028.

**Increased Usage of Existing Branded Products:** The largest driver of growth is expected to be increased usage of existing protected branded products, contributing substantially to overall spending over the next five years.

**Loss of Exclusivity Impact:-** Losses of exclusivity in the U.S. are projected to have a substantial impact on spending, totalling US$145.5 billion through 2028. This impact is notable in both small molecule and biologic products. Small molecule expiries are expected to reduce brand spending by US$106 billion, while biologics are forecasted to result in US$39.5 billion in lower brand spending over five years.

**Europe**

Medicine spending in the top five European markets is poised to increase by US$70 billion over the next five years, reflecting a notable shift in the drivers of growth. New brands, the largest contributor to growth from 2018 to 2023, are expected to continue driving spending but may face challenges due to the lingering effects of the pandemic on marketing operations and increasing budget pressures. However, generics, including biosimilars, are projected to contribute significantly to growth, adding US$18 billion over the next five years, despite facing price deflation.

| 2023 | 2019-2023 CAGR | 2027 | 2023-2027 CAGR |
|---|---|---|---|
| 226 | 7.00% | 296 | 5.50% |

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Key trends:-**

**Impact of Losses of Exclusivity (LOEs):** The impact of LOEs in the five largest European markets is expected to more than triple over the next five years, with over half of the impact attributed to biologics. This impact is particularly significant in 2023, 2025, and 2026, driven by patent expiries of key biologics such as ranibizumab (Lucentis), ustekinumab (Stelara), and aflibercept (Eylea).

**Market Dynamics and Payer Actions:** Payer actions will be influenced by the pace of economic and COVID-19 recovery, as well as broader inflation concerns and the impact of fuel commodity costs related to the Ukraine conflict. Economic recovery and budget pressures may shape reimbursement decisions, impacting the growth trajectory of new brands.

**Innovation and Health Technology Assessments:** Despite uncertainties, innovation is expected to remain strong over the next five years. However, there may be greater scrutiny of the value of new medicines, particularly through health technology assessments. This could affect the growth of new brands and established brands in the market.

**Pharmerging market:-**

Over the years, pharmerging markets have witnessed significant growth primarily driven by increased consumption of older generic medicines. However, recent trends indicate a notable shift in spending patterns, particularly in countries like Russia and Turkey, where rising pharmaceutical expenditures and improved GDP per capita have propelled them into the category of 'other developed' nations. Despite these advancements, pharmerging markets continue to grapple with challenges, including limited access to specialty medicines, which accounted for 13% of spending in 2023 and are projected to maintain a similar share by 2028.

The growth trajectory of pharmerging markets is expected to be more influenced by volume rather than the adoption of expensive therapies. These markets typically rely on generics or non-original branded products, resulting in lower shares of spending on originator products compared to developed markets. Moreover, pharmaceutical products in pharmerging and lower-income countries often carry lower price tags, reflecting the cost-conscious nature of these regions and the need to ensure affordability for a significant portion of the population.

**Pharma Industry-Present Indian scenario:-**

Indian pharmaceutical industry is known for its generic medicines and low-cost vaccines globally. Transformed over the years as a vibrant sector, presently Indian pharma ranks third in pharmaceutical production by volume. The Pharmaceutical industry in India is the third largest in the world in terms of volume and 14th largest in terms of value. The pharma sector currently contributes to around 1.72% of the country's GDP. The Indian pharmaceuticals industry is expected to grow 9-11% in the financial year 2024, as per ICRA.

In FY23, the Indian pharma market saw a year-on-year growth of nearly 5%, reaching US$ 49.78 billion. During FY18 to FY23, the Indian pharmaceutical industry logged a compound annual growth rate (CAGR) of 6-8%, primarily driven by an 8% increase in exports and a 6% rise in the domestic market. Major Segments of the Pharmaceutical Industry are Generic drugs, OTC Medicines and API/Bulk Drugs, Vaccines, Contract Research & Manufacturing, Biosimilars & Biologics. Market size of India pharmaceuticals industry is expected to reach US$ 65 billion by 2024, ~US$ 130 billion by 2030 and ~US$ 450 billion market by 2047. India is 3rd largest market for APIs globally, 8% share in the Global API Industry, 500+ different APIs are manufactured in India, and it contributes 57% of APIs to the prequalified list of the WHO. Pharmaceutical is one of the top ten attractive sectors for foreign investment in India. The pharmaceutical exports from India reach more than 200 nations around the world, including highly regulated markets of the USA, West Europe, Japan, and Australia. In 2020, India supplied around 45 tonnes and 400 million tablets of hydroxychloroquine to around 114 countries globally. The market size of the medical devices sector in India was estimated to be US$ 11 billion in 2023 and its share in the global medical device market is estimated to be 1.5%. The government has set ambitious target to elevate the medical devices industry in India to US$ 50 billion by 2030.

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

Indian pharmaceutical industry is known for its generic medicines and low-cost vaccines globally. Transformed over the years as a vibrant sector, presently Indian Pharma ranks third in pharmaceutical production by volume. Indian drugs are exported to more than 200 countries in the world, with the US as the key market. India's exports of Drugs & Pharmaceuticals stood at US$ 27.9 billion during FY24. About 20% of the global exports in generic drugs are met by India. The government has set ambitious target to elevate the medical devices industry in India from its current US$ 11 billion valuation to US$ 50 billion by 2030. Building on the outstanding performance in FY21, Indian pharmaceutical exports registered a healthy performance in FY22 and FY23. The pharma exports in FY22 sustained a growth despite the global trade disruptions and drop in demand for COVID-related medicines. The Indian vaccine industry developed Covid vaccine with indigenous technology in collaboration with India's research institutions like Indian Council of Medical Research (ICMR) and the National Institute of Virology (NIV) within the shortest time on par with highly developed countries like America and EU. India has provided 301 million doses of vaccines to more than 100 countries.

**R&D spending in Indian Pharmaceuticals:-**

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

The biotechnology and pharmaceutical sectors have showcased resilience and grit in the face of the pandemic, continuously evolving and innovating for better outcomes. The industry has witnessed innovation in the fields of new vaccine technology and treatment methods as well as in the R&D that goes behind making these vaccines and treatments. Utilizing modern technologies to manufacture pharmaceuticals, improve scientific procedures, and identify novel treatment approaches is fast catching on. India is making an effort to build a policy framework that incorporates intellectual property and technology commercialization, government procurement, scientific research, education, and skill development, as well as ease of doing business, regulatory legislation, and tax and financial incentives, these regulatory adjustments will open the door for further private sector investment in pharmaceutical R&D. The Union Budget 2023 aims to provide stimulus towards innovation with the announcement of the promotion of research and innovation programmes in pharmaceuticals through Centres of Excellence. For innovation in the pharmaceutical sector, through centres of excellence, a new initiative to encourage pharmaceutical research and innovation will be implemented. The government persuades businesses to spend money on R&D in a few chosen priority fields. At the grassroots level, the government has also announced on building of 157 nursing colleges in colocation with government medical colleges. The government would also facilitate select ICMR labs with facilities like research by both public and private medical college faculty alongside, private sector R&D teams. In the Interim Budget 2024-25, the government earmarked US$ 120 million (Rs 1,000 crore) for the promotion of bulk drug parks for FY25, a significant increase from the previous year. The total outlay for the development of the pharmaceutical industry for FY25 was also increased to US$ 156.5 million (Rs. 1,300 crore). The budget for the

promotion of medical device parks was also raised to US$ 18 million (Rs. 150 crore) for FY25. The Department of Pharmaceuticals, in partnership with NIPERs, launched new initiatives in 2023 to boost R&D and innovation in the pharma sector, including the National Policy on Research & Development and Innovation in Pharma-MediTech Sector in India, and Scheme for Promotion of Research & Innovation in Pharma sector (PRIP). Additionally, a scheme for Human Resource Development in Medical Devices Sector was also approved

**States Hosting Key Pharmaceutical facilities:-**

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Present Export & Import Scenario:-**

The pharma sector has been growing at a healthy rate. The total annual turnover of pharmaceuticals in 2023-24 was Rs. 4,17,345 crore, registering a growth of 10 per cent over 2022-23. The trend in annual turnover in the sector over the last five years may be seen in the below table:-

**Pharma Sector's Growth at Current Prices**

| Financial Year | Turnover (Rs. in crore) | Growth Rate % |
|---|---|---|
| 2019-2020 | 2,89,998 | 12% |
| 2020-2021 | 3,28,054 | 13% |
| 2021-2022 | 3,44,125 | 5% |
| 2022-2023 | 3,79,450 | 10% |
| 2023-2024 | 4,17,345 | 10% |

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

The pharma sector is one of the important sectors in terms of exports and in 2023-24 the total exports of pharmaceuticals was Rs. 2,19,438.60 crore while the total imports of pharmaceuticals was Rs. 58,440.37 crore.

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Foreign Direct Investment:-**

Pharmaceutical sector has emerged as a favourite destination for the foreign investors and is one of the top ten attractive sectors for foreign investment in India. The Government has put in place an investor-friendly Foreign Direct Investment (FDI) policy to promote investment in the sector. 100% foreign investment is allowed under automatic route in Medical Devices. In pharmaceuticals, up to 100% FDI in greenfield projects and up to 74% FDI in brownfield projects is allowed under the automatic route. Foreign investment beyond 74% in brownfield projects requires Government approval. After the abolition of the Foreign Investment Promotion Board (FIPB) in May 2017, the Department of Pharmaceuticals has been assigned the role to consider the foreign investment proposals under the Government approval route. Apart from this, the Department considers all FDI proposals of the pharmaceutical sector and medical devices sector arising out of Press Note 3 dated 17.04.2020 wherein investors/ ultimate beneficiaries in the investment proposals are from the countries sharing land border with India.

The sector contributes about 3.80% of total FDI inflows in the country across various sectors. Total FDI inflows in Pharma and MediTech Sectors has been ₹ 1,57,087 crore from April 2000 to March 2024. During the financial year 2023-24, Department of Pharmaceuticals approved 14 FDI proposals that would result in foreign investment inflow of ₹ 11,858 crore in the brownfield projects of pharmaceutical sector.

**FDI inflows in Drugs & Pharmaceuticals:-**

| Financial Year | FDI Inflows Drugs & Pharmaceuticals (Amount in ₹ crore) |
|---|---|
| 2019-20 | 3,650 |
| 2020-21 | 11,015 |
| 2021-22 | 10,552 |
| 2022-23 | 16,654 |
| 2023-24 | 8,844 |

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Growth driver in Pharma Industry:-**

Market size of India pharmaceuticals industry is expected to reach US$ 65 billion by 2024, ~US$ 130 billion by 2030 and US$ 450 billion market by 2047. According to the government data, the Indian pharmaceutical industry is worth approximately US$ 50 billion with over US$ 25 billion of the value coming from exports. About 20% of the global exports in generic drugs are met by India. The pharmaceutical industry in India is a significant part of the nation's foreign trade and offers lucrative potential for investors. Millions of people around the world receive affordable and inexpensive generic medications from India, which also runs a sizable number of plants that adhere to Good Manufacturing Practice (GMP) standards set by the World Health Organization (WHO) and the United States Food and Drug Administration (USFDA). The Indian Government has taken many steps to reduce costs and bring down healthcare expenses. The National Health Protection Scheme, which aims to offer universal healthcare, the ageing population, the rise in chronic diseases, and other government programmes, including the opening of pharmacies that offer inexpensive generic medications, should all contribute to boost the Indian pharmaceutical industry. Some of the initiative taken by the Government to promote the pharmaceutical sector in India are; 1) The government earmarked Rs. 1,000 crore (US$ 120 million) for the promotion of bulk drug parks for FY25, a significant increase from

the previous year; 2) The total outlay for the development of the pharmaceutical industry for FY25 was increased to Rs. 1,300 crore (US$ 156.5 million) while the budget for the promotion of medical device parks was raised to Rs. 150 crore (US$ 18 million) for FY25.; 3) The allocation for assistance to medical device clusters for common facilities (AMD-CF) was pegged at Rs. 40 crore (US$ 4.1 million) for FY25.; 4) The outlay for the Jan Aushadi scheme, the initiative to provide affordable generic medicines in the country, was hiked to Rs. 284.5 crore (US$ 34 million) for FY25, up from Rs. 110 crore (US$ 13 million) in the revised estimate for FY24.

**Growth Driver factors:-**

**Strong Demand:** Rising income, greater health awareness, lifestyle diseases and increasing access to insurance will contribute to growth. The healthcare sector, as of 2024, is one of India's largest employers, employing a total of 7.5 million people. A recent research report predicts that the integration of Artificial Intelligence (AI) within the Indian healthcare sector will create nearly 3 million new jobs by 2028.

**Attractive Opportunities:-**

India's public expenditure on healthcare touched 2.1 % of GDP in FY23 and 2.2% in FY22, against 1.6% in FY21, as per the Economic Survey 2022-23. Two vaccines Bharat Biotech's COVAXin and Oxford- AstraZeneca's Covishield manufactured by the Serum Institute of India) were instrumental in medically safeguarding the Indian population and those of 100+ countries against COVID-19.

**Policy and Government support:** The Government aims to develop India as a global healthcare hub. Public health surveillance in India will further strengthen the health systems. In the Interim Union Budget 2024-25, the government allocated Rs.90,659 crore (US$ 10.93 billion) to the Ministry of Health and Family Welfare (MoHFW). In March 2021, the Parliament passed the National Commission for Allied & Healthcare Professions Bill 2021, which aims to create a body that will regulate and maintain educational and service standards for healthcare professionals.

**Rising Manpower:** Availability of a large pool of well trained medical professionals in the country. The number of allopathic doctors with recognised medical qualifications (under the I.M.C Act) registered with state medical councils/national medical council increased to 1.3 million in November 2021, from 0.83 million in 2010.

**Growing space:-** This industry is still in its growing phase, according to the Life Cycle of an Industry. So, it can still go a long way and spread its wings further apart. So, it can still take control over the market, given the right marketing and advertising.

**Foreign investment:** Per India's Consolidated FDI Policy, foreign direct investment in the pharmaceutical sector in greenfield (new) projects is permitted up to 100% without the approval of the Department of Pharmaceuticals (the "DoP"). 100% FDI in the pharmaceutical sector is allowed in brownfield pharmaceuticals; wherein 74% is allowed under the automatic route and thereafter through the government approval route.

**Continued Rise of Digital Health**: The rise of digital health technologies will transform the pharma industry. Patients will be able to monitor their health remotely through telemedicine and wearables. This technology will also provide valuable data for pharma companies to develop more effective treatments.

**Favourable Policy Measures Support Growth:-**

1

## Strengthening of Pharmaceutical Industry (SPI)

The Ministry's scheme "Strengthening of Pharmaceutical Industry (SPI)" with a total financial outlay of US$ 60.9 million (Rs. 500 crore) extends support required to existing pharma clusters and MSMEs across the country to improve their productivity, quality and sustainability.

2

## Scheme for Development of Pharma industry – Umbrella Scheme

- The Department of Pharmaceuticals has prepared an Umbrella Scheme namely 'Scheme for Development of Pharma industry'. Which comprises of the following sub schemes:
  - Assistance to Bulk Drug Industry for Common Facilitation Centres
  - Assistance to Medical Device Industry for Common Facilitation Centres
  - Assistance to Pharmaceutical Industry (CDP-PS)
  - Pharmaceutical Promotion and Development Scheme (PPDS)
  - Pharmaceutical Technology Upgradation Assistance Scheme (PTUAS)

3

## Support for technology upgrades and FDIs

- Ayushman Bharat Digital Mission (ABDM): Under the ABDM, citizens will be able to create their ABHA (Ayushman Bharat Health Account) numbers, to which their digital health records can be linked. This will enable creation of longitudinal health records for individuals across various healthcare providers and improve clinical decision making by healthcare providers.
- The pilot of ABDM is completed in the six Union Territories of Ladakh, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Puducherry, Andaman and Nicobar Islands and Lakshadweep with successful demonstration of technology platform developed by the NHA.
- During the pilot, digital sandbox was created in which more than 774 partner solutions are undergoing integration. As of September 4, 2023, 450,164,619 Ayushman Bharat Health Accounts have been created and 224,967 doctors and 218,602 health facilities have been registered in ABDM.

4

## Promotion of Medical Devices Parks

- Objective of the scheme is Creation of world class infrastructure facilities in order to make Indian medical device industry a global leader.
- Easy access to standard testing and infrastructure facilities through creation of world class Common Infrastructure Facilities for increased competitiveness will result into significant reduction of the cost of production of medical devices leading to better availability and affordability of medical devices in the domestic market.

5

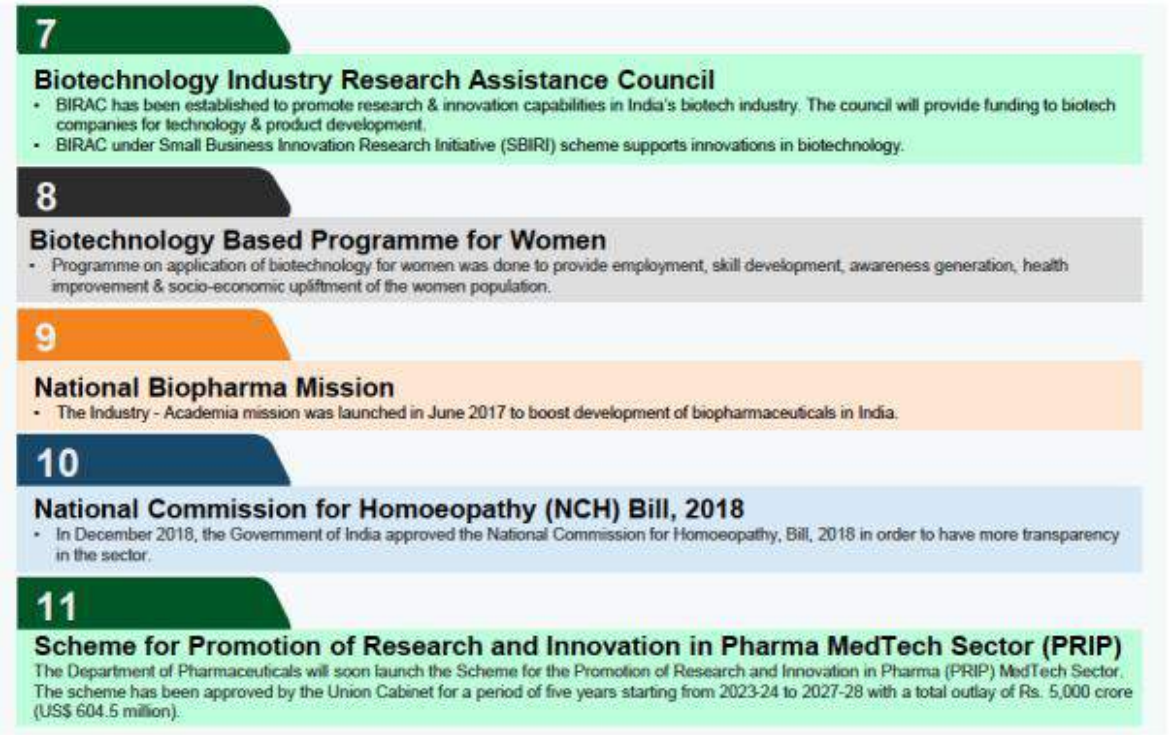
## Production Linked Incentive

- In September 2020, the government announced production-linked incentive (PLI) scheme for the pharmaceutical industry worth Rs. 15,000 crore (US$ 2.04 billion).
- The production-linked incentive (PLI) scheme was introduced to encourage Indian manufacturers to produce critical key starting materials (KSMs), drug intermediates (DIs) and active pharmaceutical ingredients (APIs). To support this, the government granted funds worth US$ 932.66 million.

6

## Interim Budget 2024-25

- In the Interim Budget 2024-25, the government earmarked US$ 120 million (Rs 1,000 crore) for the promotion of bulk drug parks for FY25, a significant increase from the previous year.
- The total outlay for the development of the pharmaceutical industry for FY25 was increased to US$ 156.5 million (Rs. 1,300 crore) while the budget for the promotion of medical device parks was raised to US$ 18 million (Rs. 150 crore) for FY25.
- The allocation for assistance to medical device clusters for common facilities (AMD-CF) was pegged at US$ 4.1 million ( Rs. 40 crore) for FY25.
- The outlay for the Jan Aushadhi scheme, the initiative to provide affordable generic medicines in the country, was hiked to US$ 34 million (Rs. 284.5 crore) for FY25, up from US$ 13 million (Rs. 110 crore) in the revised estimate for FY24.




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Opportunities abound in clinical trials and high-end drugs:-**

India is among the leaders in the clinical trial market. Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. In October 2021, AstraZeneca India launched a Clinical Data and Insights (CDI) division to further strengthen its global presence and manage data-related aspects of its clinical trials. In November 2021, US-based Akston Biosciences announced that it will start the clinical trial of its second-generation COVID-19 vaccine 'AKS-452' in India soon.

Due to increasing population and income levels, demand for high- end drugs is expected to rise. Growing demand could open up the market for production of high- end drugs in India.
With 70% of India's population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth. Various companies are investing in the distribution network in rural areas.

Contract research and manufacturing services (CRAMS) is one of the fastest growing segments in the pharmaceutical and biotechnology industry. The pharmaceutical market uses outsourcing services from providers in the form of contract research organizations (CROs) and contract manufacturing organizations (CMOs).

**Threats for Pharma Industry & SWOT Analysis:-**

**Demand for a skilled workforce:** The pharmaceutical industry requires a workforce that has significant knowledge, experience, and skills. Training the workforce helps to acquire the necessary skills to ensure, enhance and improve their participation in their daily tasks. This will also help to fill in any skills gaps that may be observed in the workforce.

**Supply chain disruption:** Supply chains have witnessed an unprecedented disruption all around the world, and this represents one of the major challenges facing the pharmaceutical industry. Many pharma companies are looking to supply chain innovative and circular supply chain models to tackle these challenges and build business resilience.

**Regulatory compliance:** Pharmaceutical companies must comply with various regulations, from clinical trial requirements to manufacturing and distribution standards. Keeping up with these regulations can be daunting, and failure to comply can result in costly fines and reputational damage.

**R&D Costs:** Developing new drugs and treatments is an expensive and me-consuming process. With rising R&D costs and increasing pressure to deliver results, pharmaceutical companies must be able to streamline their research processes and optimize their resources.

**Intellectual property: -** The pharmaceutical industry is highly competitive and intellectual property is critical to the success of any company. Protecting and enforcing patents can be a complex and costly process, and the threat of patent infringement is a constant concern.

**Pricing pressure:-** Pharmaceutical companies face increasing pressure to control the cost of their products, both from government regulators and consumers. This pressure can lead to lower profit margins and increased competition, making it harder for companies to invest in R&D and bring new products to market.

**Supply chain management:-** The pharmaceutical supply chain is complex and highly regulated, with multiple stakeholders involved in drug production, transportation, and distribution. Ensuring the safety and quality of pharmaceutical products at every stage of the supply chain is essential but can be challenging.

**SWOT Analysis: -**

**Strengths of the Indian Pharma Sector: -**

**Strong government support**- The pharmaceutical sector in India continues to develop with Government initiatives and the involvement of the private sector. The Ministry of Health and Family Welfare has undertaken several steps to ensure drug quality is available in India.

**Lower production cost**- One of the greatest strengths that made India a pioneer in the pharmaceutical industry is its inexpensive labour and supply and low cost of drug output.

**Widespread usage of IT**- Healthcare organizations have started using customized high-end hardware and software for billing, patient scheduling and medical recording. This makes the process faster and more consumer friendly and enables record keeping to be more precise and accurate.

Strong interpersonal relationship- In the face of rapidly spiraling prices, hospitals face intense pressure to offer expanded access to high-quality services. Consequently, cost management has been one of the significant challenges for the pharmaceutical industry. Network partnerships that provide ample opportunity to develop partnerships between patients and providers are considered an essential strength of the Indian pharmaceutical industry to maintain SCM and reduce costs.

**Well developed facilities for growth**-The country has well developed chemistry, R & D and manufacturing infrastructure with a proven track record in advanced chemistry capabilities, design of high tech manufacturing facilities and regulatory compliance.

**Well equipped for drug discovery**-India is considered a desirable destination for offshoring of data management functions for clinical trials and also due to its rich biodiversity and strength in Chemistry which are essential for drug discovery.

**Weakness:-**

**Procurement risk-** Over the past few years, concerns with the quality of material have drifted, giving rise to batch failures, slowdowns in manufacturing and a shortage of available resources all over the industry.

**Complex and unequipped distribution network-** Interruptions in distribution and inventory scarcities highly affect the supply chain management. The critical factor behind this matter is the highly decentralized distribution system, inadequate warehouses and various drug transport requisites, including the cold storage facilities and the augmentation system.

**Long lead time**-One of the most critical shortcomings of the Indian pharmaceutical SCM is the long lead time. This includes time for new product development, competency acquisition, procurement, manufacturing, delivery, regulative process and cash-to-cash cycle time.

**Quality issue**- Illegally manufactured, diverted, counterfeited, or adulterated products have quicker exposure across the black market to the delivery network. People often buy loose tablets instead of complete strips. As a result, neither barcode solution nor hologram

and other methods like this fit here. The Indian Ministry of Health assessed that 5% of India's medicines are counterfeit, whereas 0.3% are spurious. In the US$5 billion Indian pharma market, 20% are false medicines.

**Lack of expert workforce**- India's healthcare industry provides for a growing population, and the business is expected to expand above previously estimated levels of 10–12%. But, recent studies show a massive shortage of qualified healthcare executives and supervisors employed with clinics, pharmaceutical firms, health insurers, third-party management and other healthcare providers.

**Lack of training facilities**-The majority of the pharmaceutical organization did not provide enough training and knowledge-sharing programs for their employees. Studies showed that storekeepers did not undergo instruction in stock management.

**Opportunities**

**Increased prevalence of lifestyle-related illnesses**- Along with communicable and infectious disorders, there is likely to be a more significant cardiovascular disorder, oncology and diabetes. Due to this rapid population increase, the emergence of both communicable and non-communicable disorders and economic advancement, the demand for pharmaceutical drugs has expanded several folds.

**he emergence of new technologies in HSCM**- The healthcare industry is a knowledge-intensive market. The technology has quickly improved the standards for doing business internationally with the potential to deliver prompt, precise and credible details . The recent advancement of IT has created enormous opportunities to improve SCM's effectiveness and reliability, which includes a cloud-based micro health centre.

**Purchase in alliance**- Community partnerships effectively lower healthcare expenses as they minimize the drug's price, particularly medical supplies and pharmaceutical products.

Wide range of adaptive policies for sustainable inventory management

The PSC comprises many supply chain parties, such as principal manufacturing plants etc. and reducing the complexity between these interrelated factors can be of huge advantage by several new policies. One of them is periodically-affine policies, which allow decision-makers to efficiently monitor and regulate large-scale newsvendor networks in the face of volatile demand without needing delivery forecasting.

**Threats**

**Varying regulatory requirements across domestic and export markets**- Procurement and transferring drug management involved addressing current regulatory frameworks. In India, various laws regulate the flow and sale of medicine around the region, creating complexities for SCM.

**Increased competition**- Over the past five to ten years, several markets have seen steady growth, including China, Germany, Brazil, Italy, etc in the Pharmaceutical industry. Currently, several products with identical characteristics, bioequivalence and price ranges are commercialized by several multinational companies.

**Poor supplier service**-In terms of Active Pharmaceutical Ingredients, Indian pharmaceutical companies extensively depend on China. Around 70% of the total raw material is imported from China. Therefore, it creates considerable uncertainty and vulnerability to disruption in the SCM.

**Uncertainty in demand**- The heterogeneity of customers leads to substantial volatility in drug demand. Pharmaceutical settings are typically highly diversified in the real world, with numerous products and decision-making phases. It becomes more crucial for the vendors due to these uncertainties in demand.

5. **Food & Beverage Industry**
**Global Food & Beverage Industry:-**

Overall retail value of food and beverage sales across the world in 2018 reached US$2.43 trillion, up from US$2.27 trillion in 2013. Based on an expected forecast CAGR of 2.1%, the industry is projected to reach US$2.73 trillion in 2023. While beverages alone are projected to see a slightly better performance with a CAGR of 2.2% between 2018 and 2023, they also account for a significantly

lower portion of the market. Value sales of soft drinks and hot drinks alone stand at US$0.69 trillion in 2018. They are expected to reach US$0.77 trillion in 2018.

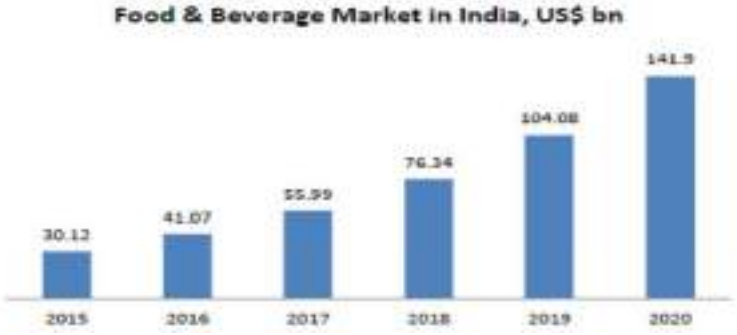
Coming from a low per capita base, Sub-Saharan Africa will be the most rapidly expanding food and beverage market between 2018 and 2023, forecasted to witness a CAGR of 3.84%. In actual terms however, Asia Pacific is set to be significantly more important. With a CAGR of 3.47% in the same timeframe, the region will see value sales increase by US$143 billion, compared to merely US$17 billion in Sub-Saharan Africa. In both regions, sales are benefiting from burgeoning populations, rapid urbanization and better access to packaged food and beverage items on the back of an on-going modern trade expansion. The star performer in Asia Pacific is thereby India. The country is expected to see the highest percentage growth between 2018 and 2023, as well as the second highest increase in actuals. Economic expansion, rising incomes and a rapidly expanding middle class has led to increased spending in the last five years and has also supported a shift from unpackaged to packaged foods.

The slowest growth of food and beverage sales over the coming five years is expected in North America. Canada and the USA are saturated and mature markets with an increasing urban population and a growing number of single households. Both is benefiting foodservice sales rather than retail sales. Growth opportunities are therefore mainly found within innovative health and wellness as well as speciality products, as increasing rates of obesity, diabetes and cardiovascular diseases force many to reconsider unhealthy eating habits. Similar developments can be seen in Europe, where health and wellness is often seen as a key driver. The region is additionally benefiting from growth in less mature markets in Easter Europe, such as Russia, Poland and the Ukraine.

*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

**Indian Food & Beverage Industry:-**

The food and beverage market was estimated at US$30.12 billion in 2015 and is expected to reach US$142 billion by 2020, with a compounded annual growth rate (CAGR) of 36.34%. The sector is dominated mainly by traditional operators. The brands and restaurant chains of both Indian origin and multinationals have not optimally penetrated the market so far. The food and beverage sector has evolved over the past decade, giving rise to exciting new concepts in food and beverage offerings and new and innovative service elements.




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

By 2025, India is set to become the 3rd largest consumer economy with a nominal year-over-year expenditure growth of 12% which is more than double the anticipated global rate of 5%. Demographically India if one of the youngest consumer market (33% of the population is younger than 15 years and 50% younger than 24 years) (Source: Technopak). Generally, consumers purchase brands they recognize. In this sense, it is necessary to invest in advertising and marketing to promote one's product. India is a highly price

sensitive market. Over 38% of the Indian population is vegetarian (Source: World Atlas) and customers visit both traditional mom and pop (Kirana) stores and modern stores in the ratio 5:1 times on a weekly basis (India Retailing).

India is expected to become the fifth largest consumer market in the world by 2025, according to a paper prepared by the Confederation of Indian Industry (CII) and Grant Thornton. Food and beverages is the biggest of the consumption categories. The F&B sector is supported by the vast agriculture sector: India is the biggest producer of pulses, and the second biggest producer of rice, wheat, sugarcane, and fruits and vegetables. It is also the biggest producer of milk and buffalo meat and ranks fifth in poultry production. The other helpful factors: large extents of arable lands, favourable climate, long coastline, and low wages.

The beverage industry, excluding alcoholic beverages, is worth about $16 billion. Tea and coffee are the most popular beverages, followed by soft drinks (carbonated drinks and juices), health drinks, milk-based drinks, flavoured drinks, and energy drinks. Half of the tea and coffee consumed in the country is sold unpacked. The alcohol beverages market is estimated to be worth about $35 billion, with whiskey, beer, and wine as the most popular drinks.

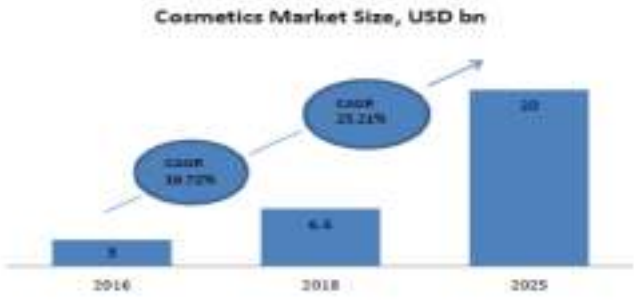
**Growth drivers for Indian Food & Beverage Industry:-**

Economic developments and supportive government policies have resulted in the development of production, processing, distribution and marketing of F&B in India. Apart from India's strong macro-indicators and production base, there are seven factors that have led to an increase in the consumption:

- Affluence of working population with increase in disposable income;
- Rising urbanization leading to changing lifestyles and less time to prepare food at home;
- Changes in taste and preference of the Indian consumers;
- Increase in tourism in India and international travel by Indians increased the interest of Indians in international food products;
- Innovative advertisements, rise in supermarkets and e-commerce boom, creating increasing awareness among consumers and also making the products easily accessible to the consumers;
- Promised quality standards, health benefits of the products;
- Increase in consumption of fast growing F&B (Food and Beverage) segments during special occasions and celebrations.

**6. Cosmetic Industry:**
**Indian Cosmetic Industry**

The Indian cosmetics industry is majorly categorised into skin care, hair care, oral care, fragrances, and colour cosmetics segments. It currently has an overall market standing of USD 6.5 billion and is expected to grow to ~ USD 20bn by 2025 with a CAGR of 25%. In comparison, the global cosmetics market is growing steadily at 3.7% CAGR and will reach ~USD 488 billion 2025. This means that by 2025, India will constitute around 3% to 4% of the total global cosmetics market and become one of the top 5 global markets by revenue.




*(Source: "Industry Report on Chemicals Sector" dated December 30, 2024 (the "Infomerics Report") prepared and issued by Infomerics Analytics & Research Private Limited*

With the improving purchasing power, demand for enhanced products and increasing image consciousness of the Indian clientele, many international brands started establishing footprints in India, across various retail formats. Also expected are uber luxury brands, to clamour for the Indian consumers' wallet and mindshare. Social media &favourable demographics are playing an important role in spreading awareness about cosmetics products and developing fashion consciousness, not only in metros but also in tier-1 & 2 cities. This is a golden opportunity for many cosmetics companies to expand beyond the top-8 cities and generate handsome revenue from all across the country.

Coupled with multiple other factors, herbal cosmetics products are driving growth due to increasing adoption, and the segment alone is expected to grow at 15%, as people become more aware of the possible perils in consistently using chemical formulations switch to 'safer' herbal and Ayurvedic products. Many Indian & international brands have been trying to seize the established player position

in this segment by launching multiple products across categories. With rising demand in this space, luxury and super luxury brands have also launched products in this space.

**7. Industry Outlook:**

**Pre-Covid scenario**

The MCC market globally is projected to grow from USD 938 million in 2019 to USD 1,315 million by 2024, at a CAGR of 7.0%, between 2019 and 2024. The growth of the MCC market is primarily triggered by the increasing demand for processed food and growing production of pharmaceutical and cosmetic & personal care products. MCC manufactured from non-wood sources is an emerging trend in the market and is projected to grow at healthy pace.

North America held the dominant position, in terms of revenue, in the global microcrystalline cellulose market and accounted for a share of 29%, followed by Europe and Asia Pacific. Asia Pacific is projected to be the fastest growing region in the global microcrystalline cellulose market, registering the highest CAGR of 7.33% over 2019- 2024.

The microcrystalline cellulose (MCC) market size in India was estimated at USD 85 million in 2018 and is projected to reach USD 115 million by 2022, registering a CAGR of 6.25% from 2018 to 2022. The growth of the MCC market is primarily triggered by the increasing demand for processed food and growing production of pharmaceutical and cosmetic & personal care products.

As per estimates, from a market size of USD 39 billion in FY 2018-19, the Indian pharmaceutical market will grow to USD 55 billion by 2022-23. Growth in the domestic pharma market is expected to be driven by increase in the penetration of health insurance, improving access to healthcare facilities, rising prevalence of chronic diseases and rising per capita income.

The food and beverage market was estimated at US$30.12 billion in 2015 and is expected to reach US$142 billion by 2020, with a compounded annual growth rate (CAGR) of 36.34%. The beverage industry, contribute 8-9% to the total Food & Grocery (FG) market. The total market value of the beverages industry is close to €24 billion and is projected to increase steadily at a CAGR of 20-23%. The Indian cosmetics industry is majorly categorised into skin care, hair care, oral care, fragrances, and colour cosmetics segments. It currently has an overall market standing of USD 6.5 billion and is expected to grow to ~ USD 20bn by 2025 with a CAGR of 25%.

**Outlook (Post-Covid)**

As MCC market is primarily triggered by increasing production of pharmaceutical and increased demand for processed food and cosmetic & personal products, after covid-19 outlook is hard to forecast due to various changing factors. In best case scenario, it is expected that the with lockdown and social distancing impact of COVID-19 is going to lower in the remaining year of 2020 and worldwide economy is expected have “V” or “U” shape recovery as per various government policies and measures.

Pharmaceutical makes up to approx. 40% of MCC share worldwide and post covid-19, it is expected that the global pharmaceuticals market size is set to decline marginally in 2020. Food & Beverage and Cosmetics & Personal Care constitute around 25% and 20% of MCC share worldwide respectively.

Globally, the food & beverage industry is expected to experience the differential impact of this rapid spreading COVID-19 on each stage of its value chain through the mediums of the affected workforce at industrial level, raw material supply (agricultural produce, food ingredients, and intermediate food products), trade & logistics, demand-supply volatility and uncertain consumer demand at foodservice outlets—among other factors. Production, distribution, and inventory levels across the food & beverage industry spectrum are expected to be impacted.

With the outbreak of Covid-19 since January 2020, the market of global cosmetic products has shown declining results in the growth rate. Due to the lockdown situation going on across the globe cosmetic manufacturers had to shut down their production units as a result of the labour shortage. Additionally, numerous cosmetic stores were also shut down as the result of the COVID-19 pandemic. Going with best case scenario of containment of Covid19 impact, with “V” shape recovery of world economy in year FY-2020-21, it is expected that Pharmaceutical, Food & Beverage and Cosmetics & Personal Care segment will also growth at rapid pace and the support the MCC market growth.

## OUR BUSINESS

*Some of the information in the following section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward Looking Statement" on page 23 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Position and Results of Operations" beginning on pages 30 and 197 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our financial year ends on March 31 of each year, and references to a particular financial year are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context otherwise requires, in this section, references to "Company, "Our Company", "we" or "us" mean Patel Chem Specialities Limited.*

*Unless otherwise indicated or the context otherwise requires, industry and market data used in this section have been extracted from the report titled "Industry Report on Chemicals Sector" dated December 30, 2024, prepared and issued by Infomerics Analytics and Research Private Limited, which has been commissioned exclusively in connection with the Issue (herein after referred to as "**Infomerics Report**"). A copy of the Infomerics Report is available on the website of our Company at* http://patelchem.com. *For further details and risks in relation to the Infomerics Report, see "Risk Factors" beginning on page 30 of this Draft Red Herring Prospectus.*

*Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.*

Some of the information in this section, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. Before deciding to invest in the Equity Shares, Investors should read this Draft Red Herring Prospectus. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with investment in the Equity Shares, you should read "*Risk Factors*" for a discussion of the risks and uncertainties related to those statements, as well as "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Unless otherwise stated, the financial information used in this section is derived from our Restated Financial Statements.

Unless otherwise stated, all references in this section to "Patel chem" or "the Company" or "our Company" or "we" or "our" or "us" are to Patel Chem Specialities Limited.

### COMPANY'S OVERVIEW

Our Company was incorporated as a private limited company under the Companies Act, 1956 in the name and style of "Patel Chem Specialities Private Limited" bearing Certificate of Incorporation Number U24100GJ2008PTC054305 issued by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli, dated June 25, 2008. Further, our Company was converted into a Public Limited Company in pursuance of a special resolution passed by the members of our Company at the Extra-Ordinary General Meeting held on July 4, 2024 and the name of our Company changed from "Patel Chem Specialities Private Limited" to "Patel Chem Specialities Limited" and Registrar of Companies, Central Processing Centre issued a new certificate of incorporation consequent upon conversion dated August 29, 2024. As on date of this Draft Red Herring Prospectus, the Corporate Identity Number of our Company is U24100GJ2008PLC054305. Our primary focus on manufacturing of the cellulose-based excipients which predominantly find application in Pharmaceutical, Food & Beverages, Cosmetics and other industries**.**

### BUSINESS OVERVIEW

Our Company operates in the field of specialty chemicals, particularly focusing on the production of cellulose-based excipients. We manufacture a diverse range of products that are critical to various industries, including pharmaceuticals, food & beverages, cosmetics, and numerous industrial applications. These chemicals are fundamental in the formulation of essential products such as tablets, food additives, personal care items, and industrial formulations. Our products play vital roles as binders, disintegrants, thickeners, stabilizers, and gelling agents, each serving a specialized function across multiple sectors.

Since inception, our Company manufactures Carboxymethyl Cellulose Sodium (Sodium CMC), Microcrystalline Cellulose (MCC), Carboxymethyl Cellulose Calcium (CMC Calcium), Croscarmellose Sodium (CCS), Sodium Starch Glycollate (SSG), and Sodium Monochloro Acetate (SMCA). With a commitment to quality and innovation, we have successfully established a strong global presence, exporting our products to over 15 countries, including the USA, Germany, UK, Japan, China, Australia, and many more. Our expertise in producing high-quality excipients has enabled us to carve out a niche in the cellulose-based chemicals market, driven by our adherence to international quality standards such as US-DMF, GMP, ISO 9001:2015 etc.

Our Company offers a diverse range of cellulose-based chemicals, each serving specialized functions across various industries. Sodium CMC, a versatile product, is used as a thickener, binder, and gelling agent in pharmaceuticals, food & beverages, cosmetics, and industrial applications such as oil drilling, under the brand "Rheollose®." Microcrystalline Cellulose (MCC) is valued in pharmaceuticals and food & beverages as a bulking agent, texturizer, and binder, with products branded as "Hindcel®." Sodium Starch Glycollate (SSG) serves as a disintegrant in tablets, available in corn ("BlowTab® C") and potato-based ("BlowTab® P") variants. Croscarmellose Sodium and Calcium CMC, powerful super disintegrants, are marketed as "Disolwell" and "Swellcal," respectively. Additionally, Sodium Monochloro Acetate (SMCA) is a key raw material for our products and has applications in drug production and nutritional products.

Our manufacturing facilities are in Vatva, Ahmedabad, and Talod, Himmatnagar, where we adhere to strict quality control standards. These facilities are equipped with machinery and are designed to produce a wide variety of chemicals in bulk while maintaining consistency and purity. Our manufacturing process ensures that every product is made to meet stringent international quality certifications such as US-DMF, GMP, ISO 9001:2015, and more. With these capabilities, we can meet the demands of both local and international customers in the industry.

The leadership team, led by experienced promoters Bhupesh Patel and Anshu Patel, has been a driving force behind the Company's success. Bhupesh Patel, the Managing Director, has more than 25 years of experience in the pharmaceuticals and nutraceutical industry. He has been instrumental in establishing the Company's manufacturing plants and leads the product development & marketing strategies. Anshu Patel, the Whole-Time Director, holds a bachelor degree in Homoeopathic Medicine and Surgery and brings a decade of experience in the pharmaceuticals and nutraceutical industry. She oversees the Company's strategic plan and its operations across various functions. Their industry experience and clear vision have helped the Company grow and stay competitive.

**Table set forth below are certain key operational and financial metrics for the periods indicated:**

*(₹ in Lakhs, except %)*

| Particulars* | For the period ended June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Revenue From operations | 2705.25 | 8236.16 | 6939.60 | 6048.46 |
| Total Income | 2712.50 | 8271.61 | 6974.75 | 6062.03 |
| EBITDA | 394.91 | 1202.18 | 582.64 | 459.27 |
| EBITDA Margin (%) | 14.60 | 14.60 | 8.40 | 7.59 |
| Profit/(loss) after tax for the year/ period | 262.10 | 765.62 | 288.61 | 227.90 |
| Net profit Ratio/ Margin (%) | 9.69 | 9.30 | 4.16 | 3.77 |
| Return on Equity (ROE) (%)# | 11.84 | 39.21 | 24.32 | 25.37 |
| Debt To Equity Ratio (times) | 0.65 | 0.79 | 0.99 | 0.88 |
| Interest Coverage Ratio (times) # | 16.69 | 11.46 | 4.71 | 6.31 |
| ROCE (%)# | 13.16 | 45.06 | 32.83 | 36.73 |
| Net Capital Turnover Ratio (times) # | 2.20 | 11.72 | 18.59 | 38.88 |

** All figures are as per restated financial statements.*
*# Not annualised*

**PRODUCT PORTFOLIO**

Our current product portfolio are categorized as follows:

1. Sodium Monochloro Acetate (SMCA)
2. Blowtab - Sodium Starch Glycolate (SSG)
3. Disolwell - Croscaremellose Sodium (CCS)
4. Swellcal - Carboxymethyl Cellulose Calcium (Calcium CMC)
5. Rheollose - Sodium Carboxymethyl Cellulose (Sodium CMC)
6. Hindcell - Microcrystalline Cellulose (MCC)

**Sodium Monochloro Acetate (SMCA)**

**Blowtab - Sodium Starch Glycolate (SSG)**

**Disolwell - Croscaremellose Sodium (CCS)**

**Swellcal - Carboxymethyl Cellulose Calcium (Calcium CMC)**

**Rheollose - Sodium Carboxymethyl Cellulose (Sodium CMC)**

**Hindcell - Microcrystalline Cellulose (MCC)**

## 1. Sodium Monochloro Acetate (SMCA)

Sodium Monochloro Acetate (SMCA) is a key chemical intermediate used in the production of several important compounds, primarily in the manufacturing of Carboxymethyl Cellulose (CMC), Sodium Starch Glycolate (SSG), and other derivatives. It is a versatile raw material used in a wide range of applications, particularly in the production of surfactants, detergents, and other industrial chemicals. SMCA plays a crucial role in the formulation of pharmaceuticals, cosmetics, and agricultural products, contributing to the stability and effectiveness of the final formulations.

Below are the practical applications of SMCA across various industries:

| Industry | Applications |
|---|---|
| Pharmaceutical | Used as a key raw material for the synthesis of active pharmaceutical ingredients (APIs), such as Citrazine, and in the production of various drug intermediates. |
| Textile | Acts as a reactive chemical in the manufacture of textile finishing agents to improve fabric properties, such as durability and resistance to shrinkage. |
| Agriculture | Used in the production of herbicides and pesticides, serving as a raw material in the synthesis of agrochemical formulations. |
| Surfactants & Detergents | Key component in the production of alkylated surfactants used in industrial and household detergents. |
| Food & Beverages | Used as a processing aid in the production of food additives and as a preservative in certain formulations. |
| Chemicals & Polymers | Serves as an intermediate in the manufacture of glycol ethers, Carboxymethyl Cellulose (CMC), and Sodium Starch Glycolate (SSG). |
| Cosmetics & Personal Care | Used in the production of cosmetic ingredients such as emulsifiers and stabilizers. |
| Oil & Gas | Employed in the production of certain chemicals used in oil drilling operations, providing a chemical base for fluid treatments. |

**2. Blowtab - Sodium Starch Glycolate (SSG)**

BlowTab is a modified starch that serves as a highly effective super disintegrant in pharmaceutical formulations. It is derived from natural starch sources, such as corn or potato, and modified to enhance its ability to rapidly absorb water and facilitate the disintegration of solid dosage forms like tablets and capsules. BlowTab is particularly valued for its quick swelling properties, ensuring rapid breakdown and the efficient release of active pharmaceutical ingredients (APIs) after ingestion. This enhances the bioavailability of the drug and improves the therapeutic efficacy of oral medications. Its superior disintegration capabilities make it a key ingredient in the production of reliable and high-performance dosage forms.

Below are the practical applications of SSG across several industries:

| Industry | Applications |
|---|---|
| Pharmaceutical | Used as a disintegrant in tablet and capsule formulations. Its ability to absorb water quickly and swell allows tablets to break down rapidly upon ingestion. |
| Food | Used as a stabilizing agent |
| Textile | Used in sizing and finishing processes where it helps improve the texture and appearance of fabrics by enhancing the fabric's strength, smoothness, and overall quality. |
| Paper | applied during the paper-making process to enhance the quality of the paper, especially in the production of high-quality printing paper, cardboards, and other specialty papers. Its ability to form strong, uniform coatings is crucial for ensuring the final product’s durability and printability. |
| Adhesive | Used as a thickening agent in adhesive formulations, improving the viscosity and stability of the product. |

**3. Disolwell - Croscaremellose Sodium (CCS)**

Disolwell is a highly effective, cross-linked polymer of sodium carboxymethyl cellulose, designed to enhance the disintegration properties of solid dosage forms such as tablets and capsules. It is known for its ability to rapidly swell and absorb water, allowing it to facilitate the fast breakdown of tablets, thereby ensuring the effective release of active pharmaceutical ingredients (APIs) in the body. Disolwell plays a vital role in pharmaceutical formulations, improving the bioavailability of drugs by ensuring consistent and predictable disintegration behavior. Its superior swelling properties make it an ideal choice for enhancing the dissolution and absorption of orally administered medicines.

Below are the practical applications of CCS across various industries:

| Industry | Applications |
|---|---|
| Pharmaceutical | Used as super disintegrant in oral pharmaceutical and nutraceutical formulations like swallowable |

| Industry | Applications |
|---|---|
| | tablets, orally dispersible tablets, hard capsules, blends, granules and pellets premix. |
| Food | Used as emulsifier in food |

**4. Swellcal - Carboxymethyl Cellulose Calcium (Calcium CMC)**

Swellcal is a cellulose-based derivative that is primarily used as a super disintegrant in pharmaceutical and nutraceutical formulations. Its ability to rapidly absorb water and swell makes it an ideal agent for facilitating the quick breakdown of tablets and capsules, ensuring effective drug release and improving bioavailability. Swellcal is a vital component in formulations where fast disintegration is critical for optimal therapeutic performance. Its versatility also extends beyond pharmaceuticals, where it is utilized in various industries like food processing, cosmetics, textiles, and adhesives due to its excellent thickening, binding, and stabilizing properties.

Below are the practical applications of Calcium CMC across various sectors:

| Industry | Applications |
|---|---|
| Pharmaceutical | Binder and disintegrant in tablets, stabilizer in suspensions and emulsions. |
| Food | Thickening agent, stabilizer, and gelling agent in dairy, sauces, jams, and gluten-free baking. |
| Cosmetics & Personal Care | Thickener, stabilizer, emulsifier in lotions, creams, shampoos, and toothpaste. |
| Paper | Coating and sizing agent for improved smoothness, printability, and strength. |
| Textile | Thickening agent in printing pastes, sizing agent to improve texture and quality. |
| Oil & Gas | Viscosity modifier and suspending agent in drilling fluids. |
| Agriculture | Binder and dispersing agent in pesticides and controlled-release fertilizers. |
| Construction | Additive in mortar and cement to improve workability and bonding properties. |

**5. Rheollose - Sodium Carboxymethyl Cellulose (Sodium CMC)**

Rheollose - Sodium Carboxymethyl Cellulose (CMC Sodium) is a cellulose derivative that plays a crucial role in multiple industries due to its unique properties, including excellent thickening, binding, and emulsifying capabilities. It is produced by chemically modifying cellulose, a naturally occurring polymer, to improve its solubility and functionality in aqueous systems. Widely recognized for its versatility, Rheollose is used to enhance texture, stability, and performance in various formulations. Its high-water retention, ability to form gels, and effective suspension properties make it an invaluable ingredient in products ranging from pharmaceuticals to food processing. With its diverse applications, Rheollose offers consistent quality and meets the rigorous demands of modern industries.

Below are the practical applications of CMC Sodium across various sectors:

| Industry | Applications |
|---|---|
| Pharmaceutical | Used for Suspension, Thickening and Stabilizing |
| Cosmetics | Used in Hair Colour, Henna and Instant Tattoo |
| Food | Used in dairy products for stabilization, taste improvement and thickening<br>Used in ice cream, bread, cake, biscuit, instant noodle and fast paste foodstuff for product moulding, taste improvement, anti – fragmentation, water retaining and tenacity strengthening. |
| Others | Used in Oil Well Drilling, Paper, Detergents, Paints, and Textile Dyeing & Printing, Ceramics, Mining etc. |

**6. Hindcell - Microcrystalline Cellulose (MCC)**

MCC is a highly purified, fine white powder derived from cellulose, which is commonly extracted from wood pulp. It is a versatile and widely used excipient in various industries due to its excellent binding, texturizing, and bulking properties. In the pharmaceutical industry, MCC is primarily used as a binder and filler in tablet formulations, ensuring consistency and improving the strength of the tablets. Additionally, it is used in food, nutraceuticals, cosmetics, and other applications, owing to its ability to enhance texture, stability, and overall product performance. Its low moisture content, low reactivity, and effective flow properties make it a crucial ingredient in numerous formulations

Below are the practical applications of Microcrystalline Cellulose (MCC) across several sectors:

| Industry | Applications |
|---|---|
| Pharmaceutical | Binder, diluent, and bulking agent in tablet formulations; stabilizer in suspensions; bulking agent |

| Industry | Applications |
|---|---|
| | and binder in nutraceuticals. |
| Food | Texturizer, anticaking agent, bulking agent, stabilizer in processed foods, dairy products, beverages, and confectionery products. |
| Cosmetics & Personal Care | Binder, emulsifier, and stabilizer in creams, lotions, shampoos, and toothpaste. |
| Textile | Used in textile coatings to improve the finish and texture of fabrics. |
| Paper | Binder and stabilizer in paper coatings to improve surface smoothness and printability. |

**OUR COMPETITIVE STRENGTH**

**1. Product Portfolio**

We manufacture a range of products in the pharmaceutical excipient segment. Our product portfolio presently comprises 5 excipients (SSG, CCS, Calcium CMC, Sodium CMC and MCC) and 1 fine chemical (SMCA) which are marketed domestically and exported. We supply our products to more than 15 countries, including both direct and indirect exports. We continuously focus on developing new products within our existing segments, including niche products developed with specific applications or taking customer specifications in view.

The below mentioned table sets out the production sales turnover of our product categories for the periods indicated below:

*(₹ in Lakhs)*

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Sales Revenue | % of Revenue[#] | Sales Revenue | % of Revenue[#] | Sales Revenue | % of Revenue[#] | Sales Revenue | % of Revenue[#] |
| SMCA | 1,434.69 | 23.72 | 883.92 | 12.74 | 561.81 | 6.82 | 137.38 | 5.08 |
| SSG | 590.34 | 9.76 | 656.78 | 9.46 | 848.09 | 10.30 | 206.17 | 7.62 |
| CCS | 1,009.39 | 16.69 | 1,091.00 | 15.72 | 1,778.56 | 21.59 | 646.91 | 23.91 |
| Calcium CMC | 133.08 | 2.20 | 239.70 | 3.45 | 236.63 | 2.87 | 113.61 | 4.20 |
| Sodium CMC | 1,615.18 | 26.70 | 2,586.15 | 37.27 | 2,845.56 | 34.55 | 1,003.90 | 37.11 |
| MCC | 1,083.40 | 17.91 | 1,280.97 | 18.46 | 1,751.65 | 21.27 | 497.35 | 18.38 |
| Trading – Other Chemicals | 182.38 | 3.02 | 201.08 | 2.90 | 213.86 | 2.60 | 99.93 | 3.69 |
| **Total** | **6,048.46** | **100.00** | **6,939.60** | **100.00** | **8,236.16** | **100.00** | **2,705.25** | **100.00** |

*# as a percentage of revenue from operation from Restated Financial Statements*

**2. Experienced Promoter and Management group**

We are led by qualified and experienced Promoters and KMPs, who have extensive knowledge and understanding of the business environment and have the vision to organically scale up our business. We believe that the knowledge and experience of our senior and middle-level management team members in the excipient business provides us with a significant competitive advantage as we seek to grow our business. Our Promoter and Managing Director, Bhupesh Patel is a chemical engineer. Our Promoters have more than 25 years of experience in the cellulose and starch derivative industry.

We have an experienced and professional management team with execution capabilities and considerable experience in the excipient industry. The team is comprised of personnel having technical, operational and business development experience. We have employed suitable technical and support staff to manage key areas of activities allied to operations. Our team is well qualified and experienced in the diversified industries to which our Company caters and has been responsible for the growth of our operations. We believe the stability of our management team and the industry experience brought in coupled with their strong repute, will enable us to continue to take advantage of future market opportunities and expand into new markets.

**3. Global Presence**

The Company is very aggressive in promoting its range of products in the domestic & international market through participating in frequent visits to customers, marketing & advertising at relevant platforms. The Company shall focus on expanding its geographical reach in maximum countries by exploring unexplored potential & assured promotional venues. With the help of our quality products, we have been able to create a long-standing market presence in India and internationally. We cater to various end users, merchants and exporters. We export our products to over 15 countries, including USA, Germany, UK, Japan, China,

Australia, and many more.

**Bifurcation of Revenue from Domestic and International**

We predominantly operate in India, spanning across 25 states and union territories and our operations are spread across 25 countries geographically.

*(₹ in Lakhs)*

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# |
| Andhra Pradesh | 34.98 | 1.29 | 231.49 | 2.81 | 528.87 | 7.62 | 884.36 | 14.62 |
| Assam | 15.16 | 0.56 | 53.40 | 0.65 | 60.06 | 0.87 | 151.69 | 2.5 |
| Chandigarh | - | - | - | - | 0.10 | 0.00 | - | - |
| Dadra & Nagar Haveli and Daman & Diu | 13.45 | 0.50 | 16.29 | 0.20 | 1.01 | 0.01 | 23.91 | 0.40 |
| Delhi | 65.30 | 2.41 | 166.65 | 2.02 | 117.82 | 1.70 | 242.29 | 4.01 |
| Goa | 3.28 | 0.12 | 11.89 | 0.14 | 10.26 | 0.15 | 3.75 | 0.07 |
| Gujarat | 658.12 | 24.33 | 1,901.43 | 23.09 | 2,120.24 | 30.55 | 1,252.31 | 20.70 |
| Haryana | 57.55 | 2.13 | 112.64 | 1.37 | 86.59 | 1.25 | 35.58 | 0.59 |
| Himachal Pradesh | 109.97 | 4.07 | 562.26 | 6.83 | 346.06 | 4.99 | 250.71 | 4.14 |
| Jammu & Kashmir | 5.53 | 0.20 | 13.19 | 0.16 | 0.19 | 0.00 | 2.49 | 0.04 |
| Jharkhand | 4.19 | 0.15 | 10.62 | 0.13 | 0.35 | 0.01 | - | - |
| Karnataka | 20.23 | 0.75 | 76.83 | 0.93 | 74.51 | 1.07 | 73.12 | 1.21 |
| Kerala | 1.74 | 0.06 | 7.59 | 0.09 | 0.58 | 0.01 | 0.28 | 0.00 |
| Madhya Pradesh | 56.04 | 2.07 | 262.84 | 3.19 | 145.13 | 2.09 | 181.25 | 3.00 |
| Maharashtra | 476.39 | 17.61 | 1,400.61 | 17.01 | 1,119.01 | 16.13 | 1,239.77 | 20.50 |
| Odisha | - | - | 3.33 | 0.04 | 3.33 | 0.05 | 2.89 | 0.05 |
| Puducherry | 0.73 | 0.03 | 2.18 | 0.03 | 1.70 | 0.02 | 0.18 | 0.00 |
| Punjab | 55.98 | 2.07 | 155.58 | 1.89 | 29.84 | 0.43 | 9.78 | 0.16 |
| Rajasthan | 8.29 | 0.31 | 36.16 | 0.44 | 22.86 | 0.33 | 3.40 | 0.06 |
| Sikkim | 8.72 | 0.32 | 5.82 | 0.07 | 0.51 | 0.01 | 0.14 | 0.00 |
| Tamil Nadu | 52.98 | 1.96 | 170.64 | 2.07 | 142.28 | 2.05 | 128.19 | 2.12 |
| Telangana | 15.07 | 0.56 | 40.39 | 0.49 | 46.11 | 0.66 | 28.42 | 0.47 |
| Uttar Pradesh | 88.77 | 3.28 | 108.57 | 1.32 | 123.08 | 1.77 | 52.55 | 0.87 |
| Uttarakhand | 171.90 | 6.35 | 737.44 | 8.95 | 458.99 | 6.61 | 438.79 | 7.25 |
| West Bengal | 342.98 | 12.68 | 1,008.87 | 12.25 | 797.66 | 11.49 | 421.22 | 6.96 |
| Export | 437.90 | 16.19 | 1,139.45 | 13.83 | 702.46 | 10.12 | 621.39 | 10.27 |
| **Total** | **2,705.25** | **100.00** | **8,236.16** | **100.00** | **6,939.60** | **100.00** | **6,048.46** | **100.00** |

*# as a percentage of revenue from operation from Restated Financial Statements*

*(₹ in Lakhs)*

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# |
| India | 2,267.35 | 83.81 | 7096.70 | 86.17 | 6,237.13 | 89.88 | 5,427.07 | 89.73 |
| Argentina | - | - | 14.80 | 0.18 | - | - | - | - |
| Australia | - | - | - | - | 0.04 | 0.00 | 4.90 | 0.08 |
| Bangladesh | 15.69 | 0.58% | 37.94 | 0.46 | - | - | - | - |
| China | - | - | 4.24 | 0.05 | 9.22 | 0.13 | - | - |
| Cyprus | - | - | - | - | - | - | 0.63 | 0.01 |
| Czech Republic | 0.63 | 0.02% | 2.63 | 0.03 | 0.41 | 0.01 | 0.40 | 0.01 |
| Egypt | 91.84 | 3.39% | 185.20 | 2.25 | 221.79 | 3.20 | 210.32 | 3.48 |
| Germany | - | - | 36.83 | 0.45 | 28.25 | 0.41 | 13.01 | 0.22 |

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# | Sales Revenue | % of Revenue# |
| Japan | 70.74 | 2.61% | 70.69 | 0.86 | 30.26 | 0.44 | 0.85 | 0.01 |
| Jordan | 0.42 | 0.02% | 0.38 | 0.00 | 0.39 | 0.01 | - | - |
| Malaysia | 0.26 | 0.01% | 2.21 | 0.03 | 1.42 | 0.02 | 1.07 | 0.02 |
| Mexico | - | - | 28.77 | 0.35 | 1.15 | 0.02 | - | - |
| Myanmar | - | - | 1.50 | 0.02 | - | 0.00 | - | - |
| Nepal | 5.52 | 0.20% | 11.41 | 0.14 | 11.94 | 1.70 | 8.53 | 0.14 |
| Portugal | - | - | 4.92 | 0.06 | 4.66 | 0.07 | 2.01 | 0.03 |
| Russia | 60.70 | 2.24% | 182.83 | 2.22 | 114.31 | 1.65 | 52.68 | 0.87 |
| Sez Export - Gujarat | 75.59 | 2.79% | 220.29 | 2.67 | 195.19 | 2.81 | 134.09 | 2.22 |
| South Korea | 25.77 | 0.95% | 112.68 | 1.37 | 29.32 | 0.42 | 39.97 | 0.66 |
| Switzerland | - | - | - | - | 0.36 | 0.01 | 0.04 | 0.00 |
| Tanzania | - | - | - | - | 1.28 | 0.02 | - | - |
| Thailand | - | - | 25.67 | 0.31 | 4.56 | 0.07 | - | - |
| UAE | - | - | 30.30 | 0.37 | 1.85 | 0.03 | - | - |
| United Kingdom | - | - | 1.52 | 0.02 | 42.50 | 0.61 | - | - |
| USA | 65.58 | 2.42% | 157.57 | 1.91 | - | - | 148.46 | 2.45% |
| Vietnam | 25.16 | 0.93% | 7.08 | 0.09 | 3.57 | 0.05 | 1.45 | 0.02% |
| **Total** | **2,705.25** | **100.00** | **8,236.16** | **100.00** | **6,939.60** | **100.00** | **6,048.46** | **100.00** |

*# as a percentage of revenue from operation from Restated Financial Statements.*

**4. Diversified customer base**

As on June 30, 2024, we catered to more than 350 customers in different industrial segments including dealers / agents worldwide. Our revenue break-up of the top customers of our Company for the period ended June 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 are as follows:

*(₹ in Lakhs)*

| Customers | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Revenue | % of Revenue# | Revenue | % of Revenue# | Revenue | % of Revenue# | Revenue | % of Revenue# |
| Top 1 | 183.08 | 6.77 | 641.96 | 7.79 | 511.26 | 7.37 | 822.40 | 13.60 |
| Top 3 | 384.38 | 14.21 | 1164.88 | 14.14 | 1260.66 | 18.17 | 1436.92 | 23.76 |
| Top 5 | 564.10 | 20.85 | 1624.89 | 19.73 | 1740.20 | 25.08 | 1820.93 | 30.11 |
| Top 10 | 919.56 | 33.99 | 2575.63 | 31.27 | 2693.08 | 38.81 | 2562.47 | 42.37 |

*# as a percentage of revenue from operation from Restated Financial Statements*

Our revenue break-up based on the revenue received from the sale of our products in different industries is as under:

*(₹ in Lakhs)*

| Industries | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Revenue | % of Revenue# | Revenue | % of Revenue# | Revenue | % of Revenue# | Revenue | % of Revenue# |
| Pharmaceutical | 91.84 | 3.39 | 250.95 | 3.05 | 98.18 | 1.41 | 177.91 | 2.94 |
| Food | 769.99 | 28.46 | 2184.75 | 26.53 | 2443.19 | 35.21 | 2155.34 | 35.63 |
| Cosmetic | 1714.91 | 63.39 | 5412.44 | 65.72 | 4025.53 | 58.01 | 3426.47 | 56.65 |
| Other Industrial Applications | 128.51 | 4.75 | 388.02 | 4.71 | 372.70 | 5.37 | 288.74 | 4.77 |
| **Total** | **2705.25** | **100.00** | **8236.16** | **100.00** | **6939.60** | **100.00** | **6048.46** | **100.00** |

*# as a percentage of revenue from operation from Restated Financial Statements*

**5. Continuous innovation and quality consistency**

We are a research-driven company, dedicated to innovation and excellence in every aspect of our operations. Our well-established R&D facility at the Vatva unit, equipped with advanced chemical and analytical laboratories, focuses on creating processes that improve efficiency and reduce costs. We believe product and process innovations are essential for our growth and actively engage with customers to understand their unique needs. This collaborative approach allows us to deliver tailored solutions in a timely and effective manner, strengthening our role as a trusted partner. Additionally, we aim to continually enhance our formulation and application expertise, driven by our technical R&D team.

Guided by our promoters' firm belief in quality consistency, we are committed to maintaining the highest standards across all our processes. For us, quality is not just a goal but an ongoing journey of building and sustaining trust, ensuring that every product reflects our dedication to excellence and long-term relationships.

**6. Strategically located manufacturing facilities.**

With a view to strategically expand our operations and ensure our market presence in domestic and international markets, we have set up two state-of-art manufacturing facilities at Vatva, Ahmedabad and Talod, Himmatnagar, Gujarat which helps us provide timely, efficient and customized delivery of our products in terms with the specific demographic needs. By utilizing the Net Proceeds of this Issue, we intend to tap the growing demand in the existing market where our company serves CCS, SSG and Calcium CMC by establishing of new facility at Indrad, Mehsana. For further details, please refer to the chapter titled "*Objects of the Issue*" at page 80 of this Draft Red Herring Prospectus

**7. Strong supplier base for sourcing of raw materials/ products**

Our Company has developed a strong supply chain for the procurement of raw materials required for manufacturing our products. Mainly, our Company is engaged in the business of manufacturing SSG, CCS, Calcium CMC, Sodium CMC, MCC and SMCA of various grades for which Cellulose Ether and wood pulp in the form of wood pulp sheets is used as the primary raw material during our manufacturing process which are majorly imported from China, Indonesia, Canada, Sweden, by our suppliers or by us. While, we do not have any long-term contracts with any of our suppliers. However, we have maintained good relationships with our major suppliers. We believe our good relationships with our suppliers enable us to obtain good quality products within the prescribed timelines. We continually strive to maintain strong relationships with our suppliers to derive better insight into the markets for our raw materials, which helps us to manage our raw material supply chain, resulting in greater predictability of supply and, consequently, a greater ability to meet production schedules and achieve on time delivery for our customers. We have successfully leveraged the experience of our management in maintaining effective supplier relationships.

Break-up of the top suppliers customers of our Company for the period ended June 30, 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022 are as follows:

*(₹ in Lakhs)*

| Suppliers | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Purchases | % of Purchases# | Purchases | % of Purchases# | Purchases | % of Purchases# | Purchases | % of Purchases# |
| Top 1 | 438.24 | 25.83 | 1,448.22 | 24.10 | 1,389.18 | 23.24 | 795.83 | 16.20 |
| Top 3 | 644.77 | 38.01 | 2,313.74 | 38.51 | 2,284.74 | 38.22 | 1,620.76 | 32.98 |
| Top 5 | 810.67 | 47.79 | 2,968.94 | 49.41 | 2,840.17 | 47.51 | 2,131.40 | 43.38 |
| Top 10 | 1,099.92 | 64.84 | 3,993.56 | 66.47 | 3,731.75 | 62.42 | 2,968.77 | 60.42 |

*# as a percentage of Purchases from Restated Financial Statements*

***Bifurcation table in a percentage basis of raw material on the basis of its source of origin viz. domestic/international***

*(₹ in Lakhs)*

| Particulars | For the period ended June 30, 2024 | | For the year ended March 31, 2024 | | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % of Purchase | Amount | % of Purchase | Amount | % of Purchase | Amount | % of Purchase |
| ***Domestic*** | | | | | | | | |
| Gujarat | 986.16 | 58.13 | 3,223.36 | 53.65 | 2,963.27 | 49.57 | 3,710.86 | 75.52 |
| Uttarpradesh | 35.36 | 2.08 | - | - | - | - | - | - |
| Maharashtra | 3.53 | 0.21 | 436.56 | 7.27 | 601.96 | 10.07 | 192.09 | 3.91 |
| Delhi | 40.64 | 2.40 | 329.07 | 5.48 | 138.63 | 2.32 | - | - |
| Telangana | - | - | 142.87 | 2.38 | 210.75 | 3.53 | - | - |
| Uttarakhand | - | - | 0.42 | 0.01 | - | - | - | - |

| Particulars | For the period ended June 30, 2024 | | For the year ended March 31, 2024 | | For the year ended March 31, 2023 | | For the year ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Amount | % of Purchase | Amount | % of Purchase | Amount | % of Purchase | Amount | % of Purchase |
| Tamil Nadu | - | - | 0.59 | 0.01 | - | - | - | - |
| Rajasthan | - | - | 47.97 | 0.80 | 24.17 | 0.40 | - | - |
| Himachal Pradesh | - | - | - | - | 2.66 | 0.04 | - | - |
| Andhra Pradesh | - | - | - | - | 70.53 | 1.18 | - | - |
| Karnataka | - | - | - | - | - | - | 1.10 | 0.02 |
| ***Import*** | | | | | | | | |
| China | 630.73 | 37.18 | 1,827.67 | 30.42 | 1,966.18 | 32.89 | 1,009.81 | 20.55 |
| **Total** | **1,696.42** | 100.00 | **6,008.50** | **100.00** | **5,978.15** | **100.00** | **4,913.86** | **100.00** |

*# as a percentage of Purchases from Restated Financial Statements*

8. **Robust Quality and Service Standards**

We maintain stringent quality standards in our manufacturing unit to ensure that our products consistently meet customer requirements. We have implemented comprehensive quality control processes for both raw materials and finished goods, aligning with internal and international quality standards. As part of our export operations, we adhere to the quality conditions and processes prescribed under the United States Pharmacopeia (USP), European Pharmacopoeia (EP), British Pharmacopoeia (BP), Japanese Pharmacopoeia (JP), and Indian Pharmacopoeia (IP). To oversee these processes effectively, we have a dedicated Quality Division that conducts necessary standard operating procedures (SOPs) and standard test procedures (STPs) on raw materials and finished products.

Our Quality Division rigorously checks and inspects raw materials and finished products to ensure that the desired level of quality is consistently achieved. They employ SOPs, STPs, and calibration techniques in our fully equipped in-house testing facility, which is equipped to meet the specifications required by the USP, BP, IP, and EP. To guarantee that the products we dispatch, or sell are of the highest quality.

**Key points:**

- ✓ We have a fully established, well-equipped in-house quality control laboratory for comprehensive physical, chemical, and microbial testing of raw materials, in-process stages, and finished products.
- ✓ Our Quality Assurance (QA) and Quality Control (QC) departments are separate entities, ensuring adherence to best laboratory practices.
- ✓ All test methods are meticulously validated in accordance with pharmacopeial guidelines.
- ✓ Across the organization, we diligently follow SOPs and adhere to Good Documentation Practices (GDP) to maintain quality standards.

**9. Quality Certifications**

Our company proudly holds several quality certifications including US-DMF, GMP, ISO 9001:2015, HACCP, KOSHER, HALAL & FSSAI, reaffirming our dedication to delivering top-notch quality. The Company has carved a niche in the production of high-quality products that meet international quality standards.

## OUR BUSINESS STRATEGY

1. **Establishing New Facility to meet the rising demand for CCS, SSG, CMC and Calcium**
   Over the years we have increased our production capacities through consistent growth and innovation. Currently, Our Company foresees an increase in demand of **Croscarmellose Sodium (CCS)**, **Sodium starch glycolate (SSG)** and **Carboxymethyl Cellulose Calcium (Calcium CMC)** within the market where we operate. And to tap the growing market, we intend to utilize the Net Proceeds of this Issue to set up the manufacturing facility to produce CCS, SSG and CMC Calcium by establishing of New Facility at Indrad, Mehsana.

2. **Increasing our Global presence**
   Our company has built a presence in the specialty chemicals industry by consistently delivering high-quality products that meet international standards. We are exporting to more than 15 countries including the USA, Germany, UK, Japan, China, Australia, and many more which contribute significantly to our export sales. To further expand our global reach, we are focusing on building stronger distribution networks, advancing research and development to address diverse market needs, and exploring opportunities in new and emerging regions. These efforts are aimed at strengthening our international presence and driving growth in key global markets.

3. **Developing New Products**
   We are advancing our specialized chemicals through continuous research and development. By refining existing products and introducing new innovations, we meet industry needs with dependable and effective solutions. We invest time, resources, and expertise to expand our product range and diversify our portfolio, positioning ourselves to succeed in emerging markets. This ensures we stay ahead of evolving market demands and continue to deliver value to customers and stakeholders. With a strong focus on innovation, we are prepared to meet future challenges and contribute to the next generation of industry standards.

## PRODUCTION UNITS

We have established a manufacturing infrastructure, supported by an efficient supply chain that caters to the needs of various Indian and global clientele. With two manufacturing facilities located in Vatva Ahmedabad and Talod, Himmatnagar, the Company serves various categories of clients from different industries. The Company is developing another facility at Indrad, Mehsana, which is expected to commercialize by March, 2026. For further details please refer to the chapter titled "*Object of the Issue*" beginning at page 80 of this Draft Red Herring Prospectus.

c) Our Vatva Ahmedabad based unit is a flagship unit and manufacture products like SSG, CCS, Calcium CMC, Sodium CMC and SMCA
d) Our Talod, Himmatnagar based unit is purely engaged in the manufacture of MCC.

Our Company foresees an increase in demand for CCS, SSG, and Calcium CMC, within the market where we operate. To capture this growing demand, we are planning to enhance the production capacity of CCS, SSG, and Calcium CMC by establishing a new facility at Indrad, Mehsana. The Company will utilize the Net Proceeds of the Issue for setting up this new plant. Our total installed capacity from the existing Vatva facility and Talod facility combine is 3,720 MTPA and with our ongoing capex, we intend to add 6,012 MTPA which make the total capacity of our company as 9,732 MTPA. It also enables us to deliver products that are specifically tailored to customer needs and help us in entering into untapped regions. For further details, please refer to the chapter titled "*Object of the Issue*" beginning page 80 of this Draft Red Herring Prospectus.

## CAPACITY AND CAPACITY UTILISATION

Below is the detail of Capacity utilization of our manufacturing units for last three Financial years 2024, 2023, 2022 and for the period ended June 30, 2024 details:

***Manufacturing Unit at Talod:***

| Product | Units | June 17, 2022 to March 31, 2023 | | | For the year ended March 31, 2024 | | | For the three months period ended June 30, 2024 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capacity | Production | Utilization | Capacity | Production | Utilization | Capacity | Production | Utilization |
| MCC | Kgs | 7,20,000 | 3,17,445 | 44.09 | 7,20,000 | 5,72,515 | 79.51 | 7,20,000 | 1,54,500 | 21.45 |

*Note: Our Talod unit started manufacturing from June 17, 2022.*
**Certified by Independent Chartered Engineer i.e. Jayendrasinh K Parmar in respect of his certificate dated December 28, 2024.*

**Manufacturing Unit at Vatva:**

| Products | Units | Capacity | For the year ended March 31, 2022 | | For the year ended March 31, 2023 | | For the year ended March 31, 2024 | | April 1, 2024 to June 30, 2024 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Production | Utilization | Production | Utilization | Production | Utilization | Production | Utilization |
| SMCA | Kgs | 30,00,000 | 10,29,775 | 34.33 | 8,59,175 | 28.64 | 7,09,409 | 23.65 | 1,85,302 | 6.18 |
| SSG | Kgs | | 5,41,953 | 18.07 | 4,77,048 | 15.90 | 6,13,467 | 20.45 | 1,70,350 | 5.68 |
| CCS | Kgs | | 2,83,982 | 9.47 | 2,34,080 | 7.80 | 3,75,366 | 12.51 | 1,35,510 | 4.52 |
| Calcium CMC | Kgs | | 18,136 | 0.60 | 29,578 | 0.99 | 34,237 | 1.14 | 16,625 | 0.55 |
| Sodium CMC | Kgs | | 5,23,282 | 17.44 | 7,40,362 | 24.68 | 8,95,352 | 29.85 | 3,06,820 | 10.23 |
| **Total** | | | **23,97,128** | **79.90** | **23,40,243** | **78.01** | **26,27,831** | **87.59** | **8,14,607** | **27.15** |

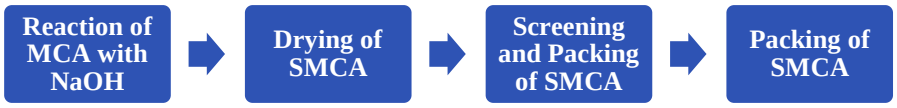
**Certified by Independent Chartered Engineer i.e. Jayendrasinh K Parmar in respect of his certificate dated December 28, 2024.*

**OUR COMPETITIVE STRENGTH**

With the help of our premium quality products, we have been able to create a long-standing market presence in India and internationally. We cater to various end users, merchants and exporters. We export our products to in more than 15 countries, including the USA, Germany, UK, Japan, China, Australia, and many more.

**KEY MANUFACTURING PROCESS**

**a) Sodium Monochloro Acetate (SMCA)**



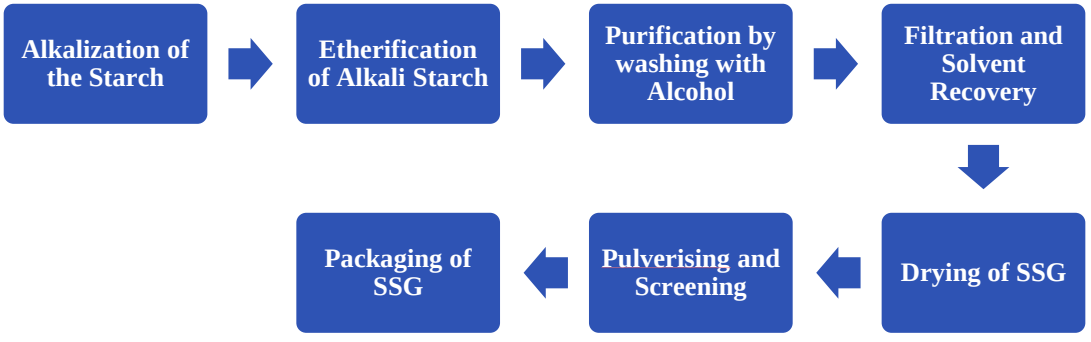

**Reaction of MCA with NaOH**
Monochloroacetic acid (MCA) is reacted with sodium hydroxide in a reaction vessel. The sodium hydroxide neutralizes the MCA, producing sodium monochloroacetate (SMCA) and water. The reaction is conducted at temperatures between 40°C and 60°C, ensuring complete conversion and preventing overheating.

**Drying of SMCA**
Once the reaction is complete, the resulting reacted mass is transferred to a rotary vacuum dryer (RVD) or tray dryer for drying. The drying process is essential to remove any residual moisture and to prepare the material for further processing.

**Screening and Packing of SMCA**
After drying, the material is passed through a vibro sifter to screen and remove any large particles or "greets," ensuring that only the desired fine product remains for the next stage.

**Packing of SMCA**
The final product is then blended in a ribbon blender to ensure uniformity across different batches. Once blended to a consistent quality, the Sodium Monochloro Acetate is packed into suitable packaging materials, ready for dispatch.

**b) BlowTab® Sodium Starch Glycollate**



**Reaction (Alkalization of the Starch and Etherification of Alkali Starch)**
Starch is first treated with sodium hydroxide (NaOH) under controlled cooling conditions in the presence of alcohol. This treatment forms alkali starch. Once the alkali starch is prepared, sodium monochloro acetate is added to the reactor at a controlled temperature to initiate the etherification reaction, where the alkali starch reacts with sodium monochloro acetate to form sodium starch glycolate (a type of alkali starch ether).

**Purification**
After the etherification reaction is complete, the reacted mass is transferred to a vessel where it is neutralized using hydrochloric acid (HCA) to adjust the pH. Following neutralization, the mass is washed with alcohol to remove impurities, such as sodium chloride and sodium glycolate, ensuring the purity of the product.

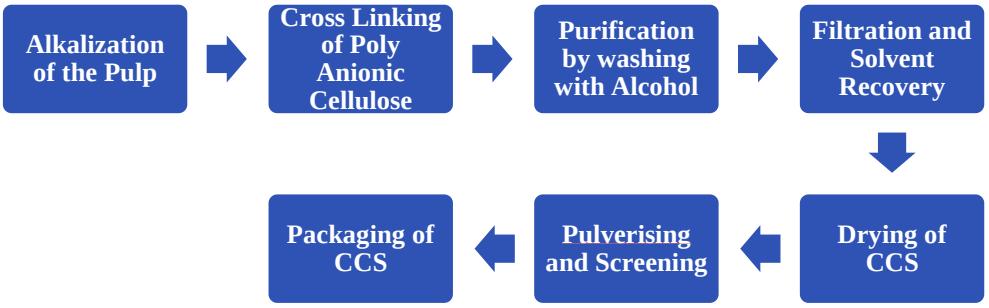
**Filtration and Solvent Recovery**
After the etherification reaction is complete, the reacted mass is transferred to an agitated nutsche filter where it is filtered to separate the solid and liquid phases. The spent alcohol from the filtration process is then sent to a distillation unit for recovery. To further recover any residual alcohol left in the filter cake, steam is applied to the mass.

**Drying**
The filtered and steam-treated mass is then transferred to a rotary vacuum dryer (RVD) or tray dryer to remove the remaining moisture. This step ensures that the product is sufficiently dried before proceeding to the next phase.

**Pulverizing and Screening**
The dried material is then ground using an ultrafine pulverize to achieve the desired fine particle size. After grinding, the material is passed through a vibro sifter to ensure that it meets the required specifications and is free from any coarse particles.

**Packing**
The final product is blended in a ribbon blender to ensure uniformity in quality across different batches. Once the blending process is complete, the material is packed in suitable packaging, ready for dispatch to customers

**c) Disolwell - Croscarmellose Sodium (CCS)**




**Reaction (Alkalization of the Pulp and Cross Linking of Poly Anionic Cellulose)**
Poly-anionic cellulose is treated under specific conditions in the presence of a crosslinking agent to form Croscarmellose Sodium. This reaction creates a crosslinked network structure that imparts the desired disintegrant properties to the product.

**Purification**
After the reaction is complete, the reacted mass is transferred to a vessel, where it is neutralized using an alkali medium to adjust the pH. The mass is then washed with alcohol to remove impurities such as sodium chloride and sodium glycolate, ensuring a higher purity of the final product.

**Filtration and Solvent Recovery**
After the etherification reaction is complete, the reacted mass is transferred to an agitated nutsche filter where it is filtered to separate the solid and liquid phases. The spent alcohol from the filtration process is then sent to a distillation unit for recovery. To further recover any residual alcohol left in the filter cake, steam is applied to the mass.

**Drying**
The filtered material is then loaded into a rotary vacuum dryer (RVD) or tray dryer, where it is dried to remove any remaining moisture. The drying process ensures that the Croscarmellose Sodium is in a stable, dry form for further processing.

**Pulverizing and Screening**

Once dried, the material is ground using an ultrafine pulverize to achieve the desired fine particle size. It is then passed through a vibro sifter to ensure uniformity and remove any larger particles, ensuring a high-quality final product.

**Packing**
The final product is then blended in a ribbon blender to ensure uniformity in quality across different batches. Once blending is complete, the material is packed into appropriate packaging for dispatch, ready for delivery to customers.

**d) Swellcal - Carboxymethyl Cellulose Calcium (Calcium CMC)**

**Reaction (Cross Linking of Poly Anionic Cellulose and Addition of Calcium Salt to Cross linked PAC)**
Calcium Carboxymethyl Cellulose (Calcium CMC) is synthesized by treating poly-anionic cellulose under specific conditions in the presence of a crosslinking agent to form Croscarmellose Sodium. Once this reaction is complete, the resulting product is then treated with calcium salt to form Calcium CMC.

**Purification**
The reacted mass is transferred to a vessel where it is neutralized with an alkali medium to adjust the pH. After neutralization, the mass is washed with alcohol to remove impurities such as calcium chloride, ensuring a purer final product.

**Filtration and Solvent Recovery**
The washing slurry is then transferred to an agitated nutsche filter where it is filtered to separate the solid and liquid phases. The spent alcohol is recovered by distillation, and steam is applied to the filter cake to recover any remaining alcohol.

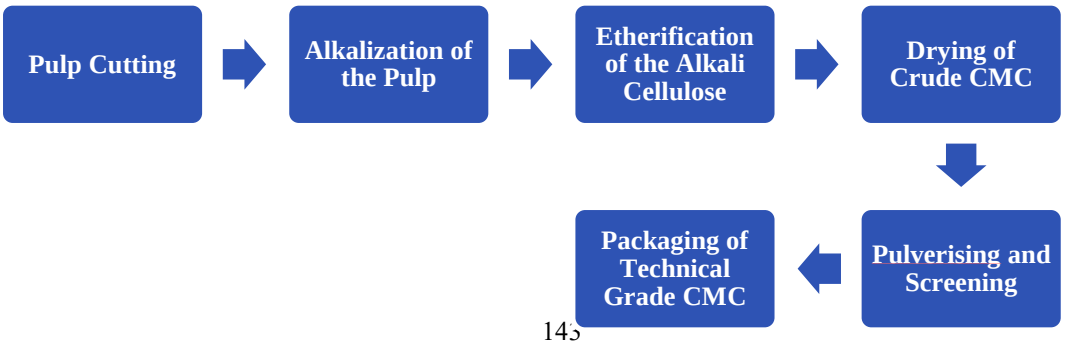
**Drying**
The filtered mass is then loaded into a rotary vacuum dryer (RVD) or tray dryer to remove moisture. This step ensures that the Calcium CMC is properly dried before further processing.

**Pulverizing and Screening**
After drying, the material is ground using an ultrafine pulverize to achieve the desired particle size. It is then passed through a vibro sifter to ensure that the final product is uniform and free from any large particles.

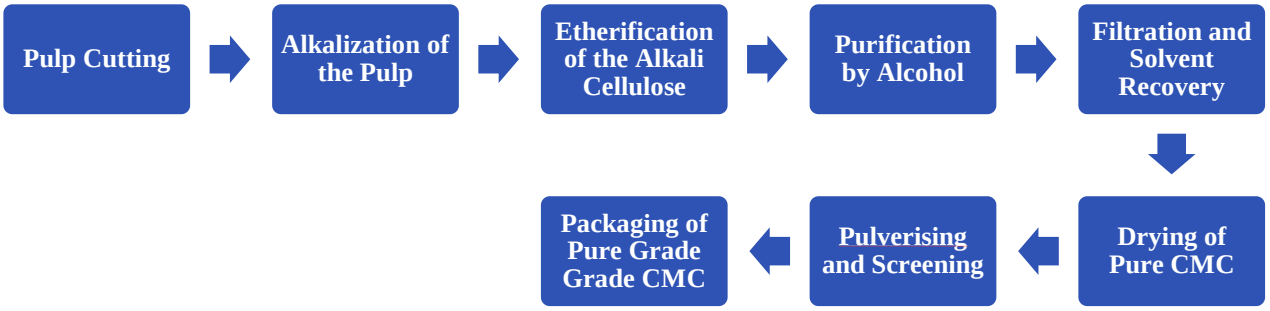
**Packing**
The final product is blended in a ribbon blender to achieve uniform quality across different batches. After blending, the material is packed in appropriate packaging materials, ready for dispatch.

**e) Rheollose – Sodium Carboxymethyl Cellulose (Sodium CMC)**

**Technical Grade Carboxymethyl Cellulose Sodium (CMC)**



**Pure Grade Carboxymethyl Cellulose Sodium (CMC)**




**Pulp Cutting**
The process begins with wood pulp being cut into small pieces using a shredding machine. This step is essential for increasing the surface area of the pulp and preparing it for further chemical treatment.

**Reaction**
The wood pulp is treated with sodium hydroxide (NaOH) to produce alkali cellulose under cooling conditions. The alkali cellulose is then subjected to etherification by adding sodium monochloro acetate to the reactor at a controlled temperature. This chemical reaction results in the formation of sodium carboxymethyl cellulose (NaCMC), a key cellulose derivative with a variety of industrial applications.

**Purification**
After the etherification reaction is complete, the reacted mass is transferred to a vessel where it is neutralized using hydrochloric acid (HCA) to adjust the pH. Following neutralization, the mass is washed with alcohol to remove impurities, such as sodium chloride and sodium glycolate, ensuring the purity of the product.

**Filtration and Solvent Recovery**
The washing slurry is then transferred to an agitated nutsche filter where it undergoes filtration. The spent alcohol is recovered by distillation and reused. To recover any residual alcohol left in the filter cake, steam is applied, ensuring maximum alcohol recovery and reducing waste.

**Drying**
The filtered material is then loaded into a rotary vacuum dryer (RVD) or tray dryer, where it is dried to remove any remaining moisture. The drying process is carefully controlled to prevent degradation of the product and to ensure the final material has the appropriate moisture content.

**Pulverizing and Screening**
Once the material is dried, it is ground using an ultrafine pulverize to achieve the desired fine particle size. The ground material is then passed through a vibro sifter to ensure uniform particle size and to remove any coarse material or lumps that may remain.

**Packing**
The final product is blended in a ribbon blender to ensure consistency and uniform quality across different batches. Once thoroughly blended, the sodium carboxymethyl cellulose is packed in appropriate packaging materials, ready for dispatch.

**f) Hindcell - Microcrystalline Cellulose (MCC)**

**Wood Pulp Cutting**

The first step in the production of Microcrystalline Cellulose (MCC) involves cutting wood pulp into small strips using a shredding machine. This preparation of the pulp is essential for the subsequent hydrolysis process.

**Hydrolysis of the Wood Pulp**
The wood pulp strips are then transferred to a reaction vessel, where they undergo hydrolysis in the presence of water and hydrochloric acid (HCl), aided by steam. The hydrolysis process breaks down the cellulose into smaller, crystalline segments, a necessary step in producing MCC.

**Filtration and Washing**
After the hydrolysis reaction, the reacted mass is moved to a filtration unit, typically a filter-press or an Automatic Neutralization Filter (ANF). The mass is neutralized using ammonia liquor to balance the pH and remove any residual acidity. The neutralized material is then washed thoroughly with water to remove any impurities, resulting in a product of the desired purity.

**Drying and Screening**
The washed MCC cake is then subjected to drying using methods such as fluid bed drying, spin flash drying, or spray drying. The drying process is carried out at a controlled temperature to remove excess moisture. Once dried, the material is screened through various mesh sizes to segregate the MCC into different grades based on particle size distribution.

**Packaging of Finished MCC**
The final step involves blending the different batches of MCC in a ribbon blender to ensure uniform quality. Once blended, the material is packed into suitable packaging materials, ready for dispatch to customers.

**PLANT & MACHINERY:**

Our manufacturing unit have been setup using the machineries and components which are fully owned by the company, acquired from reliable sources in India as well as abroad. Our manufacturing units house various material handling and preparation equipment. Our unit wise plant and machinery is as follows:

| LIST OF MAJOR EQUIPMENTS USED IN PRODUCTION – VATVA UNIT | | | |
|---|---|---|---|
| **SR.NO.** | **NAME OF EQUIPMENT** | **EQUIPMENT ID NO.** | **MATERIAL OF CONSTRUCTION** |
| 1 | VERTICAL REACTOR | PCS/VR/01 | SS 316 |
| 2 | VERTICAL REACTOR | PCS/VR/02 | SS 316 |
| 3 | GLASS LINE REACTOR | PCS/GLR/01 | SS 316 Glass Lined |
| 4 | HORIZONTAL REACTOR | PCS/HR/01 | SS 316 |
| 5 | NUTSCHE FILTER | PCS/NF/01 | SS 316 |
| 6 | ROTARY VACUUM DRYER -1 | PCS/RVD/01 | SS |
| 7 | ROTARY VACUUM DRYER -2 | PCS/RVD/02 | SS |
| 8 | STEAM TRAY DRYER – 1 | PCS/STD/01 | SS |
| 9 | STEAM TRAY DRYER – 2 | PCS/STD/02 | SS |
| 10 | STEAM TRAY DRYER – 3 | PCS/STD/03 | SS |
| 11 | STEAM TRAY DRYER – 4 | PCS/STD/04 | SS |
| 12 | STEAM TRAY DRYER – 5 | PCS/STD/05 | SS |
| 13 | STEAM TRAY DRYER – 6 | PCS/STD/06 | SS |
| 14 | BLENDER | PCS/BLN/01 | SS |
| 15 | BLENDER | PCS/BLN/02 | SS |
| 16 | BLENDER | PCS/BLN/03 | SS |
| 17 | PULVERIZER | PCS/PLV/01 | SS |
| 18 | PULVERIZER | PCS/PLV/02 | SS |
| 19 | VIBRO SIFTER | PCS/VIS/01 | SS |
| 20 | VIBRO SIFTER | PCS/VIS/02 | SS |
| 21 | VIBRO SIFTER | PCS/VIS/03 | SS |
| 22 | VIBRO SIFTER | PCS/VIS/04 | SS |
| 23 | VIBRO SIFTER | PCS/VIS/05 | SS |
| 24 | VIBRO SIFTER | PCS/VIS/06 | SS |
| 25 | VIBRO SIFTER | PCS/VIS/07 | SS |
| 26 | TURBO SIEVER | PCS/TUS/01 | SS |
| 27 | TURBO SIEVER | PCS/TUS/02 | SS |
| 28 | DIGITAL WEIGHING BALANCE | PCS/DWB/04 | SS |
| 29 | DIGITAL WEIGHING BALANCE | PCS/DWB/06 | SS |

| LIST OF MAJOR EQUIPMENTS USED IN PRODUCTION – VATVA UNIT | | | |
|---|---|---|---|
| SR.NO. | NAME OF EQUIPMENT | EQUIPMENT ID NO. | MATERIAL OF CONSTRUCTION |
| 30 | DIGITAL WEIGHING BALANCE | PCS/DWB/07 | SS |
| 31 | AGITATOR NUTCH FILTER DRYER | PCS/AND/01 | SS 316 |
| 32 | AGITATOR NUTCH FILTER DRYER | PCS/AND/02 | SS 316 |
| 33 | MULTI MILL | PCS/MM/01 | SS |
| 34 | GLASS LINE REACTOR | PCS/GLR/01 | SS 316 Glass Lined |
| 35 | AGITATOR NUTCH FILTER DRYER | PCS/AND/03 | SS 316 |

| LIST OF MAJOR EQUIPMENTS USED IN UTILITY – VATVA UNIT | | |
|---|---|---|
| SR.NO. | NAME OF UTILITY | UTILITY ID NO. |
| 1 | BOILER UNIT | PCS/BO/01 |
| 2 | COOLING TOWER | PCS/CT/01 |
| 3 | COOLING TOWER | PCS/CT/02 |
| 4 | COOLING TOWER | PCS/CT/03 |
| 5 | CHILLING PLANT | PCS/CHP/01 |
| 6 | WATER SOFTNING PLANT | PCS/WSP/01 |
| 7 | DIMINERALIZE WATER PLANT | PCS/DM/01 |
| 8 | REVERSE OSMOSIS WATER PLANT | PCS/RO/01 |
| 9 | METHANOL DISTILLATION REBOILER | PCS/RB/01 |
| 10 | METHANOL DISTILLATION REBOILER | PCS/RB/02 |
| 11 | METHANOL DISTILLATION REBOILER | PCS/RB/03 |
| 12 | VACCUM PUMP | PCS/VP/01 |
| 13 | VACCUM PUMP | PCS/VP/02 |
| 14 | VACCUM PUMP | PCS/VP/03 |
| 15 | AIR HANDLING UNIT-1 | PCS/AHU/01 |
| 16 | AIR HANDLING UNIT-2 | PCS/AHU/02 |
| 17 | AIR HANDLING UNIT-3 | PCS/AHU/03 |
| 18 | AIR HANDLING UNIT-4 | PCS/AHU/04 |
| 19 | AIR HANDLING UNIT-5 | PCS/AHU/05 |
| 20 | FORCED DRAFT VENTILATION UNIT-01 | PCS/FDV/01 |
| 21 | FORCED DRAFT VENTILATION UNIT-02 | PCS/FDV/02 |
| 22 | FORCED DRAFT VENTILATION UNIT-03 | PCS/FDV/03 |
| 23 | FORCED DRAFT VENTILATION UNIT-04 | PCS/FDV/04 |
| 24 | FORCED DRAFT VENTILATION UNIT-05 | PCS/FDV/05 |
| 25 | MAIN UNDER GROUND WATER TANK | PCS/UGT/01 |
| 26 | MAIN UNDER GROUND WATER TANK | PCS/UGT/02 |
| 27 | MAIN OVER-HEAD WATER TANK | PCS/OWT/01 |
| 28 | MAIN OVER-HEAD WATER TANK | PCS/OWT/02 |
| 29 | ELECTRICITY | PCS/ELE/01 |
| 30 | COOLING TOWER | PCS/CT/04 |
| 31 | CHILLING PLANT | PCS/CHP/02 |

| LIST OF MAJOR EQUIPMENTS USED IN PRODUCTION – TALOD UNIT | | | |
|---|---|---|---|
| Sr.No | Equipment Name | Quantity | Capacity |
| 1 | Glass Lined Reactor | 1 | 70.0MT/Month |
| 2 | Filter Press | 1 | 70.0MT/Month |
| 3 | Mixer machine | 1 | 100.0MT/Month |
| 4 | Flue bed dryer | 2 | 70.0MT/Month |
| 5 | Pulvriser | 1 | 70.0MT/Month |
| 6 | Blender | 1 | 100.0MT/Month |
| 7 | Air Compressur | 1 | 30.0hp |
| 8 | Steam Boiler | 1 | 0.75MT/hrs |
| 9 | RO Plant | 2 | 3.0kl/hrs |
| 10 | RO Plant for Efulant Water Treatment | 2 | 3.0kl/hrs |
| 11 | DMW Plant | 1 | 3.0kl/hrs |

| LIST OF MAJOR EQUIPMENTS USED IN PRODUCTION – TALOD UNIT | | | |
|---|---|---|---|
| **Sr.No** | **Equipment Name** | **Quantity** | **Capacity** |
| 12 | Evaporator | 1 | 1500.0 Lit / Day |

**Vatva Unit Photos**

**Talod Unit Photos**

**UTILITIES & INFRASTRUCUTURE FACILITIES**

**RAW MATERIAL**

Our Company procures raw materials used for the manufacture of MCC is wood pulp which are imported from Canada, Hong Kong, Singapore, Indonesia from various suppliers and Hydrochloric Acid, Ammonia Solution & soda ash light is also required which is purchased from the local market. The chemical and physical properties of the pulp determine the final quality of our finished products.

We have a fully established, well-equipped in-house quality control laboratory for comprehensive physical, chemical, and microbial testing of raw materials. Our Quality Assurance (QA) and Quality Control (QC) departments are separate entities, ensuring adherence to best laboratory practices.

**POWER**

Our manufacturing unit has adequate power supply position. Unit 1 has sanctioned power from Torrent Power Limited to the tune of 300 KW. Unit 2 has sanctioned power from Uttar Gujarat Vij Company Limited to the tune of 100 KW.

**WATER MANAGEMENT**

For Unit 1 Vatva: We source water from Gujarat Industrial Development Corporation. We have fully equipped & operational water treatment plant comprising of Softener, Ultra Filtration, and Reverse Osmosis units followed by demineralization water (DMW) unit for process & utilities. These treatment processes are crucial to us for ensuring the quality and purity of water.

For Unit 2 Talod: We source water in house bore well water and we have fully equipped & operational water treatment plant comprising of Reverse Osmosis units followed by DMW water unit for process & utilities.

**REPAIR AND MAINTENANCE**

We conduct periodic repair and maintenance programs periodically by our own technician for our manufacturing facility. Our company has a preventive maintenance schedule and checklist along with equipment history card for repairs history.

**LOGISTICS**

We transport raw materials and finish products primarily by road in case of domestic and by Sea in case of imports. Our major raw material is Poly Anionic Cellulose and wood pulp during our manufacturing process which is imported from China and Indonesia mainly. Most of our purchases are on CIF basis, in this case freight is paid by the supplier on receipt of material.

For the delivery of our products, we outsource the delivery of our products by road in case of domestic and by sea and air in case of exports. In case sale of finished products, our sales are based on rates which are inclusive of freight, in those cases, our Company pays the freight on dispatch of material.

**COMPETITION**

Our industry faces competition from organized as well as unorganized players in the domestic market as well as in the international market. We have a number of competitors who manufacture products, which are similar to us. Even with a diversified product portfolio, quality approach, innovative R&D facility and modern technology we may have to face competitive pressures. We believe the principal elements of competition in our industry are price, quality, timely delivery and reliability.

**SEASONALITY AND WEATHER CONDITIONS:**

Our business and our products are not dependent on seasons or weather conditions.

**WASTE MANAGEMENT**

Our Company has agreements with third parties i.e Green Environment Services Co. op. Society Ltd., Society for Clean earth, Chhtral Environment Management System P. Ltd., Nandesari environment control Ltd., and Ecocare Infrastructure P. Ltd. for systematic disposal and processing of hazardous waste generated in all our manufacturing units. For the waste water, it is treated in effluent treatment plant and Nano filtration for reuse, non-treatable liquid waste, if required, can be given to GESCSL / SFCE or CEMSPL. For the Solid waste, Bio sludge and chemical sludge which is handed over to Ecocare Infra. P. Ltd. for Quantity as per agreement between BIEL and Accent for dumping for land filling. For distillation residue, we give it to Nandesari Environment for incineration.

**HUMAN RESOURCE**

Our employees are the key to the success of our business. As on November 30,2024, we have the total strength of 109 employees on payroll basis. The breakup of employees on payroll are as follows: -

| S.no | Departments | No. of Employees as on November 30, 2024 | | Total |
|---|---|---|---|---|
| | | Vatva, Ahmedabad | Talod, Himmatnagar | |
| 1 | Director | 3 | 0 | 3 |
| 2 | Account & Admistration | 5 | 0 | 5 |
| 3 | LAB | 12 | 1 | 13 |
| 4 | Sales & Marketing | 2 | 0 | 2 |
| 5 | Export & Import | 3 | 0 | 3 |
| 6 | Domestic purchase | 1 | 0 | 1 |
| 5 | plant | 11 | 5 | 16 |
| 6 | security guard | 3 | 0 | 3 |
| 7 | worker | 59 | 4 | 63 |
| | **Total** | **99** | **10** | **109** |

**MARKETING:**

With over 14 years of experience in the chemical and pharmaceutical industries, we have established a robust and influential network of buyers. Our direct and continuous communication through email, phone, and regular business meetings ensures that we remain highly responsive to customer needs and strengthen long-term relationships. Our promoters, with their extensive industry expertise and strong customer rapport, drive the expansion of our sales network. Their strategic focus on penetrating new markets and maintaining strong ties with existing clients solidifies our market position and fuels consistent growth. We capitalize on our prestigious certifications—US-DMF, GMP, ISO 9001:2015, HACCP, KOSHER, HALAL, and adherence to pharmacopeial standards like USP/NF, EP, BP, JP, IP, and FSSAI—as a key marketing tool. These credentials underscore our commitment to the highest industry standards and elevate our reputation as a trusted supplier in the global market. Our marketing strategy is centered on building trust, demonstrating our commitment to quality, and ensuring customer satisfaction. By consistently delivering high-value products and maintaining strong customer relationships, we assert our leadership and remain competitive in a rapidly evolving market.

**INVENTORY MANAGEMENT**

The quantity of our finished product is determined based on combination of confirmed and expected orders based on past trends. We manage our inventory based on various parameters for maintaining minimum and maximum stock levels of raw materials and finished products. Further, stock is taken physically at defined intervals and our existing stock is reviewed at regular intervals for quality purposes. Our finished products are stored at our manufacturing Unit open space. As and when material is required, it is demanded through MRN (material requisition notes) signed by the person in charge.

**HEALTH, SAFETY AND ENVIRONMENT**

We are cognizant of various mandatory environmental laws and regulations in India. Our activities are subject to pollution control laws and various other regulations which govern among the various other matters such as handling of raw materials and final finished products along with procurement and storage of the same. For further information, please refer to the chapter titled *"Key Industry Regulation and Policies"* beginning on page 152 of this DRHP. We ensure to continue to comply with applicable health and safety regulations and other applicable requirements in our operations.

**INFORMATION TECHNOLOGY**

Our office is equipped with computer systems, servers, relevant software and other communication equipments, uninterrupted power supply, internet connectivity, which are required for our business operations to function smoothly.

**TECHNICAL COLLABORATIONS/ PERFORMANCE GUARANTEE**

Our Company does not have any technical collaborations or performance guarantee as on the date of this Draft Red Herring Prospectus.

**QUALITY CONTROL:**

Our commitment to quality is at the core of our operations and adherence to international standards are critical. Achieving ISO 9001:2015 accreditation for our Quality Management System (QMS) underscores our dedication to maintaining the highest quality standards across every aspect of our manufacturing process.

ISO 9001:2015 is a globally recognized standard that defines the criteria for a robust QMS. This certification enables us to benchmark our processes against the best in the world, fostering continuous improvement and delivering superior products to our customers. By aligning with these stringent standards, we ensure that our products meet and often exceed the expectations of diverse industries and by implementing ISO 9001:2015 standards, we have streamlined our operations to achieve greater efficiency and reduced waste, ultimately translating to superior value for our customers.

**EXPORT AND EXPORT OBLIGATION:**

Our Company relies on third party logistic services to deliver the goods to our customers. Our Company have acquired Import Export Code (IEC) from Directorate General of Foreign Trade, India (DGFT) for Export-Import activities. As on the date of this Draft Red Herring Prospectus, our Company does not have any export obligations.

**FINANCIAL INDEBTEDNESS**

For details of Indebtedness, please refer the Chapter on ***"Financial Indebtedness"*** on page 194 of this Draft Red Herring Prospectus.

**PERFORMANCE GUARANTEE**

We provide performance bank guarantee to the state-owned corporations like Security Paper mill and Indian Farmers & Fertilizer co.

**INTELLECTUAL PROPERTY**

The Company owned the following trademark / copyrights which are owned by our Company and applied for registration:

| Sr. No. | Original Trademark Name | Registration No. | Application No. | Class | Current Status |
|---|---|---|---|---|---|
| 1. | Patel Chem Specialities P. Ltd. | 5265426 | - | 5 | Registered |
| 2 | Patel Chem Specialities P. Ltd. | 5265427 | - | 35 | Registered |
| 3 | Rheollose® – Sodium Carboxymethyl Cellulose | 3188645 | - | 5 | Registered |

| Sr. No. | Original Trademark Name | Registration No. | Application No. | Class | Current Status |
|---|---|---|---|---|---|
| | | | | | |
| 4 | Disolwell® – Croscarmellose Sodium | 2567445 | - | 5 | Registered |
| 5 | BlowTab® – Sodium starch Glycoalte | 2567446 | - | 5 | Registered |
| 6 | Swellcal® – Carboxymethyl Cellulose Calcium ( Carmellose Calcium ) | 3334395 | - | 5 | Registered |
| 7 | Hindcel® – Microcrystalline Cellulose | 3233055 | - | 5 | Registered |
| 8 | PharLub™ – Magnesium Stearate | 6284207 | - | 5 | Trademark |
| 9 | AmyloTab™ C – Pregeltinized Starch | 6241001 | - | 5 | Trademark |
| 10 | WheelCross – Croscarmellose Sodium | 2698183 | - | 5 | Registered |
| 11 | WheelCell – Sodium Carboxy Methyl Cellulose | 2927307 | - | 5 | Registered |
| 12 | WheelStar – Sodium Starch Glycolate | 2593827 | - | 5 | Registered |

The details of Domain Names Registered in the Name of the Company:

| Sr. No | Domain Name | Registrant Name and Registrant Organization | Expiry Date |
|---|---|---|---|
| 1 | patelchem.com | Patel Chem Specialities P. Ltd. and Pramukh Web Solutions | 31-05-2026 |
| 2 | patelchem.in | Patel Chem Specialities P. Ltd. and Pramukh Web Solutions | 31-05-2026 |
| 3 | pcspl.net | Patel Chem Specialities P. Ltd. and Pramukh Web Solutions | 30-04-2025 |

**INSURANCE**

We have obtained insurance coverage in respect of certain risks related to fire, earthquake, machinery breakdown, fire loss of profits, for our factory building, plant & machinery and stock through an industrial all risk policy. We believe that we maintain material insurance policy that are customary for companies operating in our industry. The insurance policies are reviewed periodically to ensure that the coverage is adequate. Although we attempt to limit and mitigate our liability for damages our insurance may not be enforceable in all instances or the limitations of liability may not protect us from entire liability for damages. For further details, please refer to "*Risk factors*" on page 30 of this Draft Red Herring Prospectus.

**LAND AND PROPERTY OWNED BY OUR COMPANY**

| Sr. No. | Details of the properties | Description of Projects | Area | Purpose of use |
|---|---|---|---|---|
| 1 | 272/4, Phase -II, GIDC, Vatva, Ahmedabad - 382245 | Sale deed dated January 06, 2020 between our Company (Purchaser) and Bhupesh Patel. | 2989 Sq. mtr | Registered Office, & Manufacturing Unit |
| 2 | Survey No 93, Ahmadpura Road, Post Ghadi, Talod, Sabarkantha, Gujarat 383215 | Sale deed dated June 17, 2022 between our Company (Purchaser) and Switzer Nutracare LLP at sum of ₹ 118.00 lakhs. | 6767 Sq Mtrs | For Manufacturing Unit |
| 3 | Survey No 779 , Village Indrad , Taluka Kadi, District Mehsana , Gujarat | Sale deed dated June 16, 2021 between our Company (Purchaser) and Bharatbhushan Bansal at sum of ₹ 475.00 lakhs. | 9409 Sq Mtrs | For future expansion |

**LAND AND PROPERTY LEASED BY OUR COMPANY.**

| Agreement Date; Lease Period | Name of the Lessor | Nature of Transaction | Location of the Property | Lease Fee (in ₹) | Purpose |
|---|---|---|---|---|---|
| November 30, 2024 | Anshu Patel | Leave and Licence Agreement for period of 60 months from April 01, 2024 to March 31, 2024 | 272/5, Phase -II, GIDC, Vatva, Ahmedabad – 382245<br>Size :- 2713 Sq. Mtr | 1,81,500 per month | Registered Office, & Manufacturing Unit |

## KEY INDUSTRY REGULATIONS AND POLICIES

*In carrying on our business as described in the section titled "Our Business" on page 130 of this Draft Red Herring Prospectus, we are regulated by the following legislations in India. The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. The information detailed in this chapter has been obtained from the various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the local authorities that are available in the public domain. The regulations and policies set out below may not be exhaustive and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice. For details of Government Approvals obtained by the Company and its Subsidiaries in compliance with these regulations, see "Government and Other Approvals" on page 210 of this Draft Red Herring Prospectus.*

*The statements below are based on current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.*

Our Company is engaged in manufacturing of the high-quality cellulose based excipients which predominantly find application in the Pharmaceutical, Nutraceutical, Cosmetic and Industrial applications. Our business is governed by various central and state legislations that regulate the substantive and procedural aspects of our business. We are required to obtain and regularly renew certain licenses/ registrations and / or permissions required statutorily under the provisions of various Central and State Government regulations, rules, bye-laws, acts and policies.

Given below is a brief description of the certain relevant legislations that are currently applicable to the business carried on by us:

### A. INDUSTRY RELATED LAWS AND REGULATIONS:

#### 1. The Drugs and Cosmetics Act, 1940 (the "DCA") and the Drugs and Cosmetics Rules, 1945 (the "Rules")

The Drugs and Cosmetics Act, 1940 governs the import, manufacture, distribution and sale of drugs in India and deals with aspects of labeling, packing, testing and licensing. The term 'drugs' has been given a wide import under this legislation and includes not only the active pharmaceutical ingredient (API) component of medicines but also substances that are intended for use as components of a drug, such as empty gelatin capsules. The Central and the State Governments have been given the power to appoint inspectors under the Act, who must carry out and perform the functions as prescribed including but not limited to search and seizure, examination of records, registers and documents. Penalties have been provided for the manufacture for sale or distribution, stocking and exhibition of drugs in contravention of the Act and for the non-disclosures of names of the manufacturers, as may be prescribed. The Rules framed under this legislation provide that for the purpose of importing drugs, an import license and registration certificate is required from the licensing authority. Even the manufacture for sale or distribution of drugs, requires the grant/renewal of a license by the Central License Approving Authority. Persons have been prohibited from the manufacture, distribution and sale of drugs which are not of the standard prescribed under the Act, or are misbranded, adulterated or spurious.

#### 2. The Drugs (Price Control) Order, 2013 ("DPCO 2013")

The DPCO 2013 was issued by the Central Government under Section 3 of the ECA and in supersession of the Drugs (Prices Control) Order, 1995, thereby giving effect to the National Pharmaceuticals Pricing Policy, 2012. The DPCO 2013, inter alia, provides that the Central Government may issue directions to the manufacturers of active pharmaceutical ingredients or bulk drugs and formulations to increase production or sell such active pharmaceutical ingredient or bulk drug to such manufacturer of formulations and direct the formulators to sell the formulations to institutions, hospitals or any agency, procedures for fixing the ceiling price of scheduled formulations of specified strengths or dosages, retail price of new drug for existing manufacturers of scheduled formulations, method of implementation of prices fixed by Government and penalties for contravention of its provisions. The Government has the power under the DPCO 2013 to recover amounts charged in excess of the notified price from the manufacturer, importer or distributor and the said amounts are to be deposited in the Drugs Prices Equalization Account. The DPCO 2013 prescribes certain instances in which case the provision of the DPCO 2013 will not be applicable. These provisions are applicable to all scheduled drugs and other drugs may be regulated, if warranted in public interest.

#### 3. The Food Safety and Standards Act, 2006 ("FSSA")

The FSSA is a comprehensive legislation that has empowered the Central Government to establish a body known as the Food Safety and Standards Authority of India to exercise the powers conferred on and perform the functions assigned to it, under the FSSA. Its duty involves the regulation and monitoring of the manufacturing, processing, distribution, sale and import of

food so as to ensure its safety. Such authority may by regulations specify the standards and guidelines in relation to articles of food and the limits of use of food additives, processing aids, antibiotics and pharmacological active substances, etc. The FSSA prohibits addition of food additives or processing aids to the food articles, which are not in accordance with the regulations made thereunder. As per the FSSA, the substances and materials that are not consumed as a food ingredient by themselves but are used in the processing of raw materials, food and its ingredients must also conform to the standards laid down under this FSSA.

**4. The Food Safety and Standards (Food Products Standards and Food Additives) Regulations, 2011 (the "Regulation")**

These Regulation lists various additives, which are recognised as suitable to be added in foods and have been assigned the label of 'Acceptable Daily Intake' or on the basis of other criteria mentioned in the Regulation, have been considered as safe for intake. The use of additives is required to be made in accordance with the principles of Good Manufacturing Practice ("**GMP**") which includes limiting the quantity of the food additive to a level which is necessary to accomplish the desired effect whilst ensuring that the additive is of appropriate food grade quality and handled in the same way as the food ingredient. The Regulations provides for specifications regarding the use of various anti-caking agents, bulking agents, emulsifying agents and stabilizing agents, among other substances.

**5. The Essential Commodities Act, 1955 (the "ECA")**

The Central Government has been given the power to regulate and control the production, supply and distribution, of essential commodities as specified in the Schedule to the Act. Such essential commodities have been defined to include drugs as defined under the DCA. Section 3 of the ECA confers wide powers on the Central Government including the power to mandate that licenses and permits be issued for the production and manufacture of certain commodities and the power to control the price at which essential commodities may be bought and sold. The State Government has been brought under the ambit of the ECA and its authorities and officers may be directed to exercise the powers and carry out the duties as mandated under the ECA, for the regulation of essential commodities. The ECA also prescribes penal consequences for violations of the provisions mentioned therein.

**B. EMPLOYEE AND LABOUR RELATED LAWS AND REGULATIONS:**

The various labour and employment related legislation that may apply to our operations, from the perspective of protecting the workers' rights and specifying registration, reporting and other compliances, and the requirements that may apply to us as an employer, would include, among others, the following: (i) Contract Labour (Regulation and Abolition) Act, 1970; (ii) The Child Labour and Adolescent (Prohibition and Regulation) Act, 1986 (iii) Relevant state specific shops and commercial establishment legislations; (iv) Employees' Provident Funds and Miscellaneous Provisions Act, 1952; (v) Employees' State Insurance Act, 1948; (vi) Minimum Wages Act, 1948; (vii) Payment of Bonus Act, 1965; (viii) Payment of Gratuity Act, 1972; (ix) Payment of Wages Act, 1936; (x) Maternity Benefit Act, 1961; (xi) Apprenticeship Act, 1961; (xii) Equal Remuneration Act, 1976; (xiii) Employees' Compensation Act, 1923; (xiv) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013; (xv) Industrial Disputes Act, 1947; (xvi) The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979; (xvii) The Equal Remuneration Act, 1976; (xviii) The Trade Unions Act, 1926 and the Trade Union (Amendment) Act, 2001; (xix) Building and Other Construction Workers Regulation of Employment and Conditions of Service Act, 1996.

In order to rationalize and reform labour laws in India, the Government has enacted the following codes, which will be brought into force on a date to be notified by the Central Government:

**1. Code on Wages, 2019**

The Code on Wages regulates and amalgamates wage and bonus payments and subsumes 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. It regulates, inter alia, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employee. The Central Government has notified certain provisions of the Code on Wages, mainly in relation to the constitution of the central advisory board.

**2. Professional Tax**

The professional tax slabs in India are applicable to those citizens of India who are either involved in any profession or trade. The State Government of each State is empowered with the responsibility of structuring as well as formulating the respective professional tax criteria and is also required to collect funds through professional tax. The professional taxes are charged on the incomes of individuals, profits of business or gains in vocations. The professional taxes are classified under various tax

slabs in India. The tax payable under the State Acts by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person and employer has to obtain the registration from the assessing authority in the prescribed manner. Every person liable to pay tax under these Acts (other than a person earning salary or wages, in respect of whom the tax is payable by the employer), shall obtain a certificate of enrolment from the assessing authority.

**3. Code on Social Security, 2020**

The Code on Social Security amends and consolidates laws relating to social security, and subsumes various social security related legislations, inter alia including the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act, 1961, Building and Other Construction Worker'' Welfare Cess Act, 1996 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organizations such as the Employee's Provident Fund Organization and the Employee's State Insurance Corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees may suffer, among others.

**4. The Industrial Relations Code, 2020**

The Industrial Relations Code, 2020 received the assent of the President of India on September 28, 2020 and it proposes to subsume three existing legislations, namely, the Industrial Disputes Act, 1947, the Trade Unions Act, 1926 and the Industrial Employment (Standing Orders) Act, 1946. The provisions of this code will be brought into force on a date to be notified by the Central Government.

**5. The Occupational Safety, Health and Working Conditions Code, 2020**

The Occupational Safety, Health and Working Conditions Code consolidates and amends the laws regulating the occupational safety and health and working conditions of the persons employed in an establishment. It replaces 13 old central labour laws including the Factories Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 and the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979.

**6. The Factories Act, 1948**

The Factories Act, 1948 ("**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. An occupier of a factory under the Factories Act, means the person who has ultimate control over the affairs of the factory. The occupier or manager of the factory is required to obtain a registration for the factory. The Factories Act also requires inter alia the maintenance of various registers dealing with safety, labour standards, holidays and extent of child labour including their conditions. Further, notice of accident or dangerous occurrence in the factory is to be provided to the inspector by the manager of the factory. The Factories Act requires that the occupier of a factory, i.e., the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety and welfare of all workers especially in respect of safety and proper maintenance of the factory, such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety, cleanliness and safe working conditions. The Factories Act also provides for fines to be paid and imprisonment of the manager of the factory in case of any contravention of the provisions of the Factories Act.

**7. Industrial Disputes Act, 1947 ("ID Act") and Industrial Dispute (Central) Rules, 1957**

The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the provisions of the Indian Contract Act, 1872. The ID Act also sets out certain 108 requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay- offs and retrenchment

## C. TAX RELATED LAWS:

### 1. Finance Act, 2021

The Finance Act, 2021 received the assent of the President on March 28, 2021 and came into force on April 1, 2021 to give effect to the financial proposals of the Central Government for the financial year 2021-22. This Act contains necessary amendments in direct and indirect taxes signifying the policy decisions of the Union Government for the year 2021-22.

### 2. Income-tax Act, 1961

Income-tax Act, 1961 **("IT Act")** is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or Rules made there under depending upon its 'Residential Status' and 'Type of Income' involved. Every assessee, under the IT Act, which includes a company, is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax and like.

### 3. Central Goods and Services Tax Act, 2017

The Central Goods and Services Tax Act, 2017 **("CGST Act")** regulates the levy and collection of tax on the intra- State supply of goods and services by the Central Government or State Governments. The CGST Act amalgamates a large number of Central and State taxes into a single tax. The CGST Act mandates every supplier providing the goods or services to be registered within the State or Union Territory it falls under, within 30 days from the day on which he becomes liable for such registration. Such registrations can be amended, as well as cancelled by the proper office on receipt of application by the registered person or his legal heirs. There would be four tax rates namely 5%, 12%, 18% and 28%. The rates of GST applied are subject to variations based on the goods or services.

### 4. Integrated Goods and Services Tax Act, 2017

Integrated Goods and Services Tax Act, 2017 **("IGST Act")** is a Central Act enacted to levy tax on the supply of any goods and/ or services in the course of inter-State trade or commerce. IGST is levied and collected by Centre on interstate supplies. The IGST Act sets out the rules for determination of the place of supply of goods. Where the supply involves movement of goods, the place of supply shall be the location of goods at the time at which the movement of goods terminates for delivery to the recipient. The IGST Act also provides for determination of place of supply of service where both supplier and recipient are located in India or where supplier or recipient is located outside India. The provisions relating to assessment, audit, valuation, time of supply, invoice, accounts, records, adjudication, appeal etc. given under the CGST Act are applicable to IGST Act.

### 5. Gujarat Goods and Services Tax Act, 2017

The Gujarat Goods and Services Tax Act, 2017 makes provisions for the levy and collection of intra-state supply of goods or services or both within the State of Gujarat and the matters connected therewith or incidental thereto. The Act details the scope of supply, the levy and collection of tax, exemptions from tax, registration, returns, and other such related or incidental matters.

### 6. The Customs Act, 1962 and the Customs Tariff Act, 1975

The provisions of the Customs Act, 1962 and Rules made there under are applicable at the time of import of goods into India from a place outside India or at the time of export of goods out of India to a place outside India. Any company requiring to import or export any goods is required to get itself registered under this Act and obtain an Importer Exporter Code number. The Customs Tariff Act, 1975 provides the rates at which duties of customs will be levied under the Customs Act, 1962.

### 7. Foreign Trade (Development and Regulation) Act, 1992

In India, the main legislation concerning foreign trade is Foreign Trade (Development and Regulation) Act, 1992 **("FTA")**. The FTA read along with relevant rules provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government:- (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorized to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorized to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export-Import Policy. FTA read with the Indian Foreign Trade Policy provides that no export or import

can be made by a company without an Importer-Exporter Code number unless such company is specifically exempt. An application for an Importer-Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An Importer Exporter Code number allotted to an applicant is valid for all its branches/ divisions/ units/factories.

## D. INTELLECTUAL PROPERTY LAWS:

### 1. Indian Patents Act, 1970

The purpose of the Indian Patents Act, 1970 (the "Act") is to protect inventions. Patents provide the exclusive rights for the owner of a patent to make, use, exercise, distribute and sell a patented invention. The patent registration confers on the patentee the exclusive right to use, manufacture and sell his invention for the terms of the patent. An invention means a new product or process involving an inventive step capable of industrial application. An application for a patent can be made by (a) a person claiming to be the true and first inventor of the invention; (b) a person being the assignee of the person claiming to be the true and first inventor in respect of the right to make such an application; and (c) legal representative of any deceased person who immediately before his death was entitled to make such an application.

### 2. The Trademarks Act, 1999

Under the Trademarks Act, 1999 ("**Trademarks Act**"), a trademark is a mark capable of being represented graphically and which is capable of distinguishing the goods or services of one person from those of others used in relation to goods and services to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A 'mark' may consist of a device, brand, heading, label, ticket, name signature, word, letter, numeral, shape of goods, packaging or combination of colors or any combination thereof. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trade mark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. The trademark, once applied for and which is accepted by the Registrar of Trademarks ("**the Registrar**"), is to be advertised in the trademarks journal by the Registrar. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued by the Registrar. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is 10 (ten) years, which may be renewed for similar periods on payment of a prescribed renewal fee.

## E. ENVIRONMENTAL LAWS

The National and State governments are jointly responsible for the sustainable management of the forest resource. Since our Company deals primarily in manufacturing activities relating to wood waste and Agro forestry, there are various environmental and forest specific laws that are required to be taken into consideration. By virtue of the 42nd amendment to the Constitution of India in 1976, the subject matter of 'forest' was brought from the state list to the concurrent list empowering the Central Government to legislate on this subject. In India, various state governments have enacted their own Forest Acts or made an amendment to the Indian Forest Act, 1927. Further, the Indian Forest Act, 1927 empowers the state government to enact rules to regulate various aspects of forest management such as prescribing procedure for issuance of transit pass, setting up of saw mills, saw pits etc. In a practical sense, the State forest departments act as the custodians of the public forest resource and as the forest authorities, managing the forest resources in the basis of the forest management plans that they submit to the central government.

Our manufacturing activities are subject to, among other laws, environmental laws and regulations promulgated by the Ministry of Environment and Forest of Government of India, Saw Mill Rules, the State Forest Policy, State Pollution Control Board and Central Empowered Committee. These include laws and regulations about cutting of trees, discharge of effluents, polluted emissions, hazardous substances etc. On wood based industries, the Hon'ble Supreme Court of India has given specific directives from time to time and the same would be applicable to our Company as well. Laws relating to excise, customs, GST, factory and labour related matters etc. are applicable to our Company, as they are applicable to other manufacturing establishments. The applicable environmental laws are summarized below:

### 1. The Environment Protection Act, 1986 and Environment (Protection) Rules, 1986 and Environmental Impact Assessment Notification, 2006

The Environmental Protection Act, 1986 is an "umbrella" legislation designed to provide a framework for co-ordination of the activities of various Central and State authorities established under various laws. The potential scope of the Act is broad, with "environment" defined to include water, air and land and the interrelationships which exists among water, air and land, and human beings and other living creatures such as plants, micro-organisms and property. Further, the Ministry of Environment and Forests looks into Environment Impact Assessment. The Ministry receives proposals for expansion, modernization and

setting up of projects and the impact which such projects would have on the environment which is assessed by the Ministry in detail before granting clearances for such proposed projects. Additionally, under the Environmental Impact Assessment Notification, 2006 and its subsequent amendments, projects are required to mandatorily obtain environmental clearance from the concerned authorities depending on the potential impact on human health and resources.

**2. Indian Forest Act, 1927**

The Indian Forest Act, 1927 ("Forest Act") is India's guiding forestry legislation that seeks to consolidate and preserve areas with forest cover or significant wildlife, to regulate movement and transit of forest produce, and to levy duties on timber and other forest produce. It lays out the procedure by which a State government can declare an area a Reserved Forest, Protected Forest or a Village Forest. It also defines as to what is a forest offence, what are the acts prohibited inside a Reserved Forest, and what penalties occur on violation of the provisions of the Forest Act. The Forest Act gives the State Governments the power to formulate rules to regulate matters such as the cutting, sawing, conversion and removal of trees and timber, and the collection, manufacture and removal of forest-produce from protected forests; the granting of licenses to persons felling or removing trees or timber or other forest-produce from such forests for the purposes of trade, and production etc. Forest (Conservation) Act, 1980 (the "Act").

The Act was promulgated to provide for the conservation of forests and for matters connected therewith or ancillary or incidental thereto. The Act prevents state governments from making any order directing that any forest land be used for a nonforest purpose or that any forest land is assigned through lease or otherwise to any private person or corporation not owned or controlled by the Government without the approval of the GoI. The Ministry of Environment and Forests ("MoEF") mandates that Environment Impact Assessment ("EIA") must be conducted for projects. In the process, the Ministry receives proposals for the setting up of projects and assesses their impact on the environment before granting clearances to the projects.

The EIA Notification S.O. 1533, issued on September 14, 2006 ("EIA Notification") under the provisions of the Environment Act, prescribes that new construction projects require prior environmental clearance from the MoEF. The environmental clearance must be obtained from the MoEF according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained. Under the EIA Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant is required to make appropriate changes in the draft 'EIA Report' and the 'Environment Management Plan.' The final EIA Report has to be submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to given its decision within 105 days of the receipt of the final EIA Report.

3. **The Water (Prevention and Control of Pollution) Act, 1974**

The Water (Prevention and Control of Pollution) Act, 1974 ("**Water Act**") prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("**State PCB**"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent. The Water Act prescribes specific amounts of fine and terms of imprisonment for various contraventions.

**4. Water (Prevention & Control of Pollution) Cess Act, 1977 ("Water Cess Act") and Water (Prevention & Control of Pollution) Cess Rules, 1978 (the "Water Cess Rules")**

The Water Cess Act has been enacted to provide for the levy and collection of a cess on water consumed by persons carrying on certain industries and by local authorities, with a view to augment the resources of the central and State PCB for the prevention and control of water pollution constituted under the Water Act. The Water Cess Rules have been notified under Section 17 of the Water Cess Act and provide, inter alia, for the standards of the meters and places where they are to be affixed and the furnishing of returns by consumers.

**5. The Air (Prevention and Control of Pollution) Act, 1981**

The Air (Prevention and Control of Pollution) Act, 1981 **("Air Act")** requires that any individual, industry or institution responsible for emitting smoke or gases by way of use of fuel or chemical reactions must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the State PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent. The Air Act prescribes penalties for contravention in terms of fine, imprisonment or both.

**6. Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Wastes Rules")**

The Hazardous Waste Rules define the term "hazardous waste" and any person who has control over the affairs of a factory or premises or any person in possession of the hazardous or other waste is classified as an "occupier". In terms of the Hazardous Waste Rules, occupiers have been, inter alia, made responsible for safe and environmentally sound handling of hazardous wastes generated in their establishments and are required to obtain license/ authorisation from the respective State PCB for generation, processing, treatment, package, storage, transportation, use, collection, destruction, conversion, offering for sale, transfer or similar activities in relation to hazardous waste. The Hazardous Waste Rules also prescribe the hierarchy in the sequence of priority of prevention, minimization, reuse, recycling, recovery and co-processing. Further, State PCBs are mandated to prepare an inventory of the waste generated, waste recycled, recovered and utilized including co-processed, re-exported and disposed, based on annual returns received from occupiers and operators, and submit it to the Central Pollution Control Board on an annual basis.

7. **The Noise Pollution (Regulation and Control) Rules, 2000**

The Noise Pollution (Regulation and Control) Rules, 2000 ("Rules") aim to regulate and control noise producing and venerating sources with the objective of maintaining the ambient air quality standards in respect of noise. The Rules declare different areas or zones each permitting for different ambient air quality standards in respect of noise and the noise levels shall not exceed this limit, as prescribed by the Schedule. The Rules also prescribe methods to cut down on noise from various sources including industries, such as by mounting machinery, using insulating screens and suitable ducts, etc.

**8. National Environment Policy ("Policy")**

The present national policies for environmental management are contained in the National Forest Policy, 2018, the National Conservation Strategy and Policy Statement on Environment and Development, 1992, the Policy Statement on Environment and Development, 1992; and the Policy Statement on Abatement of Pollution,1992. Some sector policies such as the National Agriculture Policy, 2018; National Population Policy, 2000; and National Water Policy, 2012 have also contributed towards environmental management. All these policies have recognized the need for sustainable development in their specific contexts and formulated necessary strategies to give effect to such recognition. The Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. It does not displace, but builds on the earlier policies.

The Objectives of the Policy are as follows:

- Conservation of critical environmental resources
- Intra-generational equity: Livelihood security for the poor
- Inter-generational equity
- Integration of environmental concerns in economic and social development
- Efficiency in environmental resource use
- Environmental governance
- Enhancement of resources for environmental conservation

The Policy evolved from the recognition that only such development is sustainable, which respects ecological constraints and the imperatives of justice. The objectives stated above are to be realized through various strategic interventions by different public authorities at Central, State and Local government levels. They would also be the basis of diverse partnerships. The principles followed in the Policy are:

- Human beings are the center of sustainable development concerns
- Right to development must be fulfilled so as to equitably meet developmental and environmental needs of present and future generations.
- In order to achieve sustainable development environmental protection shall constitute an integral part of the development process and cannot be considered in isolation from it.
- Where there are credible threats of serious or irreversible damage to key environmental resources, lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation.
- In various public actions for environmental conservation, economic efficiency would be sought to be realized.

**9. Public Liability Insurance Act, 1991 ("Public Liability Act")**

The Public Liability Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substance. A list of hazardous substances covered by the Public Liability Act has been enumerated by the Government of India by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute a sum equal to the premium paid on the insurance policies towards the environment relief fund.

## F. OTHER APPLICABLE LAWS

### 1. The Consumer Protection Act, 2019

The Consumer Protection Act, 2019 ("**COPRA**") will repeal the existing Consumer Protection Act, 1986, and shall come into force on such date as the Central Government may, by notification, appoint. The Consumer Protection Act, 1986 provides a mechanism for the consumer to file a complaint against a service provider in cases of unfair trade practices, restrictive trade practices, deficiency in services, price charged being unlawful and food served being hazardous to life. It also places product liability on a manufacturer or product service provider or product seller, to compensate for injury or damage caused by defective product or deficiency in services. It provides for a three tier consumer grievance redressal mechanism at the national, state and district levels. Noncompliance of the orders of the redressal commissions attracts criminal penalties. The COPRA will, inter alia, introduce a Central Consumer Protection Council to promote, protect and enforce the rights of consumers executive agency to provide relief to a class of consumers. The COPRA will bring e-commerce entities and their customers under its purview including providers of technologies or processes for advertising or selling, online market place or online auction sites. The COPRA will also provide for mediation cells for early settlement of the disputes between the parties.

### 2. Information Technology Act, 2000

The Information Technology Act, 2000 ("IT Act") creates a liability on a body corporate which is negligent in implementing and maintaining reasonable security practices and procedures, and thereby causing wrongful loss or wrongful gain to any person, while possessing, dealing with, or handling any sensitive personal data or information in a computer resource owned, controlled or operated by it but affords protection to intermediaries with respect to third party information liability. The IT Act also provides for civil and criminal liability including compensation, fines, and imprisonment for various computer related offences. These include offences relating to unauthorised disclosure of confidential information and committing of fraudulent acts through computers, tampering with source code, unauthorised access, publication or transmission of obscene material etc. The IT Act empowers the Government of India to formulate rules with respect to reasonable security practices and procedures and sensitive personal data. Additionally, the IT Act empowers the Government of India to direct any of its agencies to intercept, monitor or decrypt any information in the interest of sovereignty, integrity, defence and security of India, among other things. In April 2011, the Department of Information Technology under the Ministry of Communications and Information Technology notified the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules 2011 under Section 43A of the IT Act and the Information Technology (Intermediaries Guidelines) Rules, 2011 under Section 79(2) of the IT Act.

### 3. Legal Metrology Act, 2009

The Legal Metrology Act, 2009 ("**Act**"), received the assent of the President of India on January 13, 2010. The Act governs the standards/units/denominations used for weights and measures as well as for goods which are sold or distributed by weights, measures or numbers. It also states that any transaction/contract relating to goods/class of goods shall be as per the weights/measurements/numbers prescribed under the Act. Every unit of weight or measure shall be in accordance with the metric system based on the international system of units. Using or keeping any weight or measure otherwise than in accordance with the provisions of the said Act is an offence, as is considered as tampering or altering any reference standard, secondary standard or working standard. Moreover, the Act prohibits any person from quoting any price, issuing any price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of this Act. The administration of the Act and regulation of pre-packaging of commodities is done with the help of Legal Metrology (Packaged Commodities) Rules, 2011, ("**Rules**") which require every manufacturer, packer and importer who pre-packs or imports any commodity for sale, distribution or delivery to get himself registered under these Rules. Additionally, the Rules also bar anyone from pre-packing or causing or permitting pre-packaging any commodity for sale, distribution or delivery unless a declaration in respect to such pre-packaging has been made on the package in accordance with these Rules.

### 4. Electricity Act, 2003

The Electricity Act, 2003 ("**Electricity Act**") was enacted to regulate the generation, transmission, distribution, trading and use of electricity by authorizing a person to carry on the above acts either by availing a license or by seeking an exemption under the Electricity Act. Additionally, the Electricity Act states no person other than Central Transmission Utility or State

Transmission Utility, or a licensee shall transmit or use electricity at a rate exceeding 250 watts and 100 volts in any street or place which is a factory within the meaning of the Factories Act, 1948 or a mine within the meaning of the Mines Act, 1952 or any place in which 100 or more persons are ordinarily likely to be assembled. An exception to the said rule is given by stating that the applicant shall apply by giving not less than 7 days' notice in writing of his intention to the Electrical Inspector and to the District Magistrate or the Commissioner of Police, as the case may be, containing the particulars of electrical installation and plant, if any, the nature and purpose of supply of such electricity. The Electricity Act also lays down the requirement of mandatory use of meters to regulate the use of electricity and authorizes the Commission so formed under the Electricity Act, to determine the tariff for such usage. The Electricity Act also authorizes the State Government to grant subsidy to the consumers or class of consumers it deems fit from paying the standard tariff required to be paid.

**5. Bureau of Indian Standards Act, 2016**

The Bureau of Indian Standards Act, 2016 **("BIS Act")** provides for the establishment of the Bureau of Indian Standards **("BIS")** for the harmonious development of the activities of standardization, conformity assessment and quality assurance of goods, articles, processes, systems and services. The BIS Act for the functions of the BIS which includes, among others, (a) recognizing as an Indian standard, any standard established for any article or process by any other institution in India or elsewhere; (b) specifying a standard mark which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian standard; and (c) undertake testing of samples for purposes other than for conformity assessment and (d) undertake activities related to legal metrology. The BIS Act empowers the Central Government in consultation with the BIS to order compulsory use of standard mark for any goods or process if it finds it expedient to do so in public interest. The BIS Act also provides the penalties in case there is a contravention of the provisions of the BIS Act.

**6. Indian Boilers Act, 1923**

The Indian Boilers Act, 1923 consolidates and amends the law relating to steam boilers. This act was enacted with the objective of providing for the safety of life and property of persons from the dangers of steam boilers and for achieving uniformity in registration and inspection during the operation and maintenance of boilers in India. The owners of boilers which are not exempted from this act are required to register their boilers by applying to the Inspector with prescribed documents, following which the Inspector shall fix a date within 30 days of receipt and shall inspect the boiler and documents. If the Inspector is satisfied that the boiler has not suffered any damage during its transit from the place of manufacture to the sire of erection, and with the documents, he may register the boiler and assign a register number thereto and also issue a certificate to the owner authorising the use of the boiler for a period not exceeding 12 months at a pressure he thinks is fit and in accordance with the regulations made under this act. The certificate may be renewed upon expiry or if there has been an accident with the boiler. Any contravention to the provisions of this act shall be punishable with imprisonment, which may extend to two (2) years or with fine which may extend to ₹ 1 lacs or with both.

**7. Shops and Establishments Legislations**

Establishments are required to be registered under the provisions of local shops and establishments legislations applicable in the states where such establishments are set up. Such legislations regulate the working and employment conditions of workers employed in such shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Shops and establishments have to be registered under the shops and establishments legislations of the respective states where they are located.

**8. Standards of Weights and Measures Act, 1976**

The Standards of Weights and Measures Act, 1976 was enacted to regulate trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and to provide for such matters as may be connected thereto. The act enumerates the specific base units to measure goods and products. Any offence under this act is punishable with imprisonment or fine or with both based on the type of violation.

**9. The Companies Act, 2013**

The Companies Act, 2013 **("Companies Act")** deals with laws relating to companies and certain other associations. The Companies Act primarily regulates the formation, financing, functioning, and winding up of companies. The Companies Act prescribes regulatory mechanism regarding all relevant aspects, including organizational, financial, and managerial aspects of companies. It deals with issue, allotment and transfer of securities and various aspects relating to company management. It provides for standard of disclosure in public issues of capital, particularly in the fields of company management and projects, information about other listed companies under the same management, and management perception of risk factors.

**10. The Sale of Goods Act, 1930**

The Sale of Goods Act, 1930 provides for the setting up of contracts where the seller transfers or agrees to transfer the title (ownership) in the goods to the buyer for consideration. It is applicable all over India. Under the act, goods sold from owner to buyer must be sold for a certain price and at a given period of time.

**11. The Registration Act, 1908**

The Registration Act, 1908 **("Registration Act")** was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed was to ensure information about all deals concerning land so that correct land records could be maintained. The Registration Act is used for proper recording of transactions relating to other immovable property also. The Registration Act provides for registration of other documents also, which can give these documents more authenticity. Registering authorities have been provided in all the districts for this purpose.

**12. The Indian Contract Act, 1872**

The Indian Contract Act, 1872 **("Contract Act")** lays down the essentials of a valid contract, it provides a framework of rules and regulations that govern the validity, execution and performance of a contract and codifies the way in which a contract may be entered into, executed, implementation of the provisions of a contract and effects of breach of a contract. The Contract Act consists of limiting factors subject to which contract may be entered into, executed and the breach enforced. The contracting parties themselves decide the rights and duties of parties and terms of agreement.

**13. The Public Liability Insurance Act, 1991 (the "PLI Act")**

The Public Liability Insurance Act, 1991 (the "PLI Act") and the Public Liability Insurance Rules, 1991 (the "PLI Rules"). The PLI Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the government by way of a notification. Under the PLI Act, the owner or handler is also required to take out an insurance policy insuring against liability. The PLIAct also provides for the establishment of the Environmental Relief Fund, which shall be utilized towards payment of relief granted under the Public Liability Act. The PLI Rules mandate the employer to contribute a sum equal to the premium paid on the insurance policies towards the Environmental Relief Fund.

**14. The Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 (the "MSIHC Rules")**

The MSIHC Rules are formulated under the EP Act. The MSIHC Rules are applicable to an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and has to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Where a major accident occurs on a site or in a pipeline, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority. Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the MSIHC Rules at least three months before commencing that activity or before such shorter time as the concerned authority may agree.

**15. The Chemical Accidents (Emergency Planning, Preparedness and Response) Rules, 1996 ("Chemical Accidents Rules")**

The Chemical Accidents Rules, formulated pursuant to the provisions of the EP Act, seek to manage the occurrence of chemical accidents, by inter alia, setting up a central crisis group and a crisis alert system. The functions of the central crisis group inter alia include, (i) conducting post-accident analysis of major chemical accidents; (ii) rendering infrastructural help in the event of a chemical accident; and (iii) review district off site emergency plans.

**16. The Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act")**

The MSMED Act, was enacted to promote and enhance the competitiveness of Micro, Small and Medium Enterprise ("MSME"). A National Board shall be appointed and established by the Central Government for MSME enterprise with its

head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and Regulation) Act, 1951. The Government, in the Ministry of Micro, Small and Medium Enterprises has issued a notification dated June 1, 2020 revising definition and criterion and the same came into effect from July 1, 2020. The notification revised the definitions as "Micro enterprise", where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees; "Small enterprise", where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; "Medium enterprise", where the investment in plant and machinery or equipment does not exceed five crore and turnover does not exceed two hundred and fifty crore rupees.

**17. The Insolvency and Bankruptcy Code, 2016 ("Code")**

The Insolvency and Bankruptcy Code, 2016 cover Insolvency of companies, Limited Liability partnerships (LLPs), unlimited liability partnerships, and individuals. The IBC 2016 has laid down a collective mechanism for resolution of insolvencies in the country by maintaining a delicate balance for all stakeholders to preserve the economic value of the process in a time bound manner. The code empowers any creditor of a Corporate Debtor (CD), irrespective of it being a Financial Creditor (FC) or Operational Creditor (OC) or secured or unsecured creditor, or the Corporate Debtor itself, to make an application before the Adjudicating Authority (AA) to initiate Corporate Insolvency Resolution Process (CIRP) against a Corporate Debtor, at their discretion, in the event of there being a default by the Corporate Debtor in payment of their dues for an amount as specified from time to time. On initiation of the Said CIRP, a resolution to be sought for the company within a time bound time period of 180 days.

**18. Arbitration and Conciliation Act, 1996:**

This Arbitration and Conciliation Act, 1996 ("Arbitration Act") was enacted by the Parliament to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of foreign arbitral awards and also to define the law relating to conciliation and for matters connected therewith or incidental thereto. The main objectives of the Arbitration Act is to comprehensively domestic arbitration and conciliation; to make provision for an arbitral procedure which is fair, efficient and capable of meeting the needs of the specific arbitration; to provide that the arbitral tribunal gives reasons for its arbitral award; to ensure that the arbitral tribunal remains within the limits of its jurisdiction; to minimize the supervisory role of courts in the arbitral process; to permit an arbitral tribunal to use mediation, conciliation or other procedures during the arbitral proceedings; to encourage settlement of disputes; to provide that every final arbitral award is enforced in the same manner as if it was a decree of the court; to provide that a settlement agreement reached by the parties as a result of conciliation proceedings will have the same status and effect as an arbitral award on agreed terms on the substance of the dispute rendered by an arbitral tribunal; and to provide for enforcement of foreign awards.

**19. Municipality Laws**

Pursuant to the Constitution (Seventy-Fourth Amendment) Act, 1992, the respective state legislatures in India have power to endow the municipalities with power to implement schemes and perform functions in relation to matters listed in the Twelfth Schedule to the Constitution of India. The respective States of India have enacted laws empowering the municipalities to issue trade license for operating stores and implementation of regulations relating to such license along with prescribing penalties for non-compliance.

**20. The Specific Relief Act, 1963**

The Specific Relief Act, 1963 **("Specific Relief Act")** is complimentary to the provisions of the Contract Act and the Transfer of Property Act, as the Act applies both to movable property and immovable property. The Specific Relief Act applies in cases where the Court can order specific performance of a contract. Specific relief can be granted only for purpose of enforcing individual civil rights and not for the mere purpose of enforcing a civil law. Specific performance' means Court will order the party to perform his part of agreement, instead of imposing on him any monetary liability to pay damages to other party.

**21. Transfer of Property Act, 1882**

The Transfer of Property Act, 1882 (the "T.P. Act") governs the transfer of property, including immovable property, between natural persons excluding a transfer by operation of law. The T.P. Act establishes the general principles relating to the transfer of property, including among other things, identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. The T.P. Act also provides for the rights and liabilities of the vendor and purchaser in case of a transaction relating to sale of property and the lessor and lessee if the transaction involves lease of land, as the case may be.

**22. Competition Act, 2002**

The Competition Act, 2002 **("Competition Act")** aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Commission of India **("Competition Commission")** which became operational from May 20, 2009, has been established under the Competition Act to deal with inquiries relating to anti-competitive agreements and abuse of dominant position and regulate combinations. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising, or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

**23. Legislations pertaining to Stamp Duty**

Stamp duty in relation to certain specified categories of instruments as specified under Entry 91 of the list, is governed by the provisions of the Indian Stamp Act, 1899 **("Stamp Act")** which is enacted by the Central Government. All others instruments are required to be stamped, as per the rates prescribed by the respective State Governments in the respective schedules of the respective legislations pertaining to stamp duty as applicable in the State. Stamp duty is required to be paid on all the documents that are registered and as stated above the percentage of stamp duty payable varies from one State to another. Certain State in India have enacted their own legislation in relation to stamp duty while the other State have adopted and amended the Stamp Act, as per the rates applicable in the State. On such instruments stamp duty is payable at the rates specified in Schedule I of the Stamp Act. Instruments chargeable to duty under the Stamp Act which are not duly stamped are incapable of being admitted in court as evidence of the transaction contained therein. The Stamp Act also provides for impounding of instruments which are not sufficiently stamped or not stamped at all. Unstamped and deficiently stamped instruments can be impounded by the authority and validated by payment of penalty. The amount of penalty payable on such instruments may vary from State to State.

**G. REGULATIONS REGARDING FOREIGN INVESTMENT**

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999 ("FEMA") read with the applicable FEM Rules. FEMA replaced the erstwhile Foreign Exchange Regulation Act, 1973. Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the government approval route, depending upon the sector in which foreign investment is sought to be made. The DIPP (now DPIIT) makes policy pronouncements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEM Rules. In case of any conflict, the FEM Rules prevail. Therefore, the regulatory framework, over a period of time consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The DIPP (now DPIIT) issued the FDI Policy which consolidates the policy framework on FDI issued by DIPP (now DPIIT), in force on August 28, 2017 and reflects the FDI policy as on August 28, 2017. The FDI Policy consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP (now DPIIT). As per the FDI Policy, FDI up to 100% is permitted in wholesale trading under automatic route and upto 51% is permitted in multi brand retail trading under the government route subject to certain conditions prescribed under FDI policy. As per the Press Note No. 3 of 2020 dated April 17, 2020 issued by the DIPP, has amended the FDI Policy to include restrictions on entities belonging to a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, where they can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.

1. **The Foreign Trade (Development and Regulation) Act, 1992 and the Rules framed thereunder**

The Foreign Trade (Regulation and Development) Act, 1992 ("FTA"), and the rules framed thereunder, is the main legislation concerning foreign trade in India. The FTA read along with Foreign Trade (Regulation) Rules, 1993 provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of FTA, the Government:- (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorised to formulate and announce an export and import policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorised to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the Export-Import Policy. The FTA prohibits anybody from undertaking any import or export under an Importer-Exporter Code member ("IEC") granted by the Director General of Foreign Trade pursuant to Section 7. Hence, every entity in India engaged in any activity involving

import/export is required to obtain an IEC unless specifically exempted from doing so. The IEC shall be valid until it is cancelled by the issuing authority.

**2. Foreign Exchange Management Act, 1999**

Foreign investment in India is governed by the provisions of Foreign Exchange Management Act, 1999 **("FEMA")**, as amended, along with the rules, regulations and notifications made by the Reserve Bank of India thereunder, The Department for Promotion of Industry and Internal Trade **("DPIIT")**, Ministry of Commerce and Industry has issued the Consolidated FDI Policy which consolidates the policy framework on Foreign Direct Investment **("FDI Policy")**, with effect from October 15, 2020. The FDI Policy consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP till October 15, 2020.

In terms of the FDI Policy, foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the Government route, depending upon the sector in which foreign investment is sought to be made. In terms of the FDI Policy, the work of granting government approval for foreign investment under the FDI Policy and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 has now been entrusted to the concerned Administrative Ministries/Departments. FDI for the items or activities that cannot be brought in under the automatic route may be brought in through the approval route. Where FDI is allowed on an automatic basis without the approval of the Government, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. In cases where Government approval is obtained, no approval of the RBI is required except with respect to fixing the issuance price, although a declaration in the prescribed form, detailing the foreign investment, must be filed with the RBI once the foreign investment is made in the Indian company.

Our Company is engaged in the activity of manufacturing of transformers, panels, sub-station automation systems and related equipment. The FDI Policy issued by the DIPP permits foreign investment up to 100% in the manufacturing sector under the automatic route. No approvals of the Administrative Ministries/Departments or the RBI are required for such allotment of equity Shares under this Issue. Our Company will be required to make certain filings with the RBI after the completion of the Issue.

**H. GENERAL CORPORATE AND OTHER ALLIED LAWS**

Apart from the above list of laws which is inclusive in nature and not exhaustive – general laws like the Indian Contract Act, 1872, Specific Relief Act, 1963, Negotiable Instruments Act, 1881, Sale of Goods Act, 1930, Consumer Protection Act, 1986, Anti-Trust law such as Competition Act, 2002, SEBI and corporate Acts namely Companies Act, 1956 and Companies Act, 2013 are also applicable to the Company.

## HISTORY AND CERTAIN OTHER CORPORATE MATTERS

### HISTORY OF OUR COMPANY

Our Company was originally incorporated on June 25, 2008, as a private limited company as **"**Patel Chem Specialities Private Limited**"** under the provisions of the Companies Act, 1956 with the Registrar of Companies, Gujarat, Dadra and Nagar Havelli. Pursuant to a special resolution passed by the Shareholders at their Extra ordinary General Meeting held on July 4 2024, our Company was converted from a private limited company to public limited company and consequently, the name of our Company was changed to **"**Patel Chem Specialities Limited**"** and a fresh Certificate of Incorporation consequent to conversion was issued on August 29, 2024, by the Registrar of Companies, Central Processing Centre. The Corporate Identity Number of our Company is U24100GJ2008PLC054305.

Presently, we carry out our operations from 2 (two) units for business purpose as per the below details:

| Sr. No. | Particulars | Address |
|---|---|---|
| 1. | Unit I (Vatva) | Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India. |
| 2. | Unit II (Talod) | Survey No. 93, Talod- Himmatnagar Road, Ahmedpura, Talod, Sabarkantha 383215, Gujarat, India. |

### CHANGES IN OUR REGISTERED OFFICE

Our Registered Office was originally situated at Plot No. A2/272/4, Phase II, G.I.D.C Industrial Estate, Vatva, Ahmedabad 382445, Gujarat, India. Pursuant to board resolution passed in the meeting of the Board of Directors of our Company on April 15, 2019, the Registered Office of our Company was changed to Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India for operational and administrative convenience.

### CHANGES IN NAME CLAUSE

| Date of Amendment | Particular | Reason |
|---|---|---|
| August 29, 2024 | Change in name of company from *"Patel Chem Specialities Private Limited"* to *"Patel Chem Specialities Limited"* | Conversion of our Company from Private Limited to Public Limited |

### MAIN OBJECTS OF OUR COMPANY

The object clauses of the Memorandum of Association of our Company enable us to undertake our present activities. The main objects of our Company as per the Object Clause of Memorandum of Association of the Company are as under:

*"To carry on the business to manufacture, produce, process, refine extract, manipulate, convert, add, pack, repack, import, export, trade, purchase, sell, distribute, market and otherwise deal in chemicals, chemical compounds, inorganic chemicals, organic chemicals, pure chemicals, fine chemicals, photographic chemicals, marine chemicals, petro-chemicals, chemicals products of any nature dyes, dyes intermediates, textile auxiliaries, pigments. Binders alkahydes, acetates, alcohols, acetic anhydrides, coal-tar dyes, acids, plasticize, solvent, varnishes, resins, laminators, adhesive and surface coating agents, used in industrial, domestic and commercial purposes."*

### AMENDMENTS TO THE MOA OF OUR COMPANY SINCE INCORPORATION:

Since incorporation, there has been following amendment made to the MoA of our Company:

| Date of Shareholder's approval | Particulars of Amendment |
|---|---|
| August 20, 2014 | Clause V of the MoA was amended to reflect the increase in Authorised Capital of our Company from ₹ 10,00,000 divided into 1,00,000 Equity Shares of ₹ 10/- each to ₹ 50,00,000 divided into 5,00,000 Equity Shares of face value of ₹ 10/- each. |
| November 1, 2017 | Clause V of the MoA was amended to reflect the increase in Authorised Capital of our Company from ₹ 50,00,000 divided into 5,00,000 Equity Shares of ₹ 10/- each to ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of face value of ₹ 10/- each. |

| Date of Shareholder's approval | Particulars of Amendment |
|---|---|
| September 1, 2022 | Clause V of the MoA was amended to reflect the increase in Authorised Capital of our Company from ₹ 1,00,00,000 divided into 10,00,000 Equity Shares of ₹ 10/- each to ₹ 3,00,00,000 divided into 30,00,000 Equity Shares of face value of ₹ 10/- each. |
| March 21, 2024 | Clause V of the MoA was amended to reflect the increase in Authorised Capital of our Company from ₹ 3,00,00,000 divided into 30,00,000 Equity Shares of ₹ 10/- each to ₹ 6,00,00,000 divided into 60,00,000 Equity Shares of face value of ₹ 10/- each. |
| April 9, 2024 | Clause V of the MoA was amended to reflect the increase in Authorised Capital of our Company from ₹ 6,00,00,000 divided into 60,00,000 Equity Shares of ₹ 10/- each to ₹ 11,00,00,000 divided into 1,10,00,000 Equity Shares of face value of ₹ 10/- each. |
| June 4, 2024 | Clause V of the MoA was amended to reflect the increase in Authorised Capital of our Company from ₹ 11,00,00,000 divided into 1,10,00,000 Equity Shares of ₹ 10/- each to ₹ 25,00,00,000 divided into 2,50,00,000 Equity Shares of face value of ₹ 10/- each. |
| July 4, 2024 | Our Company was converted from a private limited company into a public limited company and consequently the name of our Company was changed from '*Patel Chem Specialities Private Limited'* to '*Patel Chem Specialities Limited'*. Accordingly, Clause I of the MoA was amended to reflect the name of our Company, post its conversion. |

**ADOPTION OF NEW ARTICLES OF ASSOCIATION OF THE COMPANY**

The Company has adopted new set of Articles of Association of the Company in accordance with applicable provisions of the Companies Act, 2013 in the Extra Ordinary General Meeting of the Company dated July 4, 2024.

**KEY EVENTS AND MILESTONES / ACHIEVEMENTS / AWARDS, ACCREDITATIONS OR RECOGNITION**

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

| Year | Key Milestones |
|---|---|
| 2008 | Incorporation of the Company. |
| 2021 | Company acquired a land at Indrad, Mahesana, with an area of 9,409 square meters. |
| 2022 | Company acquired a Talod Unit (Land and, Plant and Machinery), Himmatnagar, with an area of 6,767 square meters. |
| 2022 | Crossed ₹ 50 crores revenue |
| 2023 | Recognized as One Star Export House |
| 2023 | Received MSME ZED Bronze Certificate |
| 2024 | Our Company was converted from a private limited company into a public limited company |

**DETAILS OF BUSINESS OF OUR COMPANY**

Our Company was incorporated on June 25, 2008, with the primary focus on manufacturing of the high-quality cellulose based excipients which predominantly find application in the Pharmaceutical, Nutraceutical, Food and Beverages, Cosmetic and other industries. Our Company manufacture cellulose-based excipients as follows:

- Sodium Monochloro Acetate (SMCA)
- Sodium Starch Glycolate (SSG)
- Croscaremellose Sodium (CCS)
- Carboxymethyl Cellulose Calcium (Calcium CMC)
- Sodium Carboxymethyl Cellulose (Sodium CMC)
- Microcrystalline Cellulose (MCC)

For details on the description of Our Company's activity, business model, marketing strategy, strength, completion of business, please see "*Our Business*", "*Management Discussion and Analysis of Financial Position and Results of Operations*" and "*Basis of Issue Price*" on page 130, 197 and 94 of this Draft Red Herring Prospectus respectively.

**HOLDING COMPANY OF OUR COMPANY**

Our Company does not have any holding company as on the date of filling of this Draft Red Herring Prospectus.

**SUBSIDIARY COMPANY OF OUR COMPANY**

As on the date of this Draft Red Herring Prospectus, our Company has no subsidiary.

**ASSOCIATE AND JOINT VENTURES OF OUR COMPANY**

Our Company does not have any associate and joint ventures as on the date of this Draft Red Herring Prospectus.

**OTHER DECLARATIONS AND DISCLOSURES**

Our Company is not a listed entity and its securities have not been refused listing at any time by any recognized stock exchange in India or abroad. Further, Our Company has not made any Public Issue or Rights Issue (as defined in the SEBI ICDR Regulations) in the past. No action has been taken against our Company by any Stock Exchange or by SEBI. Our Company is not under winding up nor has received a notice for striking off its name from the relevant Registrar of Companies.

**FUND RAISING THROUGH EQUITY OR DEBT**

For details in relation to our fund-raising activities through equity or debt, please refer to the chapters titled "*Capital Structure*" beginning on page 67 of this Draft Red Herring Prospectus.

**REVALUATION OF ASSETS**

Our Company has not re-valued its assets since its incorporation.

**CHANGES IN THE ACTIVITIES OF OUR COMPANY HAVING A MATERIAL EFFECT**

There has been no change in the activities being carried out by our Company during the preceding 5 (five) years from the date of this Draft Red Herring Prospectus which may have a material effect on the profits / loss of our Company, including discontinuance of lines of business, loss of agencies or markets and similar factors.

**INJUNCTIONS OR RESTRAINING ORDERS**

Our Company is not operating under any injunction or restraining order.

**DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS/BANKS**

There have been no Defaults or Rescheduling of borrowings with financial institutions/banks in last 3 (three) financial years.

**STRIKES AND LOCK-OUTS**

Our Company has not been involved in any labor disputes or disturbances including strikes and lockouts, since incorporation. As on the date of this Draft Red Herring Prospectus, our employees are not unionized.

**LAUNCH OF KEY PRODUCTS OR SERVICES, ENTRY IN NEW GEOGRAPHIES OR EXIT FROM EXISTING MARKETS, CAPACITY, FACILITY, CREATION AND LOCATION OF PLANTS**

For details of launch of key products or services, please refer to the chapter "*Our Business*" on page 130 of this Draft Red Herring Prospectus.

**TIME AND COST OVERRUNS IN SETTING UP PROJECTS**

As of the date of this Draft Red Herring Prospectus, there have been no time and cost overrun in any of the projects undertaken by our Company.

**SHAREHOLDERS' AGREEMENT**

Our Company does not have any subsisting shareholders' agreement as on the date of this Draft Red Herring Prospectus.

**OTHER AGREEMENTS**

Except as disclosed in the title "*Material Contracts and Documents for Inspection*" on page 280 as on the date of this Draft Red Herring Prospectus our Company has not entered into any agreements other than those entered into in the ordinary course of business and there are no material agreements entered into more than 2 (two) years before the date of this Draft Red Herring Prospectus.

**AGREEMENTS WITH KEY MANAGERIAL PERSONNEL, DIRECTORS, PROMOTERS OR ANY OTHER EMPLOYEE**

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel or Directors or Promoters or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

**COLLABORATION AGREEMENT**

As of the date of this Draft Red Herring Prospectus, our Company is not party to any collaboration agreement.

**STRATEGIC PARTNERS**

Our Company does not have any strategic partner(s) as on the date of this Draft Red Herring Prospectus.

**FINANCIAL PARTNERS**

As on the date of this Draft Red Herring Prospectus, our Company does not have any financial partners.

**DETAILS REGARDING MATERIAL ACQUISITIONS OR DIVESTMENTS OF BUSINESS/ UNDERTAKINGS, MERGERS, AMALGAMATION, ANY REVALUATION OF ASSETS, ETC. IF ANY, IN THE LAST TEN YEARS**

There has been no merger or amalgamation with respect to our Company. However, the Company acquired a Talod Unit (Land and, Plant and Machinery), Himmatnagar, with an area of 6,767 square meters, on June 17, 2022. The plant has a manufacturing capacity of 720 metric tons.

**DIVESTMENT OF BUSINESS/UNDERTAKING BY COMPANY IN LAST 10 YEARS**

There has been no divestment by the Company of any business or undertaking in last 10 (ten) years.

**CHANGES IN MANAGEMENT**

For details of change in Management, please see chapter titled "*Our Management*" on page 169 of this Draft Red Herring Prospectus.

**NUMBER OF SHAREHOLDER OF OUR COMPANY**

Our Company has 92 shareholders as on date of this Draft Red Herring Prospectus. For further details on the Shareholding Pattern of our Company, please refer to the Chapter titled "*Capital Structure*" beginning on page 67 of this Draft Red Herring Prospectus.

**DETAILS OF PAST PERFORMANCE**

For details of Change of management, please see chapter titled "*Our Business*" and "*History and Certain Other Corporate Matters*" on page 130 and 165 respectively of this Draft Red Herring Prospectus.

**DETAILS OF FINANCIAL PERFORMANCE**

For details in relation to our financial performance in the previous five financial years, including details of non-recurring items of income, refer to section titled "*Financial Information*" beginning on page 192 of this Draft Red Herring Prospectus.

**GUARANTEES GIVEN BY PROMOTER ISSUEING ITS SHARES IN THE ISSUE FOR SALE**

This Issue is a fresh issue of Equity Shares and our Promoters are not Issuing their shares in this Issue.

## OUR MANAGEMENT

### BOARD OF DIRECTORS

As per the Articles of Association of our Company, we are required to have not less than 3 (Three) Directors and not more than 15 (Fifteen) Directors on our Board, subject to provisions of Companies Act, 2013. As on date of this Draft Red Herring Prospectus, our Board consists of 6 (six) Directors, out of which 2 (Two) are Executive Director, 1 (one) is Non-Executive Director and (Three) are Non-Executive & Independent Director.

The following table sets forth certain details regarding the members of our Company's Board as on the date of this Draft Red Herring Prospectus:

| Sr. No. | Name, Designation, Address, Date of Birth, Nationality, Term, Date of first appointment and DIN | Age | Other Directorship |
|---|---|---|---|
| 1. | **Bhupesh Patel**<br><br>**Designation:** Managing Director<br><br>**Address:** Flat No 201, Divya Elegance Raman Nagar Society, Opp Swaminarayan Temple, Maninagar Ahmedabad, Gujarat- 380008, India.<br><br>**Date of Birth:** August 8, 1973<br><br>**Nationality**: Indian<br><br>**Term:** 5 years w.e.f September 20, 2024<br><br>**Date of First Appointment:** June 25, 2008<br><br>**DIN**: 02075545 | 51 | **Indian Private Limited Company:** Nil<br><br>**Indian Public Limited Company:** Nil<br><br>**Foreign Company** Nil |
| 2. | **Anshu Patel**<br><br>**Designation:** Whole Time Director<br><br>**Address:** Flat No 201, Divya Elegance Raman Nagar Society, Opp Swaminarayan Temple, Maninagar Ahmedabad, Gujarat-380008, India.<br><br>**Date of Birth:** October 21, 1975<br><br>**Nationality:** Indian<br><br>**Term:** 5 years w.e.f September 20, 2024<br><br>**Date of First Appointment:** October 01, 2011<br><br>**DIN**: 02148403 | 49 | **Indian Private Limited Company:** Nil<br><br>**Indian Public Limited Company:** Nil<br><br>**Foreign Company:** Patelchem North America Inc |
| 3. | **Vini Patel**<br><br>**Designation:** Non Executive Director<br><br>**Address:** Flat No 201, Divya Elegance Raman Nagar Society, Near Swaminarayan Temple, Maninagar Ahmedabad, Gujarat- 380015, India.<br><br>**Date of Birth:** March 12, 2000<br><br>**Nationality:** Indian | 24 | **Indian Private Limited Company:** Nil<br><br>**Indian Public Limited Company:** Nil<br><br>**Foreign Company:** Patelchem North America Inc |

| Sr. No. | Name, Designation, Address, Date of Birth, Nationality, Term, Date of first appointment and DIN | Age | Other Directorship |
|---|---|---|---|
| | **Term:** Liable to retire by rotation<br><br>**Date of First Appointment:** April 01, 2021<br><br>**DIN**: 09127826 | | |
| 4. | **Ashish Tripathi**<br><br>**Designation:** Independent & Non-Executive Director<br><br>**Address:** B-2-304, Vishwas Flats, Behind J.G International School, Gulab Tower Road, Thaltej, Ahmedabad 380061, Gujarat, India.<br><br>**Date of Birth:** February 10, 1984<br><br>**Nationality:** Indian<br><br>**Term:** 5 years<br><br>**Date of First Appointment:** September 20, 2024<br><br>**DIN**: 06594281 | 40 | **Indian Private Limited Company:** Nil<br><br>**Indian Public Limited Company:**<br><br>Shaifali Rolls Limited<br>Yash Innoventures Limited<br>Cropbasket Agro Innovations Limited<br><br>**Foreign Company:** Nil |
| 5. | **Krunal Patel**<br><br>**Designation:** Independent & Non-Executive Director<br><br>**Address:** A-303, Satva 3, Near Galaxy Bungalows, Nikol, Ahmedabad-382350, Gujarat, India.<br><br>**Date of Birth:** April 05, 1987<br><br>**Nationality:** Indian<br><br>**Term:** 5 years<br><br>**Date of First Appointment:** September 20, 2024<br><br>**DIN**: 03574314 | 37 | **Indian Private Limited Company:** Nil<br><br>**Indian Public Limited Company:** Nil<br><br>**Foreign Company:** Nil |
| 6. | **Vaishakhi Shukla**<br><br>**Designation:** Independent & Non-Executive Director<br><br>**Address:** A-11, Deepkunj Apr, Opp- Purnanand Ashram, Nr Iswarbhuvan, Navrangpura, Ahmedabad – 380009, Gujarat, India.<br><br>**Date of Birth:** March 16, 1986<br><br>**Nationality:** Indian<br><br>**Term:** 5 years<br><br>**Date of First Appointment:** September 20, 2024<br><br>**DIN**: 09738364 | 38 | **Indian Private Limited Company:** Nil<br><br>**Indian Public Limited Company:**<br><br>Infinium Pharmachem Limited<br><br>**Foreign Company:** Nil |

**Brief Profile of the Directors:**

**Bhupesh Patel**, aged 51 years, is the Managing Director of our Company and one of our founder promoters. He completed a Diploma in Chemical Engineering from D.D. Institute of Technology in the year of 1994. He has more than 25 years of experience in the pharmaceuticals and nutraceuticals industry. He has been instrumental in establishing the Company, including the setup of its manufacturing plant. He has a sound background in product development and marketing, which has been pivotal in driving the Company's growth. Currently, he oversees all offshore marketing activities, product development initiatives, and policy-related matters, contributing significantly to the Company's strategic direction and operational success.

**Anshu Patel,** aged 49 years, is the Whole-Time Director of our Company. She completed Bachelor of Homeopathic Medicine and Surgery from The Council of Homoeopathic System of Medicine, Gujarat in the year of 1998 and has over a decade of experience in the pharmaceuticals and nutraceuticals industry. She plays a pivotal role in formulating the Company's strategic plans and oversees its operations across various functions, including administration, finance, human resources, banking, and collections. She has been instrumental in ensuring the Company's financial requirements are met, effectively addressing both its short-term and long-term needs to support business development and growth.

**Vini Patel**, aged 24 years, is the Non-Executive Director of our Company. She completed a Master of Science in Molecular Pharmacology and Toxicology from University of Southern California in the year of 2024. She has three years of experience in the pharmaceuticals and nutraceuticals industry. She is actively involved in managing the Company's international markets, contributing to its global expansion and strategic growth initiatives.

**Ashish Tripathi**, aged 40 years, is an Independent and Non-Executive Director of our Company. He completed a Bachelor of Commerce (B.Com) from Gujarat University in the year of 2005 and a Bachelor of Laws (LL.B.) from Gujarat University in the year of 2009 and Associate Member of the Institute of Company Secretaries of India (ACS) in the year of 2009. He has over 12 years of experience in corporate governance, legal compliance, and secretarial practices. As a practicing Company Secretary, he provides valuable services in compliance management, secretarial functions, and securities law advisory. His expertise includes advising on corporate restructuring, regulatory matters, and ensuring adherence to governance frameworks.

**Krunal Patel,** aged 37 years, is currently serving as the Independent and Non-Executive Director of our Company. He completed a Bachelor of Commerce (B.Com) from Gujarat University in the year of 2008. He is more than 10 years' experience in the paper industry, is a key figure behind multiple ventures, including Nexus Enterprise, Core Solution, and Cascade Enterprise. With expertise in paper trading and entrepreneurial acumen, he has built a reputation for quality, innovation, and reliability in the sector.

**Vaishakhi Shukla**, aged 38 years, is an Independent and Non-Executive Director of our Company. She completed Bachelor of Commerce (B.Com) from Gujarat University in the year of 2009 and a Bachelor of Laws (LL.B.) from Gujarat University in the year of 2007. She is an Associate Member of the Institute of Company Secretaries of India (ACS). She has over 10 years of experience in secretarial compliance, securities laws, and drafting. She serves as an Independent Director at Infinium Pharmachem Limited since October 14, 2022, and as a Whole-Time Company Secretary at Hydco Engineering Private Limited since January 6, 2021.

**Confirmations:**

1. None of our Directors has held directorships in listed companies whose shares were suspended from being traded during their tenure.

2. None of our Directors has held directorships in listed companies that were delisted from stock exchanges during their tenure.

3. Our Company has not entered into any service contracts with the Board of Directors that provide benefits upon termination of employment.

4. There is no arrangement or understanding with major shareholders, customers, suppliers, or others under which any Director was selected as a Director or a member of senior management.

5. None of our Directors has been declared a willful defaulter or categorized as a fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI (ICDR) Regulations.

6. None of the Promoters or Directors is or has been involved as a promoter or director of any company that is debarred from accessing the capital market by SEBI or any other regulatory authority.

7. Neither the Company nor any of its Directors is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, or Regulation 2(1)(p) of the SEBI ICDR Regulations.

8. None of our Directors was a director of any listed company in the last five years preceding the date of this Draft Red Herring Prospectus whose shares were suspended or delisted from stock exchanges during their tenure.

**Arrangements with major Shareholders, Customers, Suppliers or Others:**

We have not entered into any arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which any of our directors were selected as Directors or members of the senior management.

**Service Contracts:**

The Directors of our Company have not entered into any service contracts with our company which provides for benefits upon termination of their employment.

**Details of Borrowing Powers of Directors:**

The Board of Directors are vested with the power to borrow, pursuant to Section 179(3)(d) of Companies Act 2013. However, pursuant to Section 180(1)(c) Companies Act, 2013 and the rules made thereunder that any sum or sums of monies, which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeds the aggregate of the paid-up capital of the Company, free reserve & security premium, the approval of shareholders by way of Special Resolution will be required. The Company has passed a special resolution dated 30th September 2024 for approval of borrowing limits not exceeding ₹ 10,000 lakhs.

**Compensation of our Managing Director & Whole-time Director:**

The compensation payable to our Managing Director and Whole-time Director will be governed as per the terms of their appointment and shall be subject to the provisions of Sections 2(54), 2(94), 188, 196, 197, 198 and 203 and any other applicable provisions, if any of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof or any of the provisions of the Companies Act, 1956, for the time being in force).

**The following compensation has been approved for Managing Director & Whole time Director:**

**1. Bhupesh Patel**

Bhupesh Patel is currently the Managing Director of our Company. Our Board of Directors in its meeting held on September 20, 2024 and our Shareholders in the AGM dated September 30, 2024 approved the appointment of Bhupesh Patel as the Managing Director with effect from September 20, 2024 for a period of five (5) years.

Pursuant to resolution dated September 20, 2024 passed by our Board of Directors, Bhupesh Patel is entitled to an annual remuneration of ₹ 63,45,696 (Rupees Sixty Three Lakh Forty Five Thousand Six Hundred Ninety Six only) from our Company during his tenure as the Managing Director of our Company, additionally he is entitled to the following benefits:

The following table sets forth details of his terms of annual remuneration:

| **Remuneration:** | |
|---|---|
| A | Fixed Salary ₹ 5,28,808/- per month plus other incentives (However the value of incentives shall not exceed ₹ 20,00,000/- per year) based on the performance of the Company; and |
| B | **Commission/performance linked incentive**: Not Exceeding 1% of the net profit of the Company in any financial year as the Board may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly or half yearly or yearly basis at the absolute discretion of the Board. |
| B | **Perquisites:** Perquisites in accordance with the rules of the Company and any additional perquisites as may be decided by the Board of Directors of the Company from time to time. |
| C | **Earned Leave:** As per rules of the Company. |
| C | **Medical Reimbursement:** Reimbursement of expenses incurred for self and family as per the policy of the Company. |
| D | **Leave Travel Concession**: Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the Company.<br>**Explanation:** Family means the spouse, the dependent children and dependent parents of the Managing Director. |
| E | **Minimum Remuneration:** Where in any financial year during the currency of tenure of the Whole time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites |

| Remuneration: | |
|---|---|
| | not exceeding the limits as specified above. The Board of Directors and/or Nomination and Remuneration Committee shall have liberty to alter and vary the aforesaid terms and conditions relating to remuneration in line with such amendments as may be made from time to time to the Companies Act, 2013 |

**Remuneration**

(in ₹ lakhs)

| Particulars | For the Period June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| Remuneration | 11.19 | 37.09 | 33.42 |

**2. Anshu Patel**

Anshu Bhupesh Patel is currently the Whole Time Director of our Company. Our Board of Directors in its meeting held on September 20, 2024 and our Shareholders in the AGM dated September 30, 2024 approved the appointment of Anshu Patel as the Whole Time Director with effect from September 20, 2024 for a period of five (5) years.

Pursuant to resolution dated September 20, 2024 passed by our Board of Directors, Anshu Patel is entitled to an annual remuneration of ₹ 41,52,512/- (Rupees Forty-One Lakhs Fifty Two Thousand Five Hundred and Twelve Only) from our Company during her tenure as the Whole Time Director of our Company, additionally she is entitled to the following benefits:

The following table sets forth details of her terms of annual remuneration:

| Remuneration: | |
|---|---|
| A | Fixed Salary ₹ 3,46,126/- per month plus other incentives (However the value of incentives shall not exceed ₹ 10,00,000/- per year) based on the performance of the Company; and |
| B | **Commission/performance linked incentive**: Not Exceeding 1% of the net profit of the Company in any financial year as the Board may determine from time to time but shall not exceed the amount equivalent to the salary for the relevant period; it may be paid pro-rata on a monthly or half yearly or yearly basis at the absolute discretion of the Board. |
| C | **Perquisites:** Perquisites in accordance with the rules of the Company and any additional perquisites as may be decided by the Board of Directors of the Company from time to time. |
| D | **Earned Leave:** As per rules of the Company. |
| E | **Medical Reimbursement:** Reimbursement of expenses incurred for self and family as per the policy of the Company. |
| F | **Leave Travel Concession**: Leave Travel Concession for self and family, once in a year incurred in accordance with the rules of the Company.<br>**Explanation:** Family means the spouse, the dependent children and dependent parents of the Whole time Director. |
| G | **Minimum Remuneration:** Where in any financial year during the currency of tenure of the Whole time Director, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites not exceeding the limits as specified above. The Board of Directors shall have liberty to alter and vary the aforesaid terms and conditions relating to remuneration in line with such amendments as may be made from time to time to the Companies Act, 2013 |

**Remuneration**

(in ₹ lakhs)

| Particulars | For the Period June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|---|
| Renumeration | 7.80 | 27.01 | 24.54 |

**Sitting Fees to Non- Executive Director and Independent Directors:**

**A. Vini Patel**

Vini Patel serves as the Non-Executive Director of our Company. Her appointment was approved by the Board of Directors in their meeting held on September 20, 2024, with effect from the same date. As per the resolution passed by the Board of Directors on September 20, 2024, Vini Patel is not entitled to any annual remuneration during her tenure as the Non-Executive Director of our Company. However, she is entitled to receive sitting fee of ₹5,000 per meeting starting November 18, 2024, for her services as the Non-Executive Director of our Company.

**B. Ashish Tripathi**

Ashish Tripathi holds the position of Independent and Non-Executive Director in our Company. His appointment was approved by the Board of Directors on September 20, 2024, and subsequently ratified by the Shareholders at the Extraordinary General Meeting held on September 30, 2024. His tenure as Independent and Non-Executive Director commenced on September 20, 2024, for a period of five years. As per the resolution passed by the Board of Directors on September 20, 2024, Ashish Tripathi is not entitled to any annual remuneration. However, he is entitled to receive sitting fee of ₹ 5,000 per meeting starting November 18, 2024, for his services as the Independent and Non-Executive Director of our Company.

**C. Krunal Patel**

Krunal Patel serves as the Independent and Non-Executive Director of our Company. His appointment was approved by the Board of Directors on September 20, 2024, and ratified by the Shareholders at the Extraordinary General Meeting held on September 30, 2024. His tenure began on September 20, 2024, for a term of five years. As per the resolution passed by the Board of Directors on September 20, 2024, Krunal Patel is not entitled to any annual remuneration. However, he will receive a sitting fee of ₹5,000 per meeting starting November 18, 2024, for his services as the Independent and Non-Executive Director of our Company**.**

**D. Vaishakhi Shukla**

Vaishakhi Shukla is an Independent and Non-Executive Director of our Company. Her appointment was approved by the Board of Directors on September 20, 2024, and subsequently confirmed by the Shareholders at the Extraordinary General Meeting held on September 30, 2024. Her tenure as Independent and Non-Executive Director commenced on September 20, 2024, for a period of five years. As per the resolution passed by the Board of Directors on September 20, 2024, Vaishakhi Shukla is not entitled to any annual remuneration. However, she will receive a sitting fee of ₹5,000 per meeting starting November 18, 2024, for her services as the Independent and Non-Executive Director of our Company.

We do not have any Subsidiary Company as defined under Section 2(87) of the Companies Act, 2013.

Our Articles of Association do not require our directors to hold any qualification Equity Shares in the Company.

**Relationship between our Directors, KMP and SMP:**

Our executive directors namely Bhupesh Patel and Anshu Patel are married to each other and Vini Patel is their daughter. Apart from that none of our directors or KMPs or SMPs are related to each other.

**Shareholding of Directors in our Company:**

As per the Articles of Association of our Company, a director is not required to hold any shares in our Company to qualify him for the office of the Director of our Company. As per our Articles of Association, our Directors are not required to hold any qualification shares. Please find below the details of shareholding of our Directors in our Company:

| Sr. No | Name of Directors | No. of equity Shares | As a % of Issued Capital |
|---|---|---|---|
| 1. | Bhupesh Patel | 1,51,28,980 | 84.66% |
| 2. | Anshu Patel | 14,96,000 | 8.37% |
| 3. | Vini Patel | 1,70,000 | 0.95% |
| **Total** | | **1,67,94,980** | **93.98%** |

None of our Directors hold any employee stock options.

**Interest Of Directors:**

All of our Directors may be deemed to be interested to the extent of fees payable to them (if any) for attending meetings of the Board or a committee thereof as well as to the extent of remuneration payable to them for their services as Directors of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loans or advances provided to any bodies corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

All our directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distribution in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held or that may be subscribed by and allocated to the companies, firms and trusts, if any, in which they are interested as directors, members, partners, and/or trustees.

Our directors may also be regarded interested to the extent of dividend payable to them and other distribution in respect of the Equity Shares, if any, held by them or by the companies/firms/ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and promoters, pursuant to this Issue. All our directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with either the Directors himself, other company in which they hold directorship or any partnership firm in which they are partners, as declared in their respective declarations.

**Interest in promotion of our Company:**

Except Promoters, none of our directors have any interest in the promotion of our Company.

**Interest in the property of our Company:**

Except as stated below, our directors have no interest in any property acquired by our Company neither in the preceding two years from the date of this Draft Red Herring Prospectus nor in the property proposed to be acquired by our Company as on the date of filing of this Draft Red Herring Prospectus. Our directors also do not have any interest in any transaction regarding the acquisition of land, construction of buildings and supply of machinery, etc. with respect to our Company.

| Location of Property | Name of Interest Person | Category/Designation of Interested Person |
|---|---|---|
| A2/272/5 in Phase 2, Vatva GIDC, Ahmedabad | Anshu Patel | Whole-Time Director |

**Interest in the business of our Company:**

Save and except as stated otherwise in Related Party Transaction in the chapter titled "*Financial Information*" beginning on page 192 of this Draft Red Herring Prospectus, Our Directors do not have any other interests in our Company as on the date of this Draft Red Herring Prospectus. Our directors are not interested in the appointment of Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

**Details of Service Contracts:**

None of our directors have entered into any service contracts with our Company except for acting in their individual capacity as director and no benefits are granted upon their termination from employment other than the statutory benefits provided by our Company.

Except statutory benefits upon termination of their employment in our Company or retirement, no officer of our Company, including the directors and key Managerial personnel, are entitled to any benefits upon termination of or retirement from employment.

**Bonus or Profit-Sharing Plan for the Directors:**

There is no bonus or profit-sharing plan for the Directors of our Company.

**Contingent and Deferred Compensation Payable to Directors:**

No Director has received or is entitled to any contingent or deferred compensation.

**Other Indirect Interest:**

No Director has indirect interest except shares and remuneration.

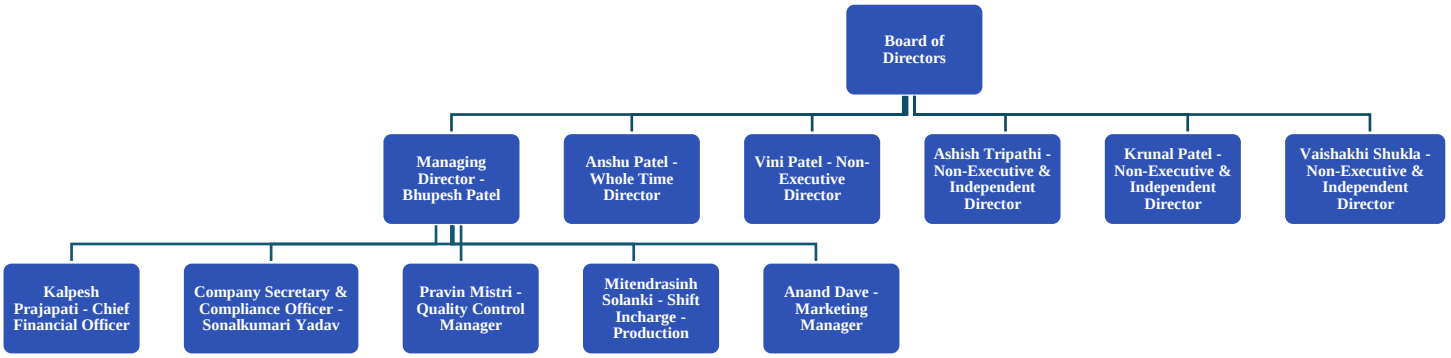
**Changes in The Board for the Last Three Years:**

Save and except as mentioned below, there had been no change in the Directorship during the last three (3) years:

| Sr. No. | Name of Director | Date of Event | Reason for Change |
|---|---|---|---|
| 1. | Bhupesh Patel | September 20, 2024 | Change in Designation as Managing Director |
| 2. | Anshu Patel | September 20, 2024 | Change in Designation as Whole Time Director |
| 3. | Vini Patel | September 20, 2024 | Change in Designation as Non- Executive Director |

| Sr. No. | Name of Director | Date of Event | Reason for Change |
|---|---|---|---|
| 4. | Ashish Tripathi | September 20, 2024 | Appointed as Independent and Non-Executive Director |
| 5. | Krunal Patel | September 20, 2024 | Appointed as Independent and Non-Executive Director |
| 6. | Vaishakhi Shukla | September 20, 2024 | Appointed as Independent and Non-Executive Director |

**Management Organization Structure:**




**Corporate Governance:**

Our Company has complied with the corporate governance requirement, particularly in relation to appointment of independent directors, woman director on our Board, constitution of an Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. Our Board functions either on its own or through committees constituted thereof, to oversee specific operational areas.

The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. Our Company has constituted the following Committees of the Board:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee
4. Corporate Social Responsibility

Unless otherwise stated the company secretary of our Company will act as secretary of the board committees.

**Details of each of these committees are as follows:**

***A. Audit Committee:***

The members of the Audit Committee are as below:

| Sr. No. | Name of Committee Members | DIN | Designation in Committee Chairman / Member | Designation in the Company |
|---|---|---|---|---|
| 1 | Ashish Tripathi | 6594281 | Chairman | Independent & Non-Executive Director |
| 2 | Anshu Patel | 09738364 | Member | Whole Time Director |
| 3 | Krunal Patel | 3574314 | Member | Independent & Non-Executive Director |
| 4 | Vaishakhi Shukla | 9738364 | Member | Independent & Non-Executive Director |

The Audit Committee was constituted by way of resolution passed by our Board of Directors on November 18, 2024.

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the SEBI Listing:

**Powers of Audit Committee**

The Audit Committee shall have powers, including the following:

(i) to investigate any activity within its terms of reference;
(ii) to seek information from any employee;
(iii) to obtain outside legal or other professional advice;
(iv) to secure attendance of outsiders with relevant expertise, if it considers necessary; and
(v) such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

**Role of Audit Committee**

The role of the Audit Committee shall include the following:

(i) oversight of financial reporting process and the disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;
(ii) recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;
(iii) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
(iv) formulation of a policy on related party transactions, which shall include materiality of related party transactions;
(v) reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;
(vi) examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. Disclosure of any related party transactions; and
    g. Modified opinion(s) in the draft audit report.

(vii) reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;
(viii) reviewing, with the management, the statement of uses / application of funds raised through an issue(public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Issue document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
(ix) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
(x) approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed;
***Explanation:*** *The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.*
(xi) scrutiny of inter-corporate loans and investments;
(xii) valuation of undertakings or assets of the Company, wherever it is necessary;
(xiii) evaluation of internal financial controls and risk management systems;
(xiv) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
(xv) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
(xvi) discussion with internal auditors of any significant findings and follow up there on;
(xvii) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
(xviii) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(xix) recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services;
(xx) looking into the reasons for substantial defaults in the payment to depositors, debenture holders, members (in case of non-payment of declared dividends) and creditors;
(xxi) reviewing the functioning of the whistle blower mechanism;
(xxii) monitoring the end use of funds raised through public offers and related matters;
(xxiii) overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;
(xxiv) approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
(xxv) reviewing the utilization of loans and/or advances from / investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing;
(xxvi) carrying out any other functions required to be carried out as per the terms of reference of the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time;
(xxvii) consider and comment on rationale, cost- benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its members; and
(xxviii) to review compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall verify that the systems for internal control under the said regulations are adequate and are operating effectively; and
(xxix) Such roles as may be prescribed under the Companies Act, SEBI Listing Regulations and other applicable provisions.
(xxx) Approve all related party transactions and subsequent material modifications.

The Company Secretary of our Company shall act as Secretary to the Audit Committee.

***B. Nomination & Remuneration Committee:***

The members of the Nomination & Remuneration Committee are as below:

| Sr. No. | Name of Committee Members | DIN | Designation in Committee Chairman / Member | Designation in the Company |
|---|---|---|---|---|
| 1 | Krunal Patel | 3574314 | Chairman | Independent & Non-Executive Director |
| 2 | Vaishakhi Shukla | 9738364 | Member | Independent & Non-Executive Director |
| 3 | Ashish Tripathi | 6594281 | Member | Independent & Non-Executive Director |
| 4 | Vini Patel | 09127826 | Member | Non-Executive Director |

The Nomination & Remuneration Committee was constituted by way of resolution passed by our Board of Directors on November 18, 2024.

The scope and function of the Nomination & Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Nomination & Remuneration Committee include the following:

(i) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (the "**Board**" or "**Board of Directors**") a policy relating to the remuneration of the directors, key managerial personnel and other employees ("**Remuneration Policy**").

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

a) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short-term and long-term performance objectives appropriate to the working of the Company and its goals.

(ii) Formulation of criteria for evaluation of performance of independent directors and the Board;

(iii) Devising a policy on Board diversity;

(iv) Identifying persons who are qualified to become directors and who may be appointed as senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out effective evaluation of performance of Board, its committees and individual directors (including independent directors) to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;

(v) Analysing, monitoring and reviewing various human resource and compensation matters;

(vi) Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

(vii) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(viii) Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary;

(ix) Reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(x) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if applicable;

(xi) Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

(a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and
(b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.

(xii) Administering monitoring and formulating detailed terms and conditions the employee stock option scheme/ plan approved by the Board and the members of the Company in accordance with the terms of such scheme/ plan ("**ESOP Scheme**"), if any;

(xiii) Construing and interpreting the ESOP Scheme and any agreements defining the rights and obligations of the Company and eligible employees under the ESOP Scheme, and prescribing, amending and/ or rescinding rules and regulations relating to the administration of the ESOP Scheme;

(xiv) Perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

(xv) For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

(a) use the services of an external agencies, if required;
(b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
(c) consider the time commitments of the candidates.

(xvi) Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

The Company Secretary of our Company shall act as Secretary to the Audit Committee.

### *C. Stakeholders Relationship Committee:*

The members of the Stakeholders Relationship Committee are as below:

| Sr. No. | Name of Committee Members | DIN | Designation in Committee Chairman / Member | Designation in the Company |
|---|---|---|---|---|
| 1 | Vaishakhi Shukla | 9738364 | Chairman | Independent & Non-Executive Director |
| 2 | Anshu Patel | 02148403 | Member | Whole Time Director |
| 3 | Bhupesh Patel | 02075545 | Member | Managing Director |
| 4 | Krunal Patel | 3574314 | Member | Independent & Non-Executive Director |

The Stakeholders Relationship Committee was constituted by way of resolution passed by our Board of Directors on November 18, 2024. The scope and functions of the Stakeholder Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations.

The terms of reference of the Stakeholders Relationship Committee includes the following:

(i) Considering and specifically looking into various aspects of interest of shareholders, debenture holders and other security holders;
(ii) Resolving the grievances of the security holders of the listed entity including complaints related to transfer / transmission of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer / transmission of shares and debentures, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;
(iii) Review of measures taken for effective exercise of voting rights by members;
(iv) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
(v) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;
(vi) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;
(vii) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the members of the company; and
(viii) Carrying out such other functions as may be specified by the Board from time to time or specified / provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

The Company Secretary of our Company shall act as Secretary to the Audit Committee.

### *D. CSR Committee:*

The members of the Corporate Social Responsibility Committee are as below:

| Sr. No. | Name of Committee Members | DIN | Designation in Committee Chairman / Member | Designation in the Company |
|---|---|---|---|---|
| 1 | Bhupesh Patel | 02075545 | Chairman | Managing Director |
| 2 | Anshu Patel | 02148403 | Member | Whole Time Director |
| 3 | Ashish Tripathi | 6594281 | Member | Independent & Non-Executive Director |

The CSR Committee was constituted by way of resolution passed by our Board of Directors on November 18, 2024. The scope and functions of the CSR Committee is in accordance with Section 135 of the Companies Act, 2013.

The terms and reference of the CSR Committee include the following:

(i) formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;

(ii) identify corporate social responsibility policy partners and corporate social responsibility policy programmes;
(iii) review and recommend the amount of expenditure to be incurred on the activities referred to in clause (i) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;
(iv) delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;
(v) review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;
(vi) any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and
(vii) exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

The Company Secretary of our Company shall act as Secretary to the Audit Committee.

**Compliance with SME Listing Regulations:**

The provisions of the SEBI (Listing Obligation and Disclosures) Regulations, 2015 will be applicable to our Company immediately upon the listing of Equity Shares of our Company on SME Platform of BSE Limited.

**Details of Key Managerial Personnel**

In addition to our Managing Director, Bhupesh Patel and Whole Time Director, Anshu Patel whose details are provided under Chapter "*Our Management*" beginning on page 169 of this Draft Red Herring Prospectus, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus are set forth below:

| Name | Sonalkumari Yadav |
|---|---|
| **Designation** | Company Secretary & Compliance Officer |
| **Date of Appointment at current Designation** | December 3, 2024 |
| **Qualification** | CS, LLB & M. Com |
| **Functions and areas of experience in the Issue** | Legal, Secretarial and Compliance |
| **Previous Employment** | Paragon Fine and Speciality Chemical Limited |
| **Overall Experience** | More than 3 years |
| **Remuneration paid in F.Y. (2023-24)** | Nil |

| Name | Kalpesh Prajapati |
|---|---|
| **Designation** | Chief Financial Officer |
| **Date of Appointment at current Designation** | September 20, 2024 |
| **Qualification** | B. Com |
| **Functions and areas of experience in the Issue** | Accounts and Finance. |
| **Previous Employment** | - |
| **Overall Experience** | More than 8 years |
| **Remuneration paid in F.Y. (2023-24)** | 8.28 Lakhs |

**Details of our Senior Managerial Personnel**

| Name | Anand Dave |
|---|---|
| **Designation** | Marketing Manager |
| **Date of Appointment at current Designation** | April 01, 2021 |
| **Qualification** | Bachelor of Science (BSc) |
| **Functions and areas of experience in the Issue** | Marketing and Product Development |
| **Previous Employment** | N.A. |
| **Overall Experience** | More than 3 years |
| **Remuneration paid in F.Y. (2023-24)** | 12.79 Lakhs |

| Name | Pravin Mistry |
|---|---|
| **Designation** | Quality Control Manager |
| **Date of Appointment at current Designation** | August 01, 2017 |
| **Qualification** | Bachelor of Science (BSc) |

| Name | Pravin Mistry |
|---|---|
| **Functions and areas of experience in the Issue** | Quality Control Management |
| **Previous Employment** | N.A. |
| **Overall Experience** | More than 7years |
| **Remuneration paid in F.Y. (2023-24)** | 6.10 Lakhs |

| Name | Mitendrasihn Solanki |
|---|---|
| **Designation** | Shift In Charge-Production |
| **Date of Appointment at current Designation** | August 01, 2017 |
| **Qualification** | Bachelor of Science (BSc) |
| **Functions and areas of experience in the Issue** | Production Department |
| **Previous Employment** | N.A. |
| **Overall Experience** | More than 7years |
| **Remuneration paid in F.Y. (2023-24)** | 6.10 Lakhs |

**Shareholding of the KMP and SMP:**

Except as discussed below, none of our Key Managerial Personnel is holding any Equity Shares in our Company as on the date of this Draft Red Herring Prospectus.

| Sr. No. | Name of KMP | No. of Equity Shares Held | % of pre-issue paid-up Equity Share capital |
|---|---|---|---|
| 1. | Bhupesh Patel | 1,51,28,980 | 88.99 |
| 2. | Anshu Patel | 14,96,000 | 8.8 |
| 3. | Kalpesh Prajapati | 2,570 | 0.01 |
| 4. | Sonalkumari Kalpesh Yadav | 6,000 | 0.03 |
| **Total** | | **1,66,33,550** | **97.83** |

| Sr. No. | Name of SMP | No. of Equity Shares Held | % of pre-issue paid-up Equity Share capital |
|---|---|---|---|
| 1. | Anand Dave | 3,770 | 0.02 |
| 2. | Pravin Mistry | 2,570 | 0.01 |
| **Total** | | **6,340** | **0.03** |

**Payment of benefits to officers of Our Company (non-salary related):**

Except as disclosed in this Draft red Herring Prospectus and any statutory payments made by our Company to its officers, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards superannuation, ex-gratia/ rewards. Except statutory benefits upon termination of employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

**Interest of KMP and SMP:**

None of our Key Management Personnel or Senior Management has any interest in our Company except to the extent of their remuneration, benefits, reimbursement of expenses incurred by them in the ordinary course of business. Our Key Managerial Personnel or Senior Management may also be interested to the extent of Equity Shares, if any, held by them and any dividend payable to them and other distributions in respect of such Equity Shares in future.

**Changes in Our Company's KMP and SMP During the Last Three Years:**

The following have been the changes in the Key Managerial Personnel during the last three years:

| Sr. No. | Name of KMP | Date of Change | Reason |
|---|---|---|---|
| 1. | Himani Shah | June 03, 2024 | Appointment of Company Secretary |
| 2. | Vini Patel | September 20,2024 | Change in Designation as Non- Executive Director |
| 3. | Bhupesh Patel | September 20,2024 | Change in Designation as Managing Director |

| Sr. No. | Name of KMP | Date of Change | Reason |
|---|---|---|---|
| 4. | Kalpesh Prajapati | September 20,2024 | Appointed as Chief Financial Officer |
| 5. | Himani Shah | October 1,2024 | Resignation as Company Secretary |
| 6. | Sonalkumari Yadav | October 3,2024 | Appointed as Company Secretary and Compliance Officer |

**Other Confirmation**

**Any arrangement or understanding with its major shareholders, customers, suppliers or others, pursuant to which any of the KMP and SMP was selected**: NA

**Any portion of the compensation or otherwise was paid to KMP and SMP pursuant to a bonus or profit-sharing plan**: NA

**Service Contracts with KMP and SMP**: NA

**Contingent and Deferred Compensation Payable to KMP and SMP**: NA

**Loans given/ availed by KMP / SMP of Our Company:**

For details of unsecured loan taken from or given to our Directors/ KMPs and for details of transaction entered by them in the past please refer to "*Financial Information*" page 192 of this Draft Red Herring Prospectus.

**Scheme of Employee Stock Options or Employee Stock Purchase:**

There is no Employee Stock Option Plan (ESOP)/ Employee Stock Purchase Scheme ESPS scheme as on the date of this Draft Red Herring Prospectus.

## OUR PROMOTERS AND PROMOTER GROUP

**Our Individual Promoters:**

1. Bhupesh Patel;
2. Anshu Patel; and
3. Vini Patel

As on the date of this Draft Red Herring Prospectus, our Promoters holds 1,67,94,980 Equity Shares in aggregate, representing 93.98% of the issued, subscribed, and paid-up Equity Share capital of our Company. For details pertaining to our Promoters shareholding, please refer to chapter titled *"Capital Structure"* beginning on page 67 of this Draft Red Herring Prospectus.

The details of our individual promoters are as under:

| **Our Promoters:** | |
|---|---|
| <br>**Bhupesh Patel** | **Bhupesh Patel,** aged 51 years, is the promoter of our Company designated as Managing Director w.e.f. September 20, 2024<br><br>For Further details in respect of his date of birth, address, educational qualifications, professional experience, positions/posts held in the past and other directorships, and special achievements, see **"***Our Management"* on page 169 of this Draft Red Herring Prospectus.<br>**Date of Birth:** August 8, 1973<br>**Address:** Flat No 201, Divya Elegance Raman Nagar Society, Opp Swaminarayan Temple, Maninagar Ahmedabad, Gujarat- 380008, India<br>**PAN:** AAMPP3718Q<br>**Interest in other entities**:<br>1. Patel Industries (Sole Proprietor)<br>2. Bhupesh V. Patel HUF |
| <br>**Anshu Patel** | **Anshu Patel,** aged 49 years, is the promoter of our Company designated as Managing Director w.e.f. September 20, 2024<br><br>For Further details in respect of his date of birth, address, educational qualifications, professional experience, positions/posts held in the past and other directorships, and special achievements, see **"***Our Management"* on page 169 of this Draft Red Herring Prospectus.<br>**Date of Birth:** October 21, 1975<br>**Address:** Flat No 201, Divya Elegance Raman Nagar Society, Opp Swaminarayan Temple, Maninagar Ahmedabad, Gujarat- 380008, India<br>**PAN:** ALLPP1534E<br>**Interest in other entities**:<br>1. Patelchem North America, Inc<br>2. AV Cellulose Products (Sole Proprietor) |
| <br>**Vini Patel** | **Vini Patel,** aged 24 years, is the promoter of our Company designated as Managing Director w.e.f. April 01, 2021,<br><br>For Further details in respect of his date of birth, address, educational qualifications, professional experience, positions/posts held in the past and other directorships, and special achievements, see *"Our Management"* on page 169 of this Draft Red Herring Prospectus.<br>**Date of Birth:** March 12, 2000<br>**Address:** Flat No 201, Divya Elegance Raman Nagar Society, Opp Swaminarayan Temple, Maninagar Ahmedabad, Gujarat- 380008, India<br>**PAN:** ELMPP6659F<br>**Interest in other entities**:<br>1. Patelchem North America, Inc |

**Other Undertakings and Confirmations**

Our Company undertakes that the details of Permanent Account Number, Bank Account Number(s), Aadhar Card Number, Driving License Number and Passport Number of the Promoters will be submitted at the time of submission of this Draft Red Herring Prospectus to the BSE for listing of the securities of our Company on SME Platform of BSE.

Our Promoters and the members of our Promoter Group have confirmed that they have not been identified as wilful defaulter or a fraudulent borrower by the RBI or any other governmental authority. No violations of securities laws have been committed by our Promoters or members of our Promoter Group or any subsidiaries in the past or are currently pending against them. None of (i) our Promoters and members of our Promoter Group or persons in control of or on the boards of bodies corporate forming part of our Group Companies (ii) the Companies with which any of our Promoters are or were associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

**Change in Control of our Company**

There has not been any change in the control of our Company in the five years immediately preceding the date of this Draft Red Herring Prospectus.

**Experience of our Promoters in the business of our Company**

For details in relation to experience of our Promoters in the business of our Company, please refer the chapter titled *"Our Management"* beginning on page 169 of this Draft Red Herring Prospectus.

**Interest of Promoters**

*Interest of Promoters in the Promotion of our Company*

Our Promoters Bhupesh Patel, Anshu Patel, and Vini Patel may be deemed to be interested in the promotion of the Issuer to the extent of the Equity Shares held by them as well as their relatives and also to the extent of any dividend payable to them and other distributions in respect ofthe aforesaid Equity Shares. Further, Our Promoters may also be interested to the extent of Equity Shares held by or that may be subscribed by and allotted to companies and firms in which either of them is interested as a director, member or partner. For further details, see *"Capital Structure"*, *"Our Management"*, *"Summary of the Issue Document"* and *"Restated Financial Statements"* beginning on pages 67, 169, 24 and 192, respectively of this Draft Red Herring Prospectus.

*Interest of Promoters in the Property of our Company*

Except as stated below, our Promoters have no interest in any property acquired by our Company neither in the preceding two years from the date of this Draft Red Herring Prospectus nor in the property proposed to be acquired by our Company as on the date of filing of this Draft Red Herring Prospectus.

| Location of property | Name of interest person | Category/designation of interested person |
|---|---|---|
| A2/272/5 in Phase 2, Vatva GIDC, Ahmedabad | Anshu Patel | Whole-Time Director |

*Interest in our Company arising out of being a member of a firm or company*

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to them or to such firm or company in cash or shares or otherwise by any person either to induce any of our Promoters to become, or qualify them as a director, or otherwise for services rendered by any of our Promoters or by such firm or company in connection with the promotion or formation of our Company.

*Interest of Promoters in our Company other than as a Promoter*

Our Promoters are also interested to the extent of his or her directorship, shareholding, respectively, in the Company. Thery are interested to the extent of any remuneration and reimbursement of expenses payable to them from our Company. For further information on remuneration to the Managing Director and Executive Director, please refer to section titled *"Our Management"* beginning on page 169 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered any contract, agreements, or arrangement in which our Promoters are directly or indirectly interested, and no payments have been made to them in respect of the Contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company other than in the normal course of business.

**Related Party Transactions**

Except as stated in the Chapter titled *"Financial Information"* on page 192 of this Draft Red Herring Prospectus, our Company has not entered related party transactions with our Promoter.

**Common Pursuits of Promoters and Promoter Group Companies**

Our Promoters are interested in Promoter Group Entities i.e. Patelchem North America, Inc for further information on common pursuits and risks associated, please refer risk factor on 'conflicts of interest' in chapter titled "*Risk Factors"* beginning on page 30 of this Draft Red Herring Prospectus.

**Payment of amounts or benefits to the Promoters or Promoter Group during the last two years**

Except as stated in the Chapter titled *"Financial Information"* on page 192 of this Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the date of this Draft Red Herring Prospectus.

**Guarantees provided by our Promoters**

Except as stated in the chapter titled *"Financial Indebtedness"* and section titled *"Restated Financial Statements"* beginning on page 194 and 192 of this Draft Red Herring Prospectus, respectively, there are no material guarantees given by our Promoters to third parties with respect to specified securities of the Company as on the date of this Draft Red Herring Prospectus.

**OUR PROMOTER GROUP**

In addition to our Promoter, the following individuals form a part of our Promoter Group in terms of Regulation 2(1) (pp) (ii) of the SEBI ICDR Regulations:

**Individuals:**

The natural persons who are part of our Promoter Group (due to the relationship with our Promoter), other than the Promoters named above are as follows:

| Sr. No. | Relationship | Bhupesh Patel | Anshu Patel | Vini Patel |
|---|---|---|---|---|
| 1. | Father | Late Vahalabhai Patel | Late Jitendrabhai Kayastha | Bhupesh Patel |
| 2. | Mother | Kusumben Patel | Late Vidhyaben Kayastha | Anshu Patel |
| 3. | Spouse | Anshu Patel | Bhupesh Patel | NA |
| 4. | Brother | NA | NA | Devansh Patel |
| 5. | Sister | Alpa Patel | Neha Patwari | NA |
| 6. | Son | Devansh Patel | Devansh Patel | NA |
| 7. | Daughter | Vini Patel | Vini Patel | NA |
| 8. | Spouse Father | Late Jitendrabhai Kayastha | Late Vahalabhai Patel | NA |
| 9. | Spouse Mother | Late Vidhyaben Kayastha | Kusumben Patel | NA |
| 10. | Spouse Brother | NA | NA | NA |
| 11. | Spouse Sister | Neha Patwari | Alpa Patel | NA |

**Companies and proprietorship firms forming part of our Promoter Group are as follows:**

As per Regulation 2(1)(pp)(iv) of the SEBI ICDR Regulations, the following Companies/Trusts/ Partnership firms/HUFs or Sole Proprietorships are forming part of our Promoter group.

| Relationship with Promoters | Individual Promoter | | |
|---|---|---|---|
| | Bhupesh Patel | Anshu Patel | Vini Patel |
| Any company in which 20% or more of the share capital is held by the promoter or an immediate relative of the promoter or a firm or HUF in which | NA | Patelchem North America, Inc. | Patelchem North America, Inc. |

| Relationship with Promoters | Individual Promoter | | |
|---|---|---|---|
| | Bhupesh Patel | Anshu Patel | Vini Patel |
| the promoter or anyone or more of his immediate relatives is a member | | | |
| Any company in which a company (mentioned above)holds 20% of the total holding | NA | NA | NA |
| Any HUF or firm in which theaggregate share of the promoter and his immediaterelatives is equal to or more than 20% of the total holding | 1. Patel Industries (Sole Proprietor)<br>2. Bhupesh V. Patel HUF | 1. AV Cellulose Products (Sole Proprietor) | NA |

Other than as disclosed here, our Company has no companies or entities that form part of our Promoter Group.

**Shareholding of the Promoter Group in our Company**

For details of shareholding of members of our Promoter Group as on the date of this Draft Red Herring Prospectus, please refer the chapter titled *"Capital Structure"* beginning on page 67 of this Draft Red Herring Prospectus.

**Companies with which the Promoters have disassociated in the last three years**

Our promoters have not been disassociated from any of the entities in preceding three years.

**Compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:**

1. Our Promoters or members of our Promoter Group are not debarred from accessing the capital markets by SEBI.
2. None of the Promoters of our Company is a Promoters of any other company, which is debarred from accessing the capital market by SEBI.
3. None of our Promoters have been categorized as a Wilful Defaulter or a Fraudulent Borrower (as defined in the SEBI ICDR Regulations).
4. None of our Promoters have been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

**Compliance with the Companies (Significant Beneficial Owners) Rules, 2018 and amendments thereof:**

Our Promoters confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable to them, as on the date of this Draft Red Herring Prospectus.

**Other Ventures of our Promoters:**

Except as disclosed in this section titled *"Our Promoters and Promoter Group"* beginning on page 184 of this Draft Red Herring Prospectus, there are no ventures promoted by our Promoters in which they have any business interests/ other interests as on date of this Draft Red Herring Prospectus.

**Collaboration Agreements**

Except as disclosed in this Draft Red Herring Prospectus, our Company is not a party to any collaboration agreements.

**Material Agreement**

Our Company has not entered into any material agreements other than the agreements entered into by it in ordinary course of business.

**Experience of Promoters in the line of business:**

Our Promoters are well experienced in the Company's line of business. The Company shall also endeavour to ensure that relevant professional help is sought as and when required in the future.

**Outstanding Litigation**

There is no outstanding litigation against our Promoters except as disclosed in the section titled *"Risk Factors"* and *"Outstanding Litigation and Material Developments"* beginning on page 30 and 207 of this Draft Red Herring Prospectus.

**Other Confirmations:**

The Company hereby confirms that:

None of our Promoters and members of the Promoter Group or any promoter Group Companies have been declared as wilful defaulters or as a fraudulent borrower by the RBI or any other governmental authority and there are no violations of securities laws committed by them in the past or are currently pending against them.

Our Promoters and the members of our Promoter Group have confirmed that they have not been identified as wilful defaulters by RBI or as fugitive economic offenders under Section 12 of Fugitive Economic Offenders Act, 2018 or any other governmental authority.

None of our Promoters or Promoter Group entities have been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoters and members of the Promoter Group are not and have never been promoters, directors or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of (i) Our Promoters and members of our Promoter Group or persons (ii) the Companies with which our Promoter is or was associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital markets or restrained from buying, selling, or dealing in securities under any order or directions passed for any reasons by the SEBI or any other authority or refused listing of any of the securities issued by any such entity by any stock exchange in India or abroad.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 (five) years preceding the date of the Issue against our Promoters.

## OUR GROUP COMPANY

Pursuant to a resolution of our Board dated November 18, 2024 in accordance with the SEBI (ICDR) Regulations, 2018 during the period for which financial information is disclosed in this Draft Red Herring Prospectus, as covered under the applicable Accounting Standards i.e., GAAP with whom our Company has had related party transactions for the period ended June 30, 2024 and also other companies as considered material by the Board as per the materiality policy adopted by the Board pursuant to its resolution dated November 18, 2024 (the *"Materiality Policy"*) for the purpose of disclosure in the Issue document in connection with the Issue.

In terms of the Materiality Policy apart from the companies with which there have been related party transactions during the period for which financial information has been disclosed under this Draft Red Herring Prospectus, a company is considered to be a material Group Company as under:

a) The companies with which there were related party transactions (in accordance with AS-18), as disclosed in the Restated Financial Statements ("Restated Financial Statements"); or
b) if such company fulfils both the below mentioned conditions: -

i. such company that forms part of the Promoter Group of the Company in terms of Regulation 2(1)(pp) of the SEBI(ICDR) Regulations; and

ii. the company has entered into one or more transactions with such company in preceding fiscal or audit period as the case may be exceeding 10.00% of total revenue of the company as per Restated Financial Statements

Accordingly, based on the parameters outlined above, our Company have 1 (One) Group Company as on the date of this Draft Red Herring Prospectus.

| Sr. No. | Name of Group Company |
|---|---|
| 1. | Patelchem North America Inc. |

**I. Details in relation to Group Company**:

The details in relation to the Group Company of the Company are set out below:

**Name: Patelchem North America Inc.**

**Corporate Information**

Patelchem North America Inc. is a domestic profit corporation incorporated in the state of New Jersey on August 23, 2023. The company is registered under identification number 0451013180. Its registered office is located at 1 Meadowland Plaza, Rutherford, New Jersey 07073. Anshu Patel and Vini Patel are the directors of North America Inc.

**As per by laws of Patelchem North America Inc**:

"*The Corporation is established to engage in any lawful business or enterprise. By way of example and without limitation the Corporation may engage in any lawful business.*

*In the performance of its business, the Corporation shall have all powers granted by the general Corporation laws of the state of New Jersey. Specifically, and without limitation, the Corporation shall have the power to engage generally in any and all phases of the business of owning, holding, managing, controlling, acquiring, purchasing, disposing of, or otherwise dealing in or with any interest or rights in any real or personal property. The foregoing shall include but is not limited to the power to invest and trade in the securities markets including without limitation the right to buy, sell, trade, barter, or otherwise exchange, acquire, and dispose of stocks, bonds, commodities, futures, options, puts, calls (including naked puts and calls), or other vehicles of public or private companies, mutual funds, or other entities, whether such be for the Corporation's own account or on the account of a customer or client of the Corporation; where the Corporation engages in such activities on behalf of a client or customer, said transactions may be conducted through banking or brokerage accounts in the Corporation's own name or in the name of said client or customer. The business and purpose shall include the conducting and engaging in such activities as is necessary or useful in connection with the foregoing.*"

**II. Outstanding Litigation involving the Group Company**

There is no pending litigation involving the group company which may have a material impact on our Company. For details of litigation involving the Company, kindly refer to chapter *"Outstanding Litigation and Other Material Developments"* on page 207 of this Draft Red Herring Prospectus

**III. Significant Adverse Factors relating to Group Company:**

**Common Pursuits**

Our Group Company is not engaged in business activities similar to that of our Company. We shall adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when they arise.

**Related business transactions within our Group Company and significance on the financial performance of the Company**

Other than the transactions as disclosed under *"Restated Financial Statements"* on page 192, there are no other related business transactions within the Group Company that may have significance on the financial performance of our Company.

**Business Interest**

Other than as disclosed under *"Restated financial statements"* on page 192, there are no other business interests of our Group Company in our Company.

**Financial Information**

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, basic earnings per share, diluted earnings per share and Net Asset Value, derived from the latest audited financial statements available on a standalone basis of our group companies are available on the website of our Company at www.patelchem.com.

**Other Confirmations**

Our Company hereby confirms that:

- Our Group Company does not hold any Equity Shares, warrants/convertible securities in our Company as of the date of this Draft Red Herring Prospectus.
- Our Group Company is a not listed entity on any stock exchange in India or abroad and have not made any public or rights issue in preceding three years.
- Our Group Company is not interested, directly or indirectly, in any transactions for acquisition of land, construction of building, supply of machinery, or any other contract, agreement or arrangement entered by our Company, and no payments have been made or are proposed to be made in respect of any such contracts, agreements or arrangements, by any of our Group Company.
- Our Group Company is not interested, directly or indirectly, in the properties acquired by our Company in the preceding three years or proposed to be acquired by our Company.

## DIVIDEND POLICY

The declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to, net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes including dividend distribution tax payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of, or may enter into, to finance our fund requirements for our business activities. As on the date of this Draft Red Herring Prospectus, our Company does not have a formal dividend policy.

Upon listing of the Equity Shares of our Company and subject to the SEBI Listing Regulations, we may be required to formulate a dividend distribution policy which shall be required to include, among others, details of circumstances under which the shareholders may or may not expect dividend, the financial parameters that shall be considered while declaring dividend, internal and external factors that shall be considered for declaration of dividend, policy as to how the retained earnings will be utilized and parameters that shall be adopted with regard to various classes of shares, as applicable.

Our Company has not declared any dividends since incorporation. Further, our Company has not declared any dividend in the current Fiscal. There is no guarantee that any dividends will be declared or paid in future. For details in relation to the risk involved, please refer section titled "*Risk Factors*" on Page 30 of this Draft Red Herring Prospectus.

## SECTION VI- FINANCIAL INFORMATION

## RESTATED FINANCIAL STATEMENTS


| S. No. | Details | Page Number |
|---|---|---|
| 1. | Restated Financial Statements | RFS 1 – RFS 20 |

**INDEPENDENT AUDITOR'S EXAMINATION REPORT RESTATED FINANCIAL INFORMATION**

**To,**
**The Board of Directors**
**Patel Chem Specialties Limited**
Formally known as Patel Chem Specialties Private Limited
**Plot No. 272/4-5, Phase -II,**
**Vatva GIDC, Vatva,**
**Ahmedabad 382445**
**Gujarat, India.**

Dear Sirs,

1. We have examined the attached Restated Financial Information of Patel Chem Specialties Limited (Formerly known as Patel Chem Specialties Private Limited) (the "Company" [or the "Issuer"]) comprising the Restated Statement of Assets and Liabilities as at June 30, 2024, March 31, 2024, 2023 and 2022, the Restated Statements of Profit and Loss (including other comprehensive income), the Restated Statement of Changes in Equity, the Restated Cash Flow Statement for the three month period ended June 30, 2024 and for the years ended March 31, 2024, 2023 and 2022, the Summary Statement of Significant Accounting Policies, and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company for the purpose of inclusion in the Draft Red Herring Prospectus/Red Herring Prospectus/ Prospect us (DRHP/RHP/Prospectus") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:
    a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");
    b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and
    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the DRHP/RHP/Prospectus to be filed with Securities and Exchange Board of India, BSE SME and Registrar of Companies, Gujarat in connection with the proposed IPO. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in note 2 to the Restated Financial Information. The Board of Directors of the Company responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors are also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Financial Information taking into consideration:
    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated November 25, 2024 in connection with the proposed IPO of equity shares of the Issuer/Company;
    b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;
    c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
    d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Financial Information have been compiled by the management from:
    a) Audited interim financial statements of the as at and for the three month period ended June 30, 2024 prepared in accordance with Accounting Standards specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors.
    b) Audited financial statements of the Company as at and for the years ended March 31, 2024, 2023 and 2022 prepared in accordance with the Accounting Standards as prescribed under Section 133 of the Act as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors.

5. Parikh Shah & Associates have audited the special purpose financial information of the Company for the period ended June 30, 2024 and year ended March 31, 2024 prepared by the Company in accordance with the Accounting Standards for the limited purpose of complying with the requirement of getting its financial statements audited by an audit firm holding a valid peer review certificate issued by the Peer Review Board of the ICAI as required by ICDR Regulations in relation to proposed IPO. Parikh

Shah & Associates have issued our report dated November 18, 2024 on these special purpose financial information to the Board of Directors who have approved these in their meeting held on November 18, 2024.

6. For the purpose of our examination, we have relied on:

   a) Auditors' reports issued by Parikh Shah & Associates dated November 18, 2024 on the financial statements of the Company as at and for the three month period ended June 30, 2024 and as at and for the year ended March 31, 2024 as referred in Paragraph 5 above;

   b) Auditors' Report issued by the Previous Auditors dated August 17, 2023, June 6, 2024 and August 05, 2024 on the financial statements of the Company as at and for the years ended March 31, 2023, 2024 and period ended June 30, 2024, as referred in Paragraph 4 above.
   The audits for the financial years ended March 31, 2023 and 2022 were conducted by the Company's previous auditors, Belsara & Associates, (the "Previous Auditors"), and accordingly reliance has been placed on the restated statement of assets and liabilities and the restated statements of profit and loss (including other comprehensive income), statements of changes in equity and cash flow statements, the Summary Statement of Significant Accounting Policies, and other explanatory information and (collectively, the "2023 and 2022 Restated Financial Information") examined by them for the said years. The examination report included for the said years is based solely on the report submitted by the Previous Auditors. They have also confirmed that the 2023 and 2022 Restated Financial Information:

      a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended March 31, 2022, March 31, 2023 and March 31, 2024 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the three month period ended June 30, 2024;

      b) do not require any adjustments for the matter(s) giving rise to modifications mentioned in paragraph 7 below; and

      c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. The audit reports on the financial statements issued by Us/Previous Auditors were not modified and did not include following matter(s) giving rise to modifications on the financial statements as at and for the period ended June 30, 2024 and years ended March 31, 2024, 2023 and 2022:

8. We have also examined the following financial information ("Other Financial Information") proposed to be included in the offer document prepared by the management and approved by the board of directors of the company and annexed to this report:

| **Particulars** | **Annexure No.** |
|---|---|
| *Basis of Preparation and Significant Accounting Policies* | *1* |
| *Restated Statement of Share Capital* | *2* |
| *Restated Statement of Reserve and Surplus* | *3* |
| *Restated Statement of Long Term Borrowing* | *4* |
| *Restated Statement of Deferred Tax Liabilities* | *5* |
| *Restated Statement of Short Term Borrowing* | *6* |
| *Restated Statement of Trade Payable* | *7* |
| *Restated Statement of Other Current Liabilities* | *8* |
| *Restated Statement of Short Term Provisions* | *9* |
| *Restated Statement of Property Plant and Equipment* | *10* |
| *Restated Statement of Non-Current Investment* | *11* |
| *Restated Statement of Long Term Loans & Advances* | *12* |
| *Restated Statement of Other Non-Current Assets* | *13* |
| *Restated Statement of Inventories* | *14* |
| *Restated Statement of Trade Receivable* | *15* |
| *Restated Statement of Cash and Cash Equivalent* | *16* |
| *Restated Statement of Short Term Loans & Advances* | *17* |
| *Restated Statement of Other Current Assets* | *18* |
| *Restated Statement of Revenue from Operations* | *19* |
| *Restated Statement of Other Income* | *20* |
| *Restated Statement of Cost of Material Consumed* | *21* |

| Particulars | Annexure No. |
|---|---|
| *Restated Statement of Changes in Inventories* | *22* |
| *Restated Statement of Employee Benefit Expenses* | *23* |
| *Restated Statement of Financial Cost* | *24* |
| *Restated Statement of Other Expenses* | *25* |
| *Restated Statement of Auditors Information* | *26* |
| *Restated Statement of Earnings per share from continuing operations* | *27* |
| *Restated Statement of Segment Reporting* | *28* |
| *Restated Statement of Foreign Currency Transaction* | *29* |
| *Restated Statement of Director Remuneration* | *30* |
| *Restated Statement of Related Party Transactions* | *31* |
| *Restated Statement of Ratios* | *32* |
| *Restated Statement of Capitalisation Statement* | *33* |
| *Restated Statement of Additional Disclosures* | *34* |
| *Restated Statement of Contingent liabilities, commitments, and litigations* | *35* |
| *Restated Statement of Reconciliation of Profit & Loss* | *36* |
| *Restated Statement of Statement of Tax Shelter* | *37* |
| *Restated Statement of Earning per share* | *38* |
| *Restated Statement of Disclosure in respect of Gratuity Liability* | *39* |
| *Restated Statement of Mandatory Accounting Ratios* | *40* |
| *Restated Statement of Other Disclosures in Relation to Restated Financial Statements* | *41* |

9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the special purpose interim financial statements and audited financial statements mentioned in paragraph 4 above.
10. This report should not in any way be construed as reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP/RHP/Prospectus to be filed with Securities and Exchange Board of India, BSE SME and Registrar of Companies, Ahmedabad, Gujarat in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

**For Ashok Rajpara & Co.**
**Chartered Accountants**
**Firm's Registration Number: 153195W**

**Sd/-**
**Ashok Rajpara**
**Proprietor**
**Membership Number: 100559**
**UDIN: 24100559BKDFHC2367**

***Place: Surat***
***Date: December 24, 2024***

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**RESTATED STATEMENT OF ASSETS AND LIABILITIES** **(Rs. In Lacs)**

| PARTICULARS | NOTE | AS AT JUNE 30,2024 | AS AT MARCH 31,2024 | AS ST MARCH 31, 2023 | AS AT MACRH 31,2022 |
|---|---|---|---|---|---|
| **A. EQUITY AND LIABILITIES** | | | | | |
| **1. SHAREHOLDERS' FUND** | | | | | |
| (a) Equity Share Capital | **2** | 100.00 | 100.00 | 100.00 | 100.00 |
| (b) Reserve and Surplus | **3** | 2114.60 | 1852.49 | 1086.87 | 798.27 |
| **Total Shareholders' Funds** | | **2214.60** | **1952.49** | **1186.87** | **898.27** |
| **2. NON-CURRENT LIABILITIES** | | | | | |
| (a) Long term Borrowings | **4** | 740.56 | 672.26 | 540.99 | 348.25 |
| (b) Deferred Tax Liabilities (Net) | **5** | 45.30 | 43.13 | 46.77 | 3.88 |
| **Total Non Current Liabilities** | | **785.86** | **715.39** | **587.76** | **352.13** |
| **3. CURRENT LIABILITIES** | | | | | |
| (a) Short term Borrowings | **6** | 703.17 | 873.24 | 638.22 | 443.23 |
| (b) Trade Payables | **7** | 669.08 | 816.39 | 1151.39 | 471.10 |
| (A)Total outstanding dues of MSME. | | 138.54 | 142.67 | 0.00 | 0.00 |
| (B)Total outstanding dues Other than MSME. | | 530.54 | 673.72 | 1151.39 | 471.10 |
| (c) Other Current Liabilities | **8** | 72.88 | 50.46 | 34.46 | 55.25 |
| (d) Short Term Provisions | **9** | 378.36 | 288.56 | 109.48 | 125.69 |
| **Total Current Liabilities** | | **1823.49** | **2028.66** | **1933.54** | **1095.27** |
| **TOTAL** | | **4823.94** | **4696.54** | **3708.18** | **2345.66** |
| **B. ASSETS** | | | | | |
| **I. NON CURRENT ASSETS** | | | | | |
| (a) (i) Property, Plant and Equipment | **10** | 1376.36 | 1383.72 | 1359.21 | 1023.35 |
| (ii) Capital Work in Progress | | 359.57 | 246.02 | 0.00 | 0.00 |
| (b) Non Current Investments | **11** | 8.05 | 8.05 | 8.05 | 8.05 |
| (c) Long term Loans and Advances | **12** | 0.00 | 0.00 | 0.00 | 57.00 |
| (d) Other Non-current Assets | **13** | 27.14 | 327.14 | 34.07 | 6.43 |
| **Total Non Current Assets** | | **1771.11** | **1964.93** | **1401.32** | **1094.82** |
| **2. CURRENT ASSETS** | | | | | |
| (a) Inventories | **14** | 779.36 | 990.82 | 678.05 | 163.26 |
| (b) Trade Receivable | **15** | 2087.85 | 1537.78 | 1500.22 | 957.79 |
| (c) Cash and Cash Equivalents | **16** | 23.39 | 51.73 | 6.00 | 55.70 |
| (d) Short term Loans and Advances | **17** | 133.26 | 132.81 | 112.23 | 66.18 |
| (e) Other current Assets | **18** | 28.97 | 18.47 | 10.35 | 7.92 |
| **Total Current Assets** | | **3052.83** | **2731.61** | **2306.86** | **1250.84** |
| **TOTAL ASSETS** | | **4823.94** | **4696.54** | **3708.18** | **2345.66** |

**The accompanying notes are an integral part of the Standalone financial statements.**

**As per our report of even date attached.**

**For ASHOK RAJPARA & CO**
**Chartered Accountants**

**For PATEL CHEM SPECIALITIES LIMITED**
Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

| | | | | | |
|---|---|---|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
| **(Ashok Rajpara)** | **Bhupesh Patel** | **Anshu Patel** | **Kalpesh Prajapati** | | **CS Sonal Yadav** |
| **Proprietor** | **(Managing Director)** | **(Whole Time Director)** | **CFO** | | **(Company Secretory)** |
| **M. No. 100559** | **DIN : 02075545** | **DIN : 02148403** | | | **Mem. No A60881** |
| **FRN : 153195W** | | | | | |
| **Place : Surat** | | | | | **Place : Ahmedabad** |
| **Date : 24/12/2024** | | | | | **Date : 24/12/2024** |
| **UDIN : 24100559BKDFHC2367** | | | | | |

**PATEL CHEM SPECIALITIES LIMITED**
Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**RESTATED STATEMENT OF PROFIT & LOSS ACCOUNT** **(Rs. In Lacs)**

| PARTICULARS | NOTE | FOR THE PERIOD ENDED JUNE 30, 2024 | FOR THE PERIOD ENDED MARCH 31, 2024 | FOR THE PERIOD ENDED MARCH 31, 2023 | FOR THE PERIOD ENDED MARCH 31, 2022 |
|---|---|---|---|---|---|
| I Revenue from Operations | **19** | 2705.25 | 8236.16 | 6939.60 | 6048.46 |
| II Other Income | **20** | 7.25 | 35.45 | 35.15 | 13.57 |
| **III TOTAL INCOME** | | **2712.50** | **8271.61** | **6974.75** | **6062.03** |
| **IV EXPENSES** | | | | | |
| Cost of Matetrial Consumed | **21** | 1819.02 | 5894.98 | 5509.36 | 4893.23 |
| Changes In Inventories of FG., WIP. | **22** | 88.86 | (199.24) | (46.01) | (2.52) |
| Employee Benefits Expenses | **23** | 84.88 | 379.98 | 293.14 | 247.98 |
| Financial Cost | **24** | 22.56 | 99.11 | 111.79 | 66.22 |
| Depreciation and Amortization Expenses | **10** | 18.37 | 66.29 | 56.02 | 41.61 |
| Other Expenses | **25** | 324.84 | 993.71 | 635.62 | 464.07 |
| **TOTAL EXPENSES** | | **2358.53** | **7234.82** | **6559.92** | **5710.58** |
| **V Profit Before Exceptional Extraordinary Items** | | **353.97** | **1036.78** | **414.83** | **351.44** |
| VI Exceptional and extraordinary Items | | 0.00 | 0.00 | 0.00 | 0.00 |
| **VII Profit Before Taxes** | | **353.97** | **1036.78** | **414.83** | **351.44** |
| **VIII Tax Expenses** | | | | | |
| (a) Current Tax | | 89.69 | 272.50 | 97.90 | 116.61 |
| (b) Deferred Tax (Liabilities)/Assets | **5** | 2.18 | (3.64) | 42.89 | (1.80) |
| (c) Tax adjustment for earlier period | | 0.00 | 2.30 | (14.57) | 8.73 |
| | | 91.87 | 271.16 | 126.22 | 123.54 |
| Profit for the period | | **262.10** | **765.62** | **288.61** | **227.90** |
| Earning per equity share | **26** | | | | |
| (a) Basic | | 1.54 | 4.50 | 1.70 | 1.34 |
| (b) Dilluted | | 1.54 | 4.50 | 1.70 | 1.34 |
| **The accompanying notes are an integral part of the Standalone financial statements** | | **394.91** | **1202.18** | **582.64** | **459.27** |

**As per our report of even date attached.**

**For ASHOK RAJPARA & CO**
**Chartered Accountants**

**For PATEL CHEM SPECIALITIES LIMITED**
Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**Sd/-**
**(Ashok Rajpara)**
**Proprietor**
**M. No. 100559**
**FRN : 116124W**
**Place : Surat**
**Date : 24/12/2024**
**UDIN : 24100559BKDFHC2367**

**Sd/-**
**Bhupesh Patel**
**(Managing Director)**
**DIN : 02075545**

**Sd/-**
**Anshu Patel**
**(Whole time Director)**
**DIN : 02148403**

**Sd/-**
**Kalpesh Prajapati**
**CFO**

**Sd/-**
**CS Sonal Yadav**
**(Company Secretory)**
**Mem. No A60881**
**Place : Ahmedabad**
**Date : 24/12/2024**

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**RESTATED CASH FLOW STATEMENT**

**(Rs. In Lacs)**

| | Particular | For the Quarter ended 6/30/2024 | For the Year ended 3/31/2024 | For the Year ended 3/31/2023 | For the Year ended 3/31/2022 |
|---|---|---|---|---|---|
| A | **Cash Flow from Operating Activities** | | | | |
| | Net Profit before Tax | 353.97 | 1,036.78 | 414.83 | 351.44 |
| | | | | | |
| | **Adjustments for :** | | | | |
| | Depreciation and Amortization | 18.37 | 66.29 | 56.02 | 41.61 |
| | Foreign Exchange Loss | - | - | - | - |
| | Interest Income | (7.25) | (35.45) | (35.15) | (13.57) |
| | Interest Expenses | 22.56 | 99.11 | 111.79 | 66.22 |
| | Dividend Income | - | - | - | - |
| | **Operating Profit before working capital changes** | 387.66 | 1,166.73 | 547.49 | 445.70 |
| | **Adjustments for (increase)/Decrease in operating assets :** | | | | |
| | Trade Receivable | (550.07) | (37.55) | (542.44) | (303.19) |
| | Invetories | 211.46 | (312.77) | (514.80) | (23.15) |
| | Short Term Loans and Advances | (0.45) | (20.57) | (46.05) | 7.00 |
| | Other Current Assets | (10.50) | (8.12) | (2.44) | 1.36 |
| | **Adjustments for increase/(Decrease) in operating liabilities :** | | | | |
| | Trade Payable | (147.32) | (334.99) | 680.29 | 34.44 |
| | Other Current Laibilities | 22.42 | 16.01 | (20.79) | 24.70 |
| | Provisions | 40.11 | 25.46 | 18.98 | (4.98) |
| | Short Term Borrowings | (170.07) | 235.02 | 194.99 | 65.15 |
| | | | | | |
| | **Cash Generated From Operations** | (216.77) | 729.21 | 315.24 | 247.03 |
| | **Direct Tax** | 40.00 | 121.19 | 118.52 | 35.53 |
| | **Indirect Tax** | | | | |
| | **Net Cash Flow From/(To) Operating Activities (A)** | (256.77) | 608.02 | 196.73 | 211.50 |
| B | **Cash Flow from Investing Activities** | | | | |
| | Purchase of Tangible Fixed Assets | (124.55) | (336.83) | (391.88) | (511.30) |
| | Sale of Tangible Fixed Assets | | - | - | - |
| | Purchase of Investments | - | - | - | - |
| | Sale of Investments | - | - | - | - |
| | Long Term Loans & Advances Given | - | - | 57.00 | 149.43 |
| | Long Term Loans & Advances Realised | - | - | - | - |
| | Other Non Current Assets | 300.00 | (293.07) | (27.64) | (6.43) |
| | Fixed Deposits Made | - | - | - | - |
| | Fixed Deposits Withdrawn | - | - | - | - |
| | Interest Received | 7.25 | 35.45 | 35.15 | 13.57 |
| | Dividend Received | - | - | - | - |
| | **Net Cash Flow From/(used in) Investing Activities (B)** | 182.70 | (594.45) | (327.37) | (354.74) |
| C | **Cash Flow from Financing Activities** | | | | |
| | Proceeds from Issuing share | - | - | - | - |
| | Long Term Borrowings | 68.29 | 131.27 | 192.74 | 86.74 |
| | Interest Paid | (22.56) | (99.11) | (111.79) | (66.22) |
| | Dividend Paid | - | - | - | - |
| | **Net Cash Flow From/(used in) Financing Activities (C)** | 45.73 | 32.16 | 80.95 | 20.52 |
| | | | | | |
| | **Net Increase / (Decrease) in cash and cash equivalents** | (28.35) | 45.73 | (49.70) | (122.71) |
| | Cash and cash equivalents at the beginning of the year | 51.73 | 6.00 | 55.70 | 178.41 |
| | **Cash and cash equivalents at the end of the year** | 23.39 | 51.73 | 6.00 | 55.70 |
| | | | | | |
| | **Notes :** | | | | |
| | **Reconciliation of Cash and Cash equivalents** | | | | |
| | | | | As at | |
| | | 30 June 2024 | 31 March 2024 | 31 March 2023 | 31 March 2022 |
| | **Components of cash and cash equivalents** | | | | |
| | cash on hand | 15.23 | 10.53 | 1.50 | 0.62 |
| | Balance with banks with current accounts | 3.53 | 36.56 | 4.50 | 55.08 |
| | | 4.64 | 4.64 | - | - |
| | | 23.39 | 51.73 | 6.00 | 55.70 |

As per our report of even date

**For ASHOK RAJPARA & CO**
**Chartered Accountants**

**For PATEL CHEM SPECIALITIES LIMITED**
Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

| | | | | |
|---|---|---|---|---|
| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
| **(Ashok Rajpara)** | **Bhupesh Patel** | **Anshu Patel** | **Kalpesh Prajapati** | **CS Sonal Yadav** |
| **Proprietor** | **(Managing Director)** | **(Whole time Director)** | **CFO** | **(Company Secretory)** |
| **M. No. 100559** | **DIN : 02075545** | **DIN : 02148403** | | **Mem.NoA60881** |
| **FRN : 116124W** | | | | |
| **Place: Surat** | | | | **Place : Ahmedabad** |
| **Date : 24/12/2024** | | | | **Date : 24/12/2024** |
| **UDIN : 24100559BKDFHC2367** | | | | |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**NOTE No. 1 Statement On Significant Accounting Policies**

**BACKGROUND**

Patel Chem Specialities Private Limited (the company) is a private company limited by shares domiciled in India, incorporated under the provisions of Companies Act, 2013. Its registered office is situated Plot No. 272/4-5, Phase-11, GIDC, Vatva, Ahmedabad - Gujarat, 382445 India. The Company is one of the leading manufacturing companies in chemical based on caustic soda flaks, maize, methanol and manufacturing CMC, SSG and other types of similar material mainly used pharma, food and other chemical industries.

**1.0 STATEMENT ON SIGNIFICANT ACCOUNTING POLICIES**

This note provides a list of the Significant Accounting Policies adopted in the preparation of the Financial statement.These policies have been consistently applied to all the years presented,unless otherwise stated.

**1.1 BASIS FOR PREPARATION OF ACCOUNTS**

These financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India ("Indian GAAP") to comply with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2015, and the relevant provisions of the Companies Act, 1956/2013.

**Current versus Non-Current Classification**

All assets and liabilities have been classified as Current or Non Current as per the Company's normal operation cycle i.e. twelve months and other criterial setout in the Schedule III of the Act.

**Historical Cost Convention**

The financial statements have been prepared under the historical cost convention on an accrual basis and going concern basis. The accounting policies have been consistently applied by the company are consistent with those used in the previous year.

**1.2 USE OF ESTIMATES**

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of income and expense during the year. Examples of such estimates include provisions for doubtful receivables, provision for income taxes, the useful lives of depreciable fixed assets and provision for impairment. Future results could differ due to changes in these estimates and the difference between the actual result and the estimates are recognized in the period in which the results are known/materialize.

**1.3 REVENUE RECOGNITION**

The company recognizes sales on the basis of actual delivery of goods. Sales are recorded at invoice values. The Purchases are recorded at the invoice value and related charges and duties. All expenses and income to the extent considered payable and receivable respectively are accounted for mercantile basis except encashment of leave salary and interest on income tax refund, which are teared on cash basis.

**1.4 FOREIGN CURRENCY TRANSACTIONS**

(i) Transactions in foreign currencies are accounted at the exchange rate prevailing at the date of transactions. Gain/Losses arising out of fluctuations in the exchange rate are recognized in the Profit and Loss Account, in the period in which they arise, except in respect of Fixed Assets where exchange variance is adjusted in the carrying amount of the respective Fixed Assets.

(ii) Difference between the forward exchange rates and the exchange rate at the date of transactions are accounted, as income or expense over the life of the contracts, except in respect of liabilities incurred for acquiring Fixed Assets, in which case such differences are adjusted in the carrying amount of the respective Fixed Assets.

**1.5 PROPERTY, PLANT AND EQUIPMENTS**

(1) Fixed Assets include all expenditure of capital nature and are stated at cost. (2) In respect of addition and sell off assets during the year, depreciation is provided on pro-rata basis. (3) Work in progress is valued at cost.

**1.5.1 DEPRECIATION/AMORTIZATION**

Depreciation on fixed assets is provided on SLM method at the rates and in the manner prescribed in Schedule II to the Companies Act, 2013. Depreciation on Fixed Assets is calculated on SLM method using the rates arrived at based on the estimated useful life given in Schedule 2 of the Companies Act 2013. If any asset having no useful life as per new schedule, then the residual value worked out and resulting shortfall or excess is adjusted against retained earnings/profit loss account if any.

| Type of assets | Period | Type of assets | Period |
|---|---|---|---|
| Buildings * | 30 years | Vehicles * | 8 Years |
| Plant and Equipment * | 15 years | Office Equipments | 5 Years |
| Furniture and Fixtures * | 10 years | Computers * | 3 years |

*based on evaluation, the Management believes that the useful lives as given above best represent the period over which the management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

**1.6 INVENTORIES**

Raw materials are carried at the lower of cost and net realizable value. Work-in-progress is carried at the lower of cost and net realizable value. Stores and spare parts are carried at lower of cost and net realizable value. Finished goods produced or purchased by the company are carried at lower of cost and net realizable value. Cost includes tax component also.

**1.7 INVESTMENTS**

Long term investments and current maturities of long term investments are stated at cost, less provision for other than temporary diminution in value. Current investments, except for current maturities of long term investments, comprising investments in mutual funds, government securities and bonds are stated at the lower of cost and fair value.

**1.8 TAXATION**

(i) Provision for Income Tax is calculated in accordance with the provisions of the Income Tax Act.

(ii) Deferred tax liability or assets is recognized for timing differences between the Profit/loss offered for Income taxes and Profit/loss as per financial statements.

(iii) Deferred tax assets and liability are measured using tax rates and tax laws that have been enacted or subsequently certainly that the assets can be realized in future, however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets.

**1.9 BORROWING COST**

Borrowing costs directly attributable to the acquisition or construction of qualifying fixed assets are capitalized as part of the cost of fixed assets, up to the date the asset is put to use. Other borrowing costs are charged to Profit and Loss Account in the year in which they are incurred.

**1.10 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are not recognized in the financial statements. A contingent asset is neither recognized nor disclosed in the financial statements.

**1.11 CASH AND CASH EQUIVALENTS**

The company considers all highly liquid financial instruments, which are readily convertible into known amount of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents.

**1.12 EARNING PER EQUITY SHARE**

Basic earning per equity share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including bonus issue, bonus element in a right issue to existing shareholders, share split and reverse share split (consolidation of shares). For the purpose of calculating diluted earning per equity share, the net weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares

**1.13 CASH FLOW STATEMENT**

Cash flows are reported using the Indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future receipts or payments. In the cash flow statement, cash and cash equivalents includes cash in hand, cheques on hand, balances with banks in current accounts and other short term highly liquid investments with original maturities of 3 months or less, as applicable.

**1.14 RETIREMENT BENEFITS**

(I) Defined Contribution Plans:- The company makes the contributions to provident fund at the prescribed rates and accounts for the same on the basis of actual liability with Government.

(II) Defined Benefit Plans:- The company has opted for LIC's Group gratuity policy method for Gratuity retirement benefits which is Insurer Managed funds. Company contributes to the policy issued by LIC in this regard. The company's liabilities towards gratuity are determined by LIc on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measure each unit separately to build up the final obligation. Past services are recognized on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated value of fund and liability ascertained on actuary a discount rate that is determined by LIC at the Balance Sheet date.

**1.15 SEGMENT REPORTING**

The Company's business falls within a single operating segment of selling and distribution of Chemical products. Hence, there are no other reportable segments in terms of requirements of AS 17 "Segment Reporting".

**1.16 OTHER DISCLOSURES**

Company is a Small and Medium sized Company (SMC) as defined in the General instructions in respect of Accounting Standards notified under the Companies Act, 2013. Accordingly, the company has complied with the Accounting Standards as applicable to a Small and Medium sized company. Balances of Sundry Creditors, Loans & Advances and sundry Deposits are subjected to confirmation & adjustment, if any. In the opinion of the Directors, Current Assets, Loans & Advances are approximately of the value stated, if realized in the ordinary course of company activity. Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**(Rs. In Lacs)**

| PARTICULARS | AS AT JUNE 30,2024 | AS AT MARCH 31,2024 | AS ST MARCH 31, 2023 | AS AT MACRH 31,2022 |
|---|---|---|---|---|
| **NOTE : 2 SHARE CAPITAL** | | | | |
| 2.1 Authorised Share Capital : | | | | |
| Equity Shares of Rs. 10/- Each | 2500.00 | 600.00 | 300.00 | 100.00 |
| Issued, Subscribed and Paid up Share Capital : | | | | |
| Equity Shares of Rs. 10/- Each | 100.00 | 100.00 | 100.00 | 100.00 |
| **TOTAL Rs.** | **100.00** | **100.00** | **100.00** | **100.00** |

**2.2 The reconciliation of the number of shares outstanding and the amount of share capital as at June 30, 2024, March 31, 2024 , March 31, 2023 And March 31.2022 is set out below :**

| Particulars | Equity Shares | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As At June 30, 2024 | | As At March 31, 2024 | | As At March 31, 2023 | | As At March 31, 2022 | |
| | Number | Amt Rs. | Number | Amt Rs. | Number | Amt Rs. | Number | Amt Rs. |
| Share O/s at the beginning of the year | 1000000 | 100.00 | 1000000 | 100.00 | 1000000 | 100.00 | 1000000 | 100.00 |
| Shares Issued During The Year | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Shares Bought Back during the Yr. | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| Share O/s at the end of the year | 1000000 | 100.00 | 1000000 | 100.00 | 1000000 | 100.00 | 1000000 | 100.00 |

In the event of liquidation of the company, the holders of equity shares will be receiving any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

The Company does not have any Holding or subsidiary company and hence there is no question of any shares of the company being held by its holding company, ultimate holding company and their subsidiaries/associates.

**2.3 Details of Shareholders holding more than 5 % shares in the company :**

| Name of Share Holder | Equity Shares | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | As At June 30, 2024 | | As At March 31, 2024 | | As At March 31, 2023 | | As At March 31, 2022 | |
| | No. Of Shares held | % of Holding | No. Of Shares | % of Holding | No. Of Shares held | % of Holding | No. Of Shares held | % of Holding |
| Bhupeshbhai V Patel | 889940 | 88.99 | 889940 | 88.99 | 890000 | 89.00 | 900000.00 | 90.00 |
| Anshuben B Patel | 88000 | 8.80 | 88000 | 8.80 | 88000 | 8.80 | 88000.00 | 8.80 |
| TOTAL | 977940 | 97.79 | 977940 | 97.79 | 978000 | 97.80 | 988000 | 98.80 |

**2.4 Disclosure of Shareholding of Promoters**

**Disclosure of share holding of promoters as at June 30, 2024 is as follows :**

| Name of the Promotors | No.of Share As At 31/03/2024 | Changes During the Year | No.of Share As At 30/06/2024 | % of Holding | % of Changes During the Year |
|---|---|---|---|---|---|
| Bhupeshbhai V Patel | 889940 | 0.00 | 889940.00 | 88.99 | 0.00 |
| Anshuben B Patel | 88000 | 0.00 | 88000.00 | 8.80 | 0.00 |
| Bhupeshbhai V Patel (HUF) | 12000 | 0.00 | 12000.00 | 1.20 | 0.00 |
| Vini B Patel | 10000 | 0.00 | 10000.00 | 1.00 | 0.00 |

**Disclosure of share holding of promoters as at March 31, 2024 is as follows :**

| Name of the Promotors | No.of Share As At 31/03/2023 | Changes During the Year | No.of Share As At 31/03/2024 | % of Holding | % of Changes During the Year |
|---|---|---|---|---|---|
| Bhupeshbhai V Patel | 890000 | 60.00 | 889940.00 | 88.99 | (0.01) |
| Anshuben B Patel | 88000 | 0.00 | 88000.00 | 8.80 | 0.00 |
| Bhupeshbhai V Patel (HUF) | 12000 | 0.00 | 12000.00 | 1.20 | 0.00 |
| Vini B Patel | 10000 | 0.00 | 10000.00 | 1.00 | 0.00 |

**Disclosure of share holding of promoters as at March 31, 2023 is as follows :**

| Name of the Promotors | No.of Share As At 31/03/2022 | Changes During the Year | No.of Share As At 31/03/2023 | % of Holding | % of Changes During the Year |
|---|---|---|---|---|---|
| Bhupeshbhai V Patel | 900000 | -10000.00 | 890000.00 | 89.00 | (1.00) |
| Anshuben B Patel | 88000 | 0.00 | 88000.00 | 8.80 | 0.00 |
| Bhupeshbhai V Patel (HUF) | 12000 | 0.00 | 12000.00 | 1.20 | 0.00 |
| Vini B Patel | 0 | 10000.00 | 10000.00 | 1.00 | 100.00 |

**Disclosure of share holding of promoters as at March 31, 2022 is as follows :**

| Name of the Promotors | No.of Share As At 31/03/2021 | Changes During the Year | No.of Share As At 31/03/2022 | % of Holding | % of Changes During the Year |
|---|---|---|---|---|---|
| Bhupeshbhai V Patel | 900000 | 0.00 | 900000.00 | 90.00 | 0.00 |
| Anshuben B Patel | 88000 | 0.00 | 88000.00 | 8.80 | 0.00 |
| Bhupeshbhai V Patel (HUF) | 12000 | 0.00 | 12000.00 | 1.20 | 0.00 |

| PARTICULARS | AS AT JUNE 30,2024 | AS AT MARCH 31,2024 | AS ST MARCH 31, 2023 | AS AT MACRH 31,2022 |
|---|---|---|---|---|
| **NOTE : 3 RESERVE AND SURPLUS** | | | | |
| **1. Surplus in Statement of Profit and Loss Account** | | | | |
| Opening Balance of Profit & loss A/c | 1852.49 | 1086.87 | 798.27 | 570.36 |
| Profit & Loss Account-Current year | 262.10 | 765.62 | 288.61 | 227.90 |
| **Closing Balance of Profit & loss A/c** | 2114.60 | 1852.49 | 1086.87 | 798.27 |
| **NOTE : 4 LONG TERM BORROWINGS** | | | | |
| **Secured Borrowings** | | | | |
| Secured Term Loans From Banks | 400.34 | 304.04 | 206.58 | 138.09 |
| | 400.34 | 304.04 | 206.58 | 138.09 |
| **Unsecured Loans** | | | | |
| Unsecured Term Loans from Related Parties | 340.22 | 368.22 | 334.41 | 210.16 |
| | 340.22 | 368.22 | 334.41 | 210.16 |
| **TOTAL Rs.** | **740.56** | **672.26** | **540.99** | **348.25** |

**Particulars Of Borrowings (As at 30/06/2024)**

| Type Of Loan | Nature of Security | Rate of Interes | Monthly Installments | No. of Installments |
|---|---|---|---|---|
| CC-Stock & Book Debts | Hypothecation of Stock & BD | 9.38% | As & When Fall Due | |
| Car Loan-31 | Hypothecation of Car | 9.38% | 0.13 Lakh | 60 |
| BOI Machine Loan-92 | Hypothecation of P & M | 9.38% | 1.12 Lakh | 78 |
| Term Loan III-69 | Hypothecation of P & M | 9.38% | 1.19 Lakh | 75 |
| BOI L&B Loan-93 | Hypothecation of L & B | 9.38% | 1.13 Lakh | 78 |
| Star GECL-72 | Hypothecation of P & M | 9.25% | 2.43 Lakh | 36 |
| Star GECL-51 | Hypothecation of P & M | 9.25% | 1.71 Lakh | 36 |
| Term Loan-07 | Hypothecation of P & M | 9.38% | 4.49 Lakh | 78 |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**Particulars Of Borrowings (As at 31/03/2024)**

| Type Of Loan | Nature of Security | Rate of Interes | Monthly Installments | No. of Installments |
|---|---|---|---|---|
| CC-Stock & Book Debts | Hypothecation of Stock & BD | 9.38% | As & When Fall Due | |
| Car Loan-31 | Hypothecation of Car | 9.38% | 0.13 Lakh | 60 |
| BOI Machine Loan-92 | Hypothecation of P & M | 9.38% | 1.12 Lakh | 78 |
| Term Loan III-69 | Hypothecation of P & M | 9.38% | 1.19 Lakh | 75 |
| BOI L&B Loan-93 | Hypothecation of L & B | 9.38% | 1.13 Lakh | 78 |
| Star GECL-72 | Hypothecation of P & M | 9.25% | 2.43 Lakh | 36 |
| Star GECL-51 | Hypothecation of P & M | 9.25% | 1.71 Lakh | 36 |
| Term Loan-07 | Hypothecation of P & M | 9.38% | 4.49 Lakh | 78 |

**Particulars Of Borrowings (As at 31/03/2023)**

| Type Of Loan | Nature of Security | Rate of Interes | Monthly Installments | No. of Installments |
|---|---|---|---|---|
| CC-Stock & Book Debts | Hypothecation of Stock & BD | 8.20% | As & When Fall Due | |
| Car Loan | Hypothecation of Car | 9.05% | 0.13 Lakh | 60 |
| Term Loan-2 | Hypothecation of P & M | 8.20% | 1.30 Lakh | 75 |
| Term Loan-3 | Hypothecation of P & M | 8.20% | 1.19 Lakh | 75 |
| Star GECL | Hypothecation of P & M | 7.50% | 1.71 Lakh | 36 |
| Star GECL 1.0 | Hypothecation of P & M | 7.50% | 2.43 Lakh | 36 |
| BOI Machine Loan-92 | Hypothecation of P & M | 8.60% | 1.12 Lakh | 78 |
| BOI L&B Loan-93 | Hypothecation of L & B | 8.60% | 1.13 Lakh | 78 |

**Particulars Of Borrowings (As at 31/03/2022)**

| Type Of Loan | Nature of Security | Rate of Interes | Monthly Installments | No. of Installments |
|---|---|---|---|---|
| CC-Stock & Book Debts | Hypothecation of Stock & BD | 8.20% | As & When Fall Due | |
| Car Loan | Hypothecation of Car | 9.05% | 0.13 Lakh | 60 |
| Term Loan-2 | Hypothecation of P & M | 8.20% | 1.30 Lakh | 75 |
| Term Loan-3 | Hypothecation of P & M | 8.20% | 1.19 Lakh | 75 |
| Star GECL | Hypothecation of P & M | 7.50% | 1.71 Lakh | 36 |
| Star GECL 1.0 | Hypothecation of P & M | 7.50% | 2.43 Lakh | 36 |

| PARTICULARS | AS AT JUNE 30,2024 | AS AT MARCH 31,2024 | AS ST MARCH 31, 2023 | AS AT MACRH 31,2022 |
|---|---|---|---|---|
| **NOTE : 5 DEFERRED TAX LIABILITY** | | | | |
| Deferred Tax Liability: | | | | |
| Difference in value of Fixed Assets due to depreciation and other allowances | 45.30 | 43.13 | 46.77 | 3.88 |
| **Deferred Tax Liability Net** | **45.30** | **43.13** | **46.77** | **3.88** |
| Previous Year | 43.13 | 46.77 | 3.88 | 5.68 |
| **Deferred Tax Expenses/ (Saving)** | **2.18** | **(3.64)** | **42.89** | **(1.80)** |
| The above deferred tax is calculated on the basis of substantively enacted tax rate of 26% | | | | |
| **NOTE : 6 SHORT TERM BORROWINGS** | | | | |
| **(a) Loans Repayable on Demand From Bank** | | | | |
| Cash Credit Facility | 636.43 | 804.30 | 545.02 | 396.11 |
| | 636.43 | 804.30 | 545.02 | 396.11 |
| **(b) Term Loans Repayable on within 12 months** | | | | |
| **Secured term loans repayable within 12 months** | | | | |
| Secured Term Loan From Banks | 66.74 | 68.95 | 93.20 | 47.12 |
| | 66.74 | 68.95 | 93.20 | 47.12 |
| **TOTAL Rs.** | **703.17** | **873.24** | **638.22** | **443.23** |
| **NOTE : 7 TRADE PAYABLES** | | | | |
| **Total outstanding dues to MSME** | | | | |
| Less than 1 year | 138.54 | 142.67 | 0.00 | 0.00 |
| 1-2 Years | 0.00 | 0.00 | 0.00 | 0.00 |
| 2-3 Year | 0.00 | 0.00 | 0.00 | 0.00 |
| Morethan 3 Year | 0.00 | 0.00 | 0.00 | 0.00 |
| | 138.54 | 142.67 | 0.00 | 0.00 |
| **Total outstanding dues to other than MSME** | | | | |
| Less than 1 year | 529.19 | 672.70 | 1149.52 | 467.17 |
| 1-2 Years | 1.35 | 1.02 | 1.16 | 2.07 |
| 2-3 Year | 0.00 | 0.00 | (0.32) | 0.24 |
| Morethan 3 Year | 0.00 | 0.00 | 1.02 | 1.62 |
| | 530.54 | 673.72 | 1151.39 | 471.10 |
| **TOTAL Rs.** | **669.08** | **816.39** | **1151.39** | **471.10** |
| **The Creditors covered by Micro, small and medium Enterprises Development Act, 2006 ("the MSMED Act, 2006") have been identified on the basis of informationavailable with the Company. Disclosures in respect of the amounts payable to such parties are given below :** | | | | |
| (i) The principal amount remaining unpaid as at the end of the year | 138.54 | 142.67 | 0.00 | 0.00 |
| (ii) The amount of interest accrued and remaining unpaid on (i) above | 0.00 | 0.00 | 0.00 | 0.00 |
| (iii) Amount of interest paid by the Company in terms of Section 16, of the MSMED Act, 2006 along with the amounts of payments made beyond the appointed date during the year. | 0.00 | 0.00 | 0.00 | 0.00 |
| (iv) The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid) | 0.00 | 0.00 | 0.00 | 0.00 |
| (v) The amount of further interest remaining due and payable in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006. | 0.00 | 0.00 | 0.00 | 0.00 |
| 1. The Company has not received information from the all the suppliers regarding their status under The Micro, Small & Medium Enterprises Development Act,2006. Hence, disclosures, if any relating to amounts unpaid as at the balance sheet date together with interest paid or payable as per the requirement under the said Act, have been given based on the record available with the Company. | | | | |
| **NOTE : 8 OTHER CURRENT LIABILITIES** | | | | |
| **(a) Other Payables** | | | | |
| Employee Benefit Payable (See also Note No. 9) | 4.79 | 3.70 | 3.45 | 2.95 |
| Advance received from customers | 18.60 | 2.86 | 0.24 | 15.45 |
| Statutory Payments | 21.33 | 3.69 | 4.79 | 5.67 |
| Gratuity Payable | 20.01 | 36.02 | 9.55 | 7.55 |
| Expense Payable | 1.72 | 0.88 | 5.04 | 0.00 |
| Unpaid Director Remuneration | 6.44 | 3.30 | 2.96 | 2.53 |
| Outstanding Interest On Loan | 0.00 | 0.00 | 8.42 | 21.10 |
| **TOTAL Rs.** | **72.88** | **50.46** | **34.46** | **55.25** |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

| PARTICULARS | AS AT JUNE 30,2024 | AS AT MARCH 31,2024 | AS ST MARCH 31, 2023 | AS AT MACRH 31,2022 |
|---|---|---|---|---|
| **NOTE : 9 SHORT TERM PROVISIONS** | | | | |
| Provision for Employee benefits (See also Note No. 8) | 15.01 | 15.15 | 11.57 | 9.07 |
| Provision for Audit Fees | 1.15 | 0.90 | 0.00 | 0.00 |
| Income Tax Provisions | 362.20 | 272.50 | 97.90 | 116.61 |
| **TOTAL Rs.** | **378.36** | **288.56** | **109.48** | **125.69** |
| **NOTE : 11 NON CURRENT INVESTMENTS** | | | | |
| **Other Non-current Investments** | | | | |
| (a) Green Environment (Basis of Valuation : At Cost) | 7.84 | 7.84 | 7.84 | 7.84 |
| (b) Society For Clean Earth (Basis of Valuation : At Cost) | 0.21 | 0.21 | 0.21 | 0.21 |
| **TOTAL Rs.** | **8.05** | **8.05** | **8.05** | **8.05** |
| **NOTE : 12 LONG TERM LOANS & ADVANCES** | | | | |
| **Unsecured and Considered Good** | | | | |
| (a) Capital Advances | 0.00 | 0.00 | 0.00 | 57.00 |
| **TOTAL Rs.** | **0.00** | **0.00** | **0.00** | **57.00** |
| **NOTE : 13 OTHER NON CURRENT ASSETS** | | | | |
| Security Deposits | 27.14 | 27.14 | 34.07 | 6.43 |
| Other loans and advances | 0.00 | 300.00 | 0.00 | 0.00 |
| **TOTAL Rs.** | **27.14** | **327.14** | **34.07** | **6.43** |
| **NOTE : 14 INVENTORIES** | | | | |
| Raw Materials & Stores | 599.62 | 722.22 | 608.70 | 139.91 |
| Work-in-Progress | 80.46 | 81.90 | 69.35 | 23.34 |
| Finished Goods | 99.28 | 186.70 | 0.00 | 0.00 |
| **TOTAL Rs.** | **779.36** | **990.82** | **678.05** | **163.26** |
| **NOTE : 15 TRADE RECEIVABLES** | | | | |
| Secured Trade Receivable - Considered Good | 0.00 | 0.00 | 0.00 | 0.00 |
| Secured Trade Receivable - Considered Doubtfull | 0.00 | 0.00 | 0.00 | 0.00 |
| | 0.00 | 0.00 | 0.00 | 0.00 |
| Unsecured Trade Receivable - Considered Good | 2087.84 | 1537.78 | 1500.22 | 957.79 |
| Unsecured Trade Receivable - Considered Doubtfull | 0.00 | 0.00 | 0.00 | 0.00 |
| | **2087.84** | **1537.78** | **1500.22** | **957.79** |
| **Agewise Trade Receivables** | | | | |
| (Undisputed Trade Receivable - Considered Good) | | | | |
| Not Dues | 1270.71 | 919.11 | 982.00 | 575.57 |
| Less Than 6 months | 744.98 | 564.85 | 517.99 | 379.40 |
| 6 Months to 1 Years | 72.00 | 51.03 | 0.03 | 1.65 |
| 1 Year to 2 Years | 0.00 | 2.59 | 0.04 | 0.04 |
| 2 Years To 3 Years | 0.16 | 0.04 | 0.00 | 0.16 |
| More Than Three Years | 0.00 | 0.16 | 0.16 | 0.97 |
| **TOTAL Rs.** | **2087.85** | **1537.78** | **1500.22** | **957.79** |
| **NOTE : 16 CASH & CASH EQUIVALENTS** | | | | |
| **(a) Balances with Banks** | | | | |
| (A) In Current account | 0.00 | 0.12 | 0.13 | 0.22 |
| (B) EEFC A/c | 3.53 | 35.99 | 3.93 | 54.41 |
| (C) Gratuity A/c | 0.00 | 0.45 | 0.45 | 0.45 |
| | 3.53 | 36.56 | 4.50 | 55.08 |
| **(b) Cash On Hand** | 15.23 | 10.53 | 1.50 | 0.62 |
| **(c) Others** | 4.64 | 4.64 | 0.00 | 0.00 |
| **TOTAL Rs.** | **23.39** | **51.73** | **6.00** | **55.70** |

| PARTICULARS | AS AT JUNE 30,2024 | AS AT MARCH 31,2024 | AS ST MARCH 31, 2023 | AS AT MACRH 31,2022 |
|---|---|---|---|---|
| **NOTE : 17 SHORT TERM LOANS & ADVANCE** | | | | |
| **Unsecured and Considered Good** | | | | |
| Prepaid expenses | 0.00 | 2.91 | 2.07 | 1.80 |
| Advance Tax & Tax Receivables | 115.00 | 75.00 | 50.00 | 30.00 |
| GST Receivables | 0.00 | 36.31 | 38.07 | 7.57 |
| GST TDS Receivables | 0.52 | 0.52 | 0.00 | 0.00 |
| Interest receivables on Deposits | 0.00 | 0.00 | 0.08 | 0.07 |
| Export claim receivables | 0.00 | 1.73 | 0.07 | 0.27 |
| Staff worker Loan | 10.57 | 10.03 | 17.94 | 7.52 |
| TCS receivables | 0.05 | 0.05 | 0.31 | 0.41 |
| TDS receivables | 5.12 | 4.26 | 3.70 | 2.57 |
| Custom Duty Advance/Receivables | 0.00 | 0.00 | 0.00 | 15.96 |
| Subsidy receivables | 2.00 | 2.00 | 0.00 | 0.00 |
| **TOTAL Rs.** | **133.26** | **132.81** | **112.23** | **66.18** |

Disclosure under Loans and Advances:

1. Loans & Advances due by directors or other officers of the company or any of them either severally or jointly with any other persons or amounts due by firms or private companies respectively in which any director or a member to be separately stated in Related Party Transactions.

| | | | | |
|---|---|---|---|---|
| **NOTE : 18 OTHER CURRENT ASSETS** | | | | |
| Terms Deposits with bank | 8.61 | 13.57 | 7.45 | 7.82 |
| Interest Accrued | 0.36 | 1.16 | 0.35 | 0.09 |
| ROC Fees | 20.01 | 3.75 | 2.55 | 0.00 |
| **TOTAL Rs.** | **28.97** | **18.47** | **10.35** | **7.92** |
| **NOTE : 19 REVENUE FROM OPERATIONS** | | | | |
| Sales | 2267.35 | 7096.70 | 6237.13 | 5427.07 |
| Sales -Export | 437.90 | 1139.45 | 702.46 | 621.39 |
| **TOTAL Rs.** | **2705.25** | **8236.16** | **6939.60** | **6048.46** |
| **NOTE : 20 OTHER INCOME** | | | | |
| Interest Income From Long Term Investments | 0.14 | 0.89 | 0.54 | 0.41 |
| Exchange Fluctuation Gain | 2.86 | 24.53 | 28.50 | 7.94 |
| Duty Draw Back Income | 4.25 | 10.03 | 6.10 | 5.22 |
| **TOTAL Rs.** | **7.25** | **35.45** | **35.15** | **13.57** |
| **NOTE : 21 COST OF MATERIALS CONSUMED** | | | | |
| Opening stock of Raw Materials & Stores | 722.22 | 608.70 | 139.91 | 119.28 |
| Add: Purchases | 1065.69 | 4180.83 | 4011.97 | 3904.05 |
| Import | 630.73 | 1827.67 | 1966.18 | 1009.81 |
| | 1696.42 | 6008.50 | 5978.15 | 4913.86 |
| Less: Closing stock of Raw Materials & Stores | 599.62 | 722.22 | 608.70 | 139.91 |
| **TOTAL Rs.** | **1819.02** | **5894.98** | **5509.36** | **4893.23** |

**PATEL CHEM SPECIALITIES LIMITED**

**Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED**

**FOR THE QUARTER ENDED JUNE 30,2024**

**NOTE No. 10 PROPERTY, PLANT AND EQUIPMENTS**

**(Rs. in Lacs)**

| BLOCK OF ASSETS/ASSETS GROUP | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4/1/2024 | ADDITIONS | SALE/ADJ. | 6/30/2024 | 4/1/2024 | FOR THE YEAR | SALE /ADJ. | RESIDUAL VALUE ADJUST. | 6/30/2024 | 6/30/2024 | 3/31/2024 |
| | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES |
| **FREE HOLD PROPERTY** | | | | | | | | | | | |
| Land | 557.67 | 0.00 | 0.00 | 557.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 557.67 | 557.67 |
| **TOTAL (BLOCK)** | **557.67** | **0.00** | **0.00** | **557.67** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **557.67** | **557.67** |
| **TANGIBLE ASSETS** | | | | | | | | | | | |
| Building | 321.79 | 0.00 | 0.00 | 321.79 | 81.48 | 2.64 | 0.00 | 0.00 | 84.12 | 237.66 | 240.31 |
| **TOTAL(BLOCK)** | **321.79** | **0.00** | **0.00** | **321.79** | **81.48** | **2.64** | **0.00** | **0.00** | **84.12** | **237.66** | **240.31** |
| **COMPUTERS** | | | | | | | | | | | |
| COMPUTERS | 10.68 | 0.00 | 0.00 | 10.68 | 6.87 | 0.43 | 0.00 | 0.00 | 7.30 | 3.39 | 3.82 |
| **TOTAL(BLOCK)** | **10.68** | **0.00** | **0.00** | **10.68** | **6.87** | **0.43** | **0.00** | **0.00** | **7.30** | **3.39** | **3.82** |
| **FURNITURE AND FIXTURES** | | | | | | | | | | | |
| Furniture | 32.86 | 0 | 0 | 32.86 | 14.30 | 0.10 | 0 | 0 | 14.40 | 18.46 | 18.56 |
| **TOTAL(BLOCK)** | **32.86** | **0.00** | **0.00** | **32.86** | **14.30** | **0.10** | **0.00** | **0.00** | **14.40** | **18.46** | **18.56** |
| **OFFICE EQUIPMENT** | | | | | | | | | | | |
| Office Equipments | 47.91 | 1.82 | 0.00 | 49.73 | 33.15 | 1.77 | 0.00 | 0.00 | 34.93 | 14.80 | 14.76 |
| **TOTAL(BLOCK)** | **47.91** | **1.82** | **0.00** | **49.73** | **33.15** | **1.77** | **0.00** | **0.00** | **34.93** | **14.80** | **14.76** |
| **VEHICLES** | | | | | | | | | | | |
| Vehicles | 26.28 | 8.71 | 0.00 | 34.99 | 7.39 | 0.77 | 0.00 | 0.00 | 8.17 | 26.83 | 18.89 |
| **TOTAL(BLOCK)** | **26.28** | **8.71** | **0.00** | **34.99** | **7.39** | **0.77** | **0.00** | **0.00** | **8.17** | **26.83** | **18.89** |
| **PLANT AND MACHINERY** | | | | | | | | | | | |
| Machineries | 777.24 | 0.48 | 0.00 | 777.72 | 247.52 | 12.65 | 0.00 | 0.00 | 260.16 | 517.55 | 529.72 |
| **TOTAL(BLOCK)** | **777.24** | **0.48** | **0.00** | **777.72** | **247.52** | **12.65** | **0.00** | **0.00** | **260.16** | **517.55** | **529.72** |
| | | | | | | | | | | | |
| **GRAND TOTAL** | **1774.43** | **11.01** | **0.00** | **1785.44** | **390.71** | **18.37** | **0.00** | **0.00** | **409.08** | **1376.36** | **1383.72** |

**PATEL CHEM SPECIALITIES LIMITED**

**Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024**

**NOTE No. 10 PROPERTY, PLANT AND EQUIPMENTS**

**(Rs. in Lacs)**

| BLOCK OF ASSETS/ASSETS GROUP | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4/1/2023 | ADDITIONS | SALE/ADJ. | 3/31/2024 | 4/1/2023 | FOR THE YEAR | SALE /ADJ. | RESIDUAL VALUE ADJUST. | 3/31/2024 | 3/31/2024 | 3/31/2023 |
| | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES |
| **FREE HOLD PROPERTY** | | | | | | | | | | | |
| Land | 555.05 | 2.62 | 0.00 | 557.67 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 557.67 | 555.05 |
| **TOTAL (BLOCK)** | **555.05** | **2.62** | **0.00** | **557.67** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **557.67** | **555.05** |
| **TANGIBLE ASSETS** | | | | | | | | | | | |
| Building | 306.86 | 14.93 | 0.00 | 321.79 | 72.31 | 9.18 | 0.00 | 0.00 | 81.48 | 240.31 | 234.55 |
| **TOTAL(BLOCK)** | **306.86** | **14.93** | **0.00** | **321.79** | **72.31** | **9.18** | **0.00** | **0.00** | **81.48** | **240.31** | **234.55** |
| **COMPUTERS** | | | | | | | | | | | |
| COMPUTERS | 8.48 | 2.20 | 0.00 | 10.68 | 5.51 | 1.36 | 0.00 | 0.00 | 6.87 | 3.82 | 2.98 |
| **TOTAL(BLOCK)** | **8.48** | **2.20** | **0.00** | **10.68** | **5.51** | **1.36** | **0.00** | **0.00** | **6.87** | **3.82** | **2.98** |
| **FURNITURE AND FIXTURES** | | | | | | | | | | | |
| Furniture | 32.86141 | 0 | 0 | 32.86 | 13.89532 | 0.40 | 0 | 0 | 14.30 | 18.56 | 18.97 |
| **TOTAL(BLOCK)** | **32.86** | **0.00** | **0.00** | **32.86** | **13.90** | **0.40** | **0.00** | **0.00** | **14.30** | **18.56** | **18.97** |
| **OFFICE EQUIPMENT** | | | | | | | | | | | |
| Office Equipments | 43.47 | 4.44 | 0.00 | 47.91 | 25.57 | 7.58 | 0.00 | 0.00 | 33.15 | 14.76 | 17.90 |
| **TOTAL(BLOCK)** | **43.47** | **4.44** | **0.00** | **47.91** | **25.57** | **7.58** | **0.00** | **0.00** | **33.15** | **14.76** | **17.90** |
| **VEHICLES** | | | | | | | | | | | |
| Vehicles | 26.28 | 0.00 | 0.00 | 26.28 | 4.32 | 3.08 | 0.00 | 0.00 | 7.39 | 18.89 | 21.96 |
| **TOTAL(BLOCK)** | **26.28** | **0.00** | **0.00** | **26.28** | **4.32** | **3.08** | **0.00** | **0.00** | **7.39** | **18.89** | **21.96** |
| **PLANT AND MACHINERY** | | | | | | | | | | | |
| Machineries | 710.63 | 66.61 | 0.00 | 777.24 | 202.83 | 44.69 | 0.00 | 0.00 | 247.52 | 529.72 | 507.80 |
| **TOTAL(BLOCK)** | **710.63** | **66.61** | **0.00** | **777.24** | **202.83** | **44.69** | **0.00** | **0.00** | **247.52** | **529.72** | **507.80** |
| | | | | | | | | | | | |
| **GRAND TOTAL** | **1683.63** | **90.80** | **0.00** | **1774.43** | **324.42** | **66.29** | **0.00** | **0.00** | **390.71** | **1383.72** | **1359.21** |

**PATEL CHEM SPECIALITIES LIMITED**

**Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023**

**NOTE No. 10 PROPERTY, PLANT AND EQUIPMENTS**

**(Rs. In Lacs)**

| BLOCK OF ASSETS/ASSETS GROUP | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4/1/2022 | ADDITIONS | SALE/ADJ. | 3/31/2023 | 4/1/2022 | FOR THE YEAR | SALE /ADJ. | RESIDUAL VALUE ADJUST. | 3/31/2023 | 3/31/2023 | 3/31/2022 |
| | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES |
| **FREE HOLD PROPERTY** | | | | | | | | | | | |
| Land | 528.65 | 26.40 | 0.00 | 555.05 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 555.05 | 528.65 |
| **TOTAL (BLOCK)** | **528.65** | **26.40** | **0.00** | **555.05** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **555.05** | **528.65** |
| **TANGIBLE ASSETS** | | | | | | | | | | | |
| Building | 201.13 | 105.73 | 0.00 | 306.86 | 64.14 | 8.16 | 0.00 | 0.00 | 72.31 | 234.55 | 136.99 |
| **TOTAL(BLOCK)** | **201.13** | **105.73** | **0.00** | **306.86** | **64.14** | **8.16** | **0.00** | **0.00** | **72.31** | **234.55** | **136.99** |
| **COMPUTERS** | | | | | | | | | | | |
| COMPUTERS | 5.90 | 2.58 | 0.00 | 8.48 | 4.74 | 0.76 | 0.00 | 0.00 | 5.51 | 2.98 | 1.16 |
| **TOTAL(BLOCK)** | **5.90** | **2.58** | **0.00** | **8.48** | **4.74** | **0.76** | **0.00** | **0.00** | **5.51** | **2.98** | **1.16** |
| **FURNITURE AND FIXTURES** | | | | | | | | | | | |
| Furniture | 17.44 | 15.42 | 0.00 | 32.86 | 13.02 | 0.88 | 0.00 | 0.00 | 13.90 | 18.97 | 4.42 |
| **TOTAL(BLOCK)** | **17.44** | **15.42** | **0.00** | **32.86** | **13.02** | **0.88** | **0.00** | **0.00** | **13.90** | **18.97** | **4.42** |
| **OFFICE EQUIPMENT** | | | | | | | | | | | |
| Office Equipments | 38.62 | 4.86 | 0.00 | 43.47 | 21.04 | 4.53 | 0.00 | 0.00 | 25.57 | 17.90 | 17.58 |
| **TOTAL(BLOCK)** | **38.62** | **4.86** | **0.00** | **43.47** | **21.04** | **4.53** | **0.00** | **0.00** | **25.57** | **17.90** | **17.58** |
| **VEHICLES** | | | | | | | | | | | |
| Vehicles | 9.04 | 17.24 | 0.00 | 26.28 | 2.36 | 1.96 | 0.00 | 0.00 | 4.32 | 21.96 | 6.69 |
| **TOTAL(BLOCK)** | **9.04** | **17.24** | **0.00** | **26.28** | **2.36** | **1.96** | **0.00** | **0.00** | **4.32** | **21.96** | **6.69** |
| **PLANT AND MACHINERY** | | | | | | | | | | | |
| Machineries | 490.97 | 219.66 | 0.00 | 710.63 | 163.10 | 39.73 | 0.00 | 0.00 | 202.83 | 507.80 | 327.86 |
| **TOTAL(BLOCK)** | **490.97** | **219.66** | **0.00** | **710.63** | **163.10** | **39.73** | **0.00** | **0.00** | **202.83** | **507.80** | **327.86** |
| | | | | | | | | | | | |
| **GRAND TOTAL** | **1291.75** | **391.88** | **0.00** | **1683.63** | **268.40** | **56.02** | **0.00** | **0.00** | **324.42** | **1359.21** | **1023.35** |

**PATEL CHEM SPECIALITIES LIMITED**

**Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED**

**FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022**

**NOTE No. 10 PROPERTY, PLANT AND EQUIPMENTS**

**(Rs. In Lacs)**

| BLOCK OF ASSETS/ASSETS GROUP | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4/1/2021 | ADDITIONS | SALE/ADJ. | 3/31/2022 | 4/1/2021 | FOR THE YEAR | SALE /ADJ. | RESIDUAL VALUE ADJUST. | 3/31/2022 | 3/31/2022 | 3/31/2021 |
| | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES | RUPEES |
| **FREE HOLD PROPERTY** | | | | | | | | | | | |
| Land | 24.61 | 504.04 | 0.00 | 528.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 528.65 | 24.61 |
| **TOTAL (BLOCK)** | **24.61** | **504.04** | **0.00** | **528.65** | **0.00** | **0.00** | **0.00** | **0.00** | **0.00** | **528.65** | **24.61** |
| **TANGIBLE ASSETS** | | | | | | | | | | | |
| Building | 201.13 | 0.00 | 0.00 | 201.13 | 58.56 | 5.58 | 0.00 | 0.00 | 64.14 | 136.99 | 142.57 |
| **TOTAL(BLOCK)** | **201.13** | **0.00** | **0.00** | **201.13** | **58.56** | **5.58** | **0.00** | **0.00** | **64.14** | **136.99** | **142.57** |
| **COMPUTERS** | | | | | | | | | | | |
| COMPUTERS | 5.24 | 0.66 | 0.00 | 5.90 | 4.11 | 0.64 | 0.00 | 0.00 | 4.74 | 1.16 | 1.14 |
| **TOTAL(BLOCK)** | **5.24** | **0.66** | **0.00** | **5.90** | **4.11** | **0.64** | **0.00** | **0.00** | **4.74** | **1.16** | **1.14** |
| **FURNITURE AND FIXTURES** | | | | | | | | | | | |
| Furniture | 17.44 | 0.00 | 0.00 | 17.44 | 11.78 | 1.24 | 0.00 | 0.00 | 13.02 | 4.42 | 5.66 |
| **TOTAL(BLOCK)** | **17.44** | **0.00** | **0.00** | **17.44** | **11.78** | **1.24** | **0.00** | **0.00** | **13.02** | **4.42** | **5.66** |
| **OFFICE EQUIPMENT** | | | | | | | | | | | |
| Office Equipments | 38.62 | 0.00 | 0.00 | 38.62 | 17.17 | 3.87 | 0.00 | 0.00 | 21.04 | 17.58 | 21.44 |
| **TOTAL(BLOCK)** | **38.62** | **0.00** | **0.00** | **38.62** | **17.17** | **3.87** | **0.00** | **0.00** | **21.04** | **17.58** | **21.44** |
| **VEHICLES** | | | | | | | | | | | |
| Vehicles | 8.14 | 0.91 | 0.00 | 9.04 | 1.39 | 0.97 | 0.00 | 0.00 | 2.36 | 6.69 | 6.75 |
| **TOTAL(BLOCK)** | **8.14** | **0.91** | **0.00** | **9.04** | **1.39** | **0.97** | **0.00** | **0.00** | **2.36** | **6.69** | **6.75** |
| **PLANT AND MACHINERY** | | | | | | | | | | | |
| Machineries | 485.26 | 5.70 | 0.00 | 490.97 | 133.79 | 29.32 | 0.00 | 0.00 | 163.10 | 327.86 | 351.48 |
| **TOTAL(BLOCK)** | **485.26** | **5.70** | **0.00** | **490.97** | **133.79** | **29.32** | **0.00** | **0.00** | **163.10** | **327.86** | **351.48** |
| | | | | | | | | | | | |
| **GRAND TOTAL** | **780.44** | **511.31** | **0.00** | **1291.75** | **226.80** | **41.61** | **0.00** | **0.00** | **268.40** | **1023.35** | **553.65** |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

| | | | | |
|---|---|---|---|---|
| **NOTE : 22 CHANGES IN INVENTORIES OF F.G. WIP & SIT** | | | | |
| **Inventories at the end of the Year:** | | | | |
| Finished Goods | 99.28 | 186.70 | 0.00 | 0.00 |
| Packing & Others | 0.00 | 0.00 | 0.00 | 0.00 |
| Semi Finished | 24.46 | 35.55 | 43.97 | 23.34 |
| Work-in-progress | 56.00 | 46.35 | 25.38 | 0.00 |
| Less : | | | | |
| **Inventors at the beginning of the year:** | | | | |
| Finished Goods | 186.70 | 0.00 | 0.00 | 0.00 |
| Packing & Others | 0.00 | 0.00 | 0.00 | 0.59 |
| Semi Finished | 35.55 | 43.97 | 23.34 | 20.24 |
| Work-in-progress | 46.35 | 25.38 | 0.00 | 0.00 |
| **NET(INCREASE)/DECREASE** | **88.86** | **(199.24)** | **(46.01)** | **(2.52)** |
| **NOTE : 23 EMPLOYEE BENEFITS EXPENSES** | | | | |
| Salary Wages and Bonus | 59.89 | 246.66 | 198.82 | 163.63 |
| Director Remuneration | 18.99 | 61.20 | 55.20 | 50.40 |
| Contribution To PF and Other Funds | 5.63 | 22.57 | 22.35 | 17.28 |
| Gratuity Expenses | 0.00 | 46.22 | 2.24 | 1.98 |
| Staff Welfare Expenses | 0.36 | 1.62 | 0.63 | 0.02 |
| Leave Encashment and Incentives | 0.00 | 1.71 | 13.89 | 14.66 |
| **TOTAL Rs.** | **84.88** | **379.98** | **293.14** | **247.98** |
| **NOTE : 24 FINANCIAL COST** | | | | |
| Interest Cost | 21.77 | 86.29 | 106.71 | 62.36 |
| Other Borrowing costs | 0.80 | 12.81 | 5.08 | 3.86 |
| **TOTAL Rs.** | **22.56** | **99.11** | **111.79** | **66.22** |
| **NOTE : 25 OTHER EXPENSES** | | | | |
| Rent | 5.28 | 19.80 | 18.00 | 15.00 |
| Rate And Taxes | 0.20 | 2.06 | 1.78 | 1.48 |
| Power and Fuel | 81.88 | 307.68 | 206.39 | 138.07 |
| Insurance | 3.37 | 4.25 | 4.27 | 2.95 |
| Repairs to Plant & Machinery | 26.86 | 45.64 | 41.71 | 15.92 |
| Repairs to Factory Building and others | 1.04 | 16.70 | 11.69 | 5.07 |
| Stationery & Postage Expenses | 3.36 | 15.48 | 10.01 | 6.32 |
| Communication expenses | 0.14 | 0.99 | 1.12 | 0.73 |
| Auditor Remuneration (As per Note 26) | 0.25 | 1.55 | 0.65 | 0.50 |
| Legal & Professional Fees | 13.05 | 14.64 | 7.92 | 6.17 |
| Advertisement & seminar expenses | 26.82 | 35.04 | 38.08 | 20.36 |
| Commission | 11.57 | 36.28 | 22.80 | 24.24 |
| Electric Repairing | 1.89 | 5.36 | 1.48 | 3.40 |
| Freight & forwarding | 15.70 | 72.33 | 58.22 | 30.99 |
| Import/Export Expenses | 26.38 | 150.33 | 67.32 | 47.29 |
| Interest expenses-Other | 0.05 | 0.09 | 0.08 | 0.08 |
| Laboratory Expenses | 1.88 | 14.01 | 7.73 | 6.35 |
| Office Expenses | 7.31 | 13.67 | 10.68 | 11.13 |
| Other Expenses | 10.95 | 50.25 | 28.40 | 15.48 |
| Water Charges | 1.40 | 3.85 | 3.16 | 3.22 |
| Effluent Charges | 0.10 | 2.30 | 0.41 | 3.83 |
| Direct Expenses | 85.35 | 181.42 | 93.70 | 105.47 |
| **TOTAL Rs.** | **324.84** | **993.71** | **635.62** | **464.07** |
| **NOTE 26 : AUDITORS REMUNERATION** | | | | |
| Statutory Audit Fees | 0.25 | 1.00 | 0.40 | 0.30 |
| Tax Audit Fees | 0.00 | 0.30 | 0.15 | 0.10 |
| GST Audit Fees | 0.00 | 0.25 | 0.10 | 0.10 |
| **TOTAL Rs.** | **0.25** | **1.55** | **0.65** | **0.50** |

**NOTE : 27 EARNING PER SHARE FROM CONTINUING OPERATIONS**

| **Particulars** | **FOR THE PERIOD ENDED JUNE 30, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2023** | **FOR THE PERIOD ENDED MARCH 31, 2022** |
|---|---|---|---|---|
| Net Profit After Tax attributable to Shareholders | 262.10 | 765.62 | 288.61 | 227.90 |
| Weighted Avarage Number of Equity Shares at the end of the year | 17000000 | 17000000 | 17000000 | 17000000 |
| Nominal Value Of Share | 10 | 10 | 10 | 10 |
| Basic Earnings Per Share | 1.54 | 4.50 | 1.70 | 1.34 |
| Diluted Earnings Per Share | 1.54 | 4.50 | 1.70 | 1.34 |

**NOTE : 28 SEGMENT REPORTING**

(a) The Company operates mainly in single operating segment of selling and distribution of chemical products accordingly , there are no separate reportable segment as far as primary segment is concerned.

(b) Analysis by Geographical Segment

| **Particulars** | **FOR THE PERIOD ENDED JUNE 30, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2023** | **FOR THE PERIOD ENDED MARCH 31, 2022** |
|---|---|---|---|---|
| Domestic Sales | 2267.35 | 7096.70 | 6237.13 | 5427.07 |
| Export Sales | 437.90 | 1139.45 | 702.46 | 621.39 |

**NOTE : 29 FOREIGN CURRENCY TRANSACTION**

**(a) Earnings in Foreign Currencies**

| **Particulars** | **FOR THE PERIOD ENDED JUNE 30, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2023** | **FOR THE PERIOD ENDED MARCH 31, 2022** |
|---|---|---|---|---|
| Export of Goods calculated on FOB basis | 437.90 | 919.16 | 561.99 | 453.32 |

**(b) Expenditure made in Foreign Currencies**

| **Particulars** | **FOR THE PERIOD ENDED JUNE 30, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2023** | **FOR THE PERIOD ENDED MARCH 31, 2022** |
|---|---|---|---|---|
| Commission | 0.16 | 78.44 | 22.31 | 25.27 |
| Purchases | 635.75 | 1816.14 | 1683.89 | 1040.55 |

**(c) Value of Import on CIF basis**

| **Particulars** | | **FOR THE PERIOD ENDED JUNE 30, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2024** | **FOR THE PERIOD ENDED MARCH 31, 2023** | **FOR THE PERIOD ENDED MARCH 31, 2022** |
|---|---|---|---|---|---|
| Raw Material with Custom Duty | Amount in Rs. | 680.41 | 1983.69 | 2125.11 | 1086.06 |
| | % | 40% | 33% | 36% | 22% |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**NOTE : 30 DIRECTORS REMUNERATION**

The company has paid remuneration to the directors are as under

| Name Of the Director | FOR THE PERIOD ENDED JUNE 30, 2024 | FOR THE PERIOD ENDED MARCH 31, 2024 | FOR THE PERIOD ENDED MARCH 31, 2023 | FOR THE PERIOD ENDED MARCH 31, 2022 |
|---|---|---|---|---|
| Bhupesh V Patel | 11.19 | 37.09 | 33.42 | 28.50 |
| Anshu B Patel | 7.80 | 27.01 | 24.54 | 21.42 |
| Vini B Patel | - | - | - | 3.25 |

**NOTE : 31 RELATED PARTY DISCLOSURES**

**(a) Related Party and their Relationship**

| Name Of the Party | Relationship |
|---|---|
| Patel Chem North America INC | Related party as Vini patel and Anshu Patel are directors |
| Anshu B Patel | Director |
| Bhupesh V Patel | Director |
| Vini B Patel | Director |
| Devansh Bhupesh Patel | Son of Bhupesh Patel |
| Kusumben Vajalabhai Patel | Mother of Bhupesh Patel |
| Alpa Vahalabhai Patel | Sister of Bhupesh Patel |
| Neha Hemant Patwari | Sister of Anshu Patel |
| Bhupesh V Patel (HUF) | HUF of Director |
| A V Orgonosys | Entity controlled by HUF of Director |
| A V Cellulose Products | Entity controlled by Director/ Relatives of director |
| Patel Industries | Entity controlled by Director/ Relatives of director |

**(b) Transaction with Related Parties**

| Name Of the Party | Nature Of Transaction | Particulars | FOR THE PERIOD ENDED JUNE 30, 2024 | 2023-2024 | 2022-2023 | 2021-2022 |
|---|---|---|---|---|---|---|
| A V Cellulose Products | Sale of Goods | Transaction Amount: | 2.09 | 6.97 | 2.79 | 3.92 |
| | Purchase of Goods | Transaction Amount: | 40.36 | 213.53 | 173.52 | 226.35 |
| | Outstanding amount at year end | As Receivable: | 2.09 | 1.39 | - | - |
| | | As Payable: | 35.25 | 29.29 | 74.88 | 42.92 |
| Patel Industries Unit-I | Sale of Goods | Transaction Amount: | 31.90 | 120.84 | 268.50 | 182.11 |
| | Purchase of Goods | Transaction Amount: | 20.53 | 325.53 | 129.67 | 199.61 |
| | Outstanding amount at year end | As Receivable: | 9.98 | - | 203.62 | - |
| | | As Payable: | 12.68 | - | - | 5.80 |
| Patel Industries Unit-II | Sale of Goods | Transaction Amount: | - | - | 132.84 | 79.67 |
| | Purchase of Goods | Transaction Amount: | - | - | 51.75 | 38.97 |
| | Outstanding amount at year end | As Receivable: | - | - | - | - |
| | | As Payable: | - | - | - | - |
| Anshu B Patel | Managerial Remuneration | Transaction Amount: | 7.80 | 27.01 | 24.54 | 21.42 |
| | Purchase of Services (Rent) | Transaction Amount: | 6.23 | 23.36 | 21.24 | 17.70 |
| | Interest accrued on loan taken | Transaction Amount: | - | - | 5.42 | 3.63 |
| | Loan taken during the year | Transaction Amount: | - | 45.00 | 37.50 | 51.50 |
| | Loan repaid during the year | Transaction Amount: | - | 24.06 | - | 25.00 |
| | Outstanding amount at year end | As Payable towards Remuneration: | 2.48 | 1.39 | 1.26 | 1.09 |
| | | As Payable towards Rent: | 1.96 | 1.78 | 1.62 | 1.35 |
| | | As Payable towards Interest: | - | - | 1.73 | 3.27 |
| | | As Payable towards Loan taken: | 92.27 | 92.27 | 71.33 | 33.83 |
| Bhupesh V Patel | Managerial Remuneration | Transaction Amount: | 11.19 | 37.09 | 33.42 | 28.50 |
| | Interest accrued on loan taken | Transaction Amount: | - | - | 21.53 | 15.97 |
| | Loan taken during the year | Transaction Amount: | - | 51.50 | 57.50 | 50.00 |
| | Loan repaid during the year | Transaction Amount: | 28.00 | 35.75 | - | - |
| | Outstanding amount at year end | As Payable towards Remuneration: | 3.95 | 1.91 | 1.71 | 1.43 |
| | | As Payable towards Interest: | - | - | 5.29 | 14.38 |
| | | As Payable towards Loan taken: | 190.08 | 218.08 | 202.33 | 144.83 |
| Vini Patel | Managerial Remuneration | Transaction Amount: | - | - | - | 3.25 |
| | Interest accrued on loan taken | Transaction Amount: | - | - | 0.02 | - |
| | Loan taken during the year | Transaction Amount: | - | - | 4.25 | - |
| | Outstanding amount at year end | As Payable towards Remuneration: | - | - | - | - |
| | | As Payable towards Interest: | - | - | 0.02 | - |
| | | As Payable towards Loan taken: | 4.25 | 4.25 | 4.25 | - |
| Bhupesh V Patel (HUF) | Interest accrued on Loan taken | Transaction Amount: | - | - | 5.55 | 3.83 |
| | Loan taken during the year | Transaction Amount: | - | 30.00 | 25.00 | 5.00 |
| | Loan repaid during the year | Transaction Amount: | - | 32.88 | - | - |
| | Outstanding amount at year end | As Payable towards Interest: | - | - | 1.38 | 3.45 |
| | | As Payable towards Loan taken: | 53.62 | 53.62 | 56.50 | 31.50 |
| Patel Chem North America INC | Sale of Goods | Transaction Amount: | - | 56.55 | - | - |
| | Purchase of Goods | Transaction Amount: | - | - | - | - |
| | Outstanding amount at year end | As Receivable: | 27.30 | 32.27 | - | - |
| | | As Payable: | - | - | - | - |

**Terms & Conditions of transactions with related parties**

All related party transactions entered during the year were in the ordinary course of business and at arm length basis. Outstanding balances at the year end are unsecured and settlement occurs in cash.

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**Note : 32 Ratios**

| Particular | Numerator | Denominator | FOR THE PERIOD ENDED JUNE 30, 2024 | FOR THE PERIOD ENDED MARCH 31, 2024 | FOR THE PERIOD ENDED MARCH 31, 2023 | FOR THE PERIOD ENDED MARCH 31, 2022 |
|---|---|---|---|---|---|---|
| Current Ratio | Current assets | Current liabilities | **1.67** | **1.35** | **1.19** | **1.14** |
| Debt- Equity Ratio | Total debts | Share holder's fund | **0.65** | **0.79** | **0.99** | **0.88** |
| Debt- Service Coverage Ratio | Earning available for debt services | Debt services | **0.52** | **1.17** | **0.70** | **0.82** |
| Return On Equity | Net profit after tax | Share holder's equity | **11.84** | **39.21** | **24.32** | **25.37** |
| Inventory Turnover Ratio | Cost of good sold Or Sales | Inventory | **2.33** | **5.95** | **8.13** | **29.97** |
| Trade Receivable Turnover Ratio | Revenue | trade receivable | **1.30** | **5.36** | **4.63** | **6.32** |
| Trade Payable Turnover Ratio | Purchases & Expenses | trade payable | **2.85** | **6.98** | **4.75** | **10.38** |
| Net Capital Turnover Ratio | Revenue | Working capital | **2.20** | **11.72** | **18.59** | **38.88** |
| Net Profit (%) | Net profit | Revenue | **9.69** | **9.30** | **4.16** | **3.77** |
| Return On Capital Employed (%) | Earning before interest & tax | Capital employed | **13.16** | **45.06** | **32.83** | **36.73** |

**% Off Ratio Variation and Explanation for changes.**

| Particular | % Changes 2022-23 to 2023-24 | Expalnation for any change in the ratio by more than 25 % as compared to the preceding year | % Changes 2021-22 to 2022-23 | Expalnation for any change in the ratio by more than 25 % as compared to the preceding year |
|---|---|---|---|---|
| Current Ratio | 13% | NA | -2% | Due to efficient managament and increased in sales, debtors has gone up and the same time due to WC management |
| Debt- Equity Ratio | -20% | NA | 18% | NA |
| Debt- Service Coverage Ratio | 67% | During the year sales and net profit has substatially increased and the same has resulted into increase in EBIT as compare to proportional debt. | 14% | NA |
| Return On Equity | 61% | Higher ratio on account of increase in profit margin | -4% | NA |
| Inventory Turnover Ratio | -27% | During the end of the year finished goods worth Rs. 1.80 cr was ready to dispached but due to pragmatic reasons same was cleared next fortnight. Such holding has resulted into increased in inventory and ratio. | -59% | During March 2023, Company has imported goods from China, of which, majority of goods was held in hand as at 31-03-2023. Also Company ahs expanded & set up its new premises in Talod, where the purchases are almost 5 times more than its sales which increased closing stock |
| Trade Receivable Turnover Ratio | 16% | NA | -25% | Due to better credit terms available |
| Trade Payable Turnover Ratio | 47% | Due to faster payment to the trade payable | -32% | In last 2 months little bitt higher purchases are noticed and at the year end, the same also remained in stock. Due to more purchases in last 2 months, creditors are increased as compare to normal period. |
| Net Capital Turnover Ratio | -37% | Due to increase in working capital | 17% | NA |
| Net Profit Ratio | 124% | Higher ratio due to increase in sales and net profit. | 10% | NA |
| Return On Capital Employed | 37% | During the year the sales and net profit has substatially increased and the same has resulted increase into better ROCE. | 11% | NA |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**NOTE ; 33 CAPITALISATION STATEMENT**

| Particular | Pre issue | Post Issue |
|---|---|---|
| **Borrowings** | | |
| Short term Debts | 636.43 | **NA** |
| Long Term Debts (including current maturities) | 807.30 | **NA** |
| Total Debts | 1443.73 | **NA** |
| **Shareholders Funds** | | |
| Equity Share Capital | 100.00 | **NA** |
| Reserves and Surplus | 2114.60 | **NA** |
| Total Shareholders Funds | 2214.60 | **NA** |
| **Long Term Debt / Share holders funds** | **0.36** | **NA** |
| **Total Debt/Share holders funds** | **0.65** | **NA** |

**NOTE : 34 Additional disclosures**

**Additional disclosure with respect to amendments to Schedule III**

(i) The Company do not have any Benami property, where any proceeding has been initiated or pending against them for holding any Benami property.

(ii) The Company do not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in The tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(iii) The Company has not been declared a wilful defaulter by any bank or financial institution or other lender (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

(iv) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies (ROC) beyond the statutory period.

(v) The Company have not traded or invested in Crypto Currency or Virtual Currency during the financial year.

(vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or Otherwise) that the Company shall:

a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries); or

b) Provide any guarante., security or the like on behalf of the Ultimate Beneficiaries.

(vii) The Company have not entered into any scheme of arrangement which has an accounting impact on the current or previous financial year

(viii) The Compliance with the number of layers prescribed under the Companies Act, 2013 is not applicable.

(ix) There are no transaction entered with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956 as of and for the period ended 30 June 2024, 31 March 2024, 31 March 2023, 31 March 2022, 31 March 2021

(x) The Company has not advanced or loaned funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend in other persons or entities identified in any manner whatsoever by or on behalf of the group (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(xI) The Ministry of Corporate Affairs (MCA) has prescribed a new requirement for companies under the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 inserted by the Companies (Accounts) Amendment Rules 2021 requiring companies, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in the books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.
The Company, in respect of financial year commencing on 1 April 2024 has used an accounting software for maintaining its books of account which has a feature of recording audit trail (edit log).

**NOTE : 35 Contingent liabilities, commitments and other litigations (to the extent not provided for)**

There are no contingent liabilities, commitments and other litigations not provided for by the company as at 30th June 2024, 31 March 2024 ,31 March 2023, 31 March 2022.

**NOTE : 36 Reconciliation of restated profit and loss account**

| Particular | FOR THE PERIOD ENDED JUNE 30, 2024 | FOR THE PERIOD ENDED MARCH 31, 2024 | FOR THE PERIOD ENDED MARCH 31, 2023 | FOR THE PERIOD ENDED MARCH 31, 2022 |
|---|---|---|---|---|
| Profit and loss as per Audited Balance sheet | 262.1 | 765.62 | 288.61 | 227.90 |
| **Adjustments for :** | | | | |
| Changes in Defferd tax | 0.00 | 0.00 | 0.00 | 0.00 |
| **Restated profit and loss** | **262.10** | **765.62** | **288.61** | **227.90** |

**Reconciliation of Equity and Reserves**

| Particular | AS AT JUNE 30,2024 | AS AT MARCH 31,2024 | AS ST MARCH 31, 2023 | AS AT MACRH 31,2022 |
|---|---|---|---|---|
| Equity and Reserves as per Audited Balance sheet | 2214.59 | 1952.49 | 1186.87 | 898.26 |
| **Adjustments for :** | | | | |
| Changes in Defferd tax | 0.00 | 0.00 | 0.00 | 0.00 |
| Others | 0.00 | 0.00 | 0.00 | 0.00 |
| **Restated Equity and Reserves** | **2214.60** | **1952.49** | **1186.87** | **898.27** |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**NOTE 37 - RESTATED STATEMENT OF TAX SHELTER**

| PARTICULAR | FOR THE PERIOD ENDED JUNE 30, 2024 | FOR THE PERIOD ENDED MARCH 31, 2024 | FOR THE PERIOD ENDED MARCH 31, 2023 | FOR THE PERIOD ENDED MARCH 31, 2022 |
|---|---|---|---|---|
| Profit before taxes | 353.97 | 1036.78 | 414.83 | 351.44 |
| Tax Rate Applicable % | 25.17% | 25.17% | 25.17% | 27.82% |
| Adjustments: | | | | |
| **Permanent difference** | | | | |
| Expenses disallowed/income Added | 0.00 | 2.26 | 0.08 | 1.89 |
| **Total Permanent Difference** | 0.00 | 2.26 | 0.08 | 1.89 |
| **Timing Difference** | | | | |
| Difference between tax depreciation and book depreciation | -2.36 | 28.25 | 39.59 | 14.96 |
| Add: Depreciation as per companies Act | 18.37 | 66.29 | 56.02 | 41.61 |
| Less : Depreciation as per Income Tax Act | 16.01 | 94.54 | 95.61 | 56.57 |
| Expenses added | 0.00 | 0.000 | 0.00 | 0.00 |
| **Total Timing Difference** | | | | |
| Set off of carry forward business losses, unabsorbed losses and depreciation | 0.00 | 0.00 | 0.00 | 0.00 |
| Deductions under chapter VI | 0.00 | 0.00 | 0.00 | 0.00 |
| Taxable income/ (loss) | 356.33 | 1010.79 | 375.32 | 338.37 |
| Income tax on Above | 89.69 | 254.42 | 94.47 | 94.13 |
| **Book Profit** | * | * | * | 344.51 |
| less : Unabsorbed business losses / Unabsorbed depreciation whichever is less as per books | | | | |
| Net book profit | | | | |
| MAT on book profit | * | * | * | 344.51 |
| Tax paid as per normal or MAT | Normal | Normal | Normal | Normal |
| Total provision for Tax | 89.69 | 272.50 | 97.90 | 116.61 |

Note : From the Financial year 2022-23, Company has opeted new tax regime u/s 115BAA and MAT os not applicable.

**NOTE 38 - RESTATED STATEMENT OF EARNING PER SHARE (EPS)**

| Particulars | PERIOD ENDED JUNE 30, 2024 | FOR THE PERIOD ENDED MARCH 31, 2024 | FOR THE PERIOD ENDED MARCH 31, 2023 | FOR THE PERIOD ENDED MARCH 31, 2022 |
|---|---|---|---|---|
| Profit attributable to equity holders | 262.10 | 765.62 | 288.61 | 227.90 |
| Number of shares at the beginning of the year | 1000000 | 1000000 | 1000000 | 1000000 |
| Add: Equity shares issued during the year | | | | |
| 1. 1,60,00,000 shares allotted on 15/07/2024 | 16000000 | 16000000 | 16000000 | 16000000 |
| * Bonus share issued after balancesheet date. | | | | |
| Less: Buy back of equity shares during the year | | | | |
| Total number of equity shares outstanding at the end of the year | 17000000 | 17000000 | 17000000 | 17000000 |
| Weighted average number of equity shares outstanding during the year – Basic | 17000000 | 17000000 | 17000000 | 17000000 |
| Weighted average number of equity shares outstanding during the year – Diluted | 17000000 | 17000000 | 17000000 | 17000000 |
| Earnings per share of par value ` 10/- -Basic ( `) | | | | |
| Earnings per share of par value ` 10/- – Diluted (`) | 1.54 | 4.50 | 1.70 | 1.34 |
| | 1.54 | 4.50 | 1.70 | 1.34 |

**NOTE : 39 DISCLOSURE IN RESPECT OF GRATUITY LIABILITY**

| Particulars | FOR THE PERIOD ENDED JUNE 30, 2024 | FOR THE PERIOD ENDED MARCH 31, 2024 | FOR THE PERIOD ENDED MARCH 31, 2023 | FOR THE PERIOD ENDED MARCH 31, 2022 |
|---|---|---|---|---|
| **Principle acturial assumption used** | | | | |
| Valuation Method | Projected Unit Credit Method | Projected Unit Credit Method | | |
| Discount rate p.a. | 7.25 % pa, | 7.25 % pa, | | |
| Salary escalation | 7% | 7% | | |
| Withdrwal Rate | 1% to 3 % depending on age | 1% to 3 % depending on age | | |
| Mortality rate | LIC(2006-08) ultimate | LIC(2006-08) ultimate | | |
| **Table showing change in present value of defined benefit obligation** | | | | |
| Present value of defined benefit obligation as at the beginning of the period or year | 43.28 | 41.29 | | |
| Current service cost | 6.65 | 4.41 | | |
| LC PREMIUM | 0.53 | 0.53 | | |
| **Expenses recognised in statement of profit and loss account** | | | | |
| Current service cost | 6.65 | 4.41 | | |
| Additional Contribution for existing fund/Past Service Cost unpaid | 8.85 | 41.29 | | |
| LC Premium | 0.53 | 0.00 | | |
| | 16.03 | 45.70 | | |
| Expenses recognised in statement of profit and loss account | 4.01 | 45.70 | | |
| Paid during the year | 0.00 | 9.69 | | |
| Gratuity provision | 4.01 | 36.01 | | |

**PATEL CHEM SPECIALITIES LIMITED**

Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

**Annexure 40 - Restated statement of mandatory Accounting ratios**

| **Particulars** | | | | |
|---|---|---|---|---|
| Restated Profit after tax | 262.10 | 765.62 | 288.61 | 227.90 |
| Add : Depreciation | 18.37 | 66.29 | 56.02 | 41.61 |
| Add : Interest | 22.56 | 99.11 | 111.79 | 66.22 |
| Add : Income taxes | 91.87 | 271.16 | 126.22 | 123.54 |
| **EBIDTA** | **394.91** | **1202.18** | **582.64** | **459.27** |
| **EBIDTA Margin %** | **14.60%** | **14.60%** | **8.40%** | **7.59%** |
| | | | | |
| **Networth Restated** | **2214.60** | **1952.49** | **1186.87** | **898.27** |
| **Return on Networth (%) as Restated** | **17.83%** | **61.57%** | **49.09%** | **51.13%** |
| Current assets | 3052.83 | 2731.61 | 2306.86 | 1250.84 |
| Current liabilities | 1823.49 | 2028.66 | 1933.54 | 1095.27 |
| **Current ratio Restated** | **1.67** | **1.35** | **1.19** | **1.14** |
| Equity shares at the end of the year (in Nos) | 1000000 | 1000000 | 1000000 | 1000000 |
| **Shares Outstanding at the end of the year** | | | | |
| Number of Shares at the beginning of the year | 1000000 | 1000000 | 1000000 | 1000000 |
| Add: Equity Shares Issued during the year | | | | |
| 1. 1,60,00,000 shares allotted on 15/07/2024 | 16000000 | 16000000 | 16000000 | 16000000 |
| * Bonus share issued after balancesheet date. | | | | |
| Less: Buy Back of Equity Shares | | | | |
| **Outstanding during the year** | 17000000 | 17000000 | 17000000 | 17000000 |
| | | | | |
| Weighted No of Equity shares for Basic EPS | 17000000 | 17000000 | 17000000 | 17000000 |
| Weighted No of Equity shares for Diluted EPS | 17000000 | 17000000 | 17000000 | 17000000 |
| Basic Earnings per share Restated (In Rs.) | 1.54 | 4.50 | 1.70 | 1.34 |
| Diluted Earnings per share Restated (In Rs) | 1.54 | 4.50 | 1.70 | 1.34 |
| **Net Asset Value per Equity share as Restated (in Rs.)** | **13.03** | **11.49** | **6.98** | **5.28** |

Notes

1. EBIDTA Margin = EBIDTA / Revenue
2. Earning per share(₹) = Profit available to Equity shareholders / Weighted average no. of shares outstanding at the end of year
3. Return on Networth (%) = Restted profit after taxation / Networth *100
4. Net asset value / Book vale per share = Networth/ No. of Equity Shares

**PATEL CHEM SPECIALITIES LIMITED**

**Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED**

**NOTE 41 - Other Disclosures in relation to the restated Financial Statements**

A. Figures have been rearranged and regrouped wherever practicable and considered necessary.

B. The balances of trade payables, trade receivables, loans and advances are unsecured and considered as good are subject to confirmations of respective parties concerned.

**C. Realizations**

In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets and loans and advances are approximately of the same value as on balancesheet date

**D. Amounts in the financial statements**

Amounts in the financial statements are rounded off to nearest lacs. Figures in brackets indicate negative values.

**E. Exceptional and Extra-ordinary items**

There are no exceptional and extra-ordinary items which is required to be disclosed in the attached financial statements

**F. Impact of Audit Qualifications/Observations in Statutory Auditor's Report on Financial Statements**

There has been no audit qualifications/observations in Statutory Auditor's Report for F.Y. 2021-22 , 2022-23 & 2023-24 which require adjustments in restated financial statements.

**H. Material Adjustments**

Appropriate adjustments have been made in the restated financial statements, whenever required, by reclassification of the corresponding items of assets, liabilities and cash flow statement, in order to ensure consistency and compliance with requirement of Schedule III and Accounting Standards.

**For ASHOK RAJPARA & CO**
**Chartered Accountants**

**For PATEL CHEM SPECIALITIES LIMITED**
Formally known as PATEL CHEM SPECIALITIES PRIVATE LIMITED

| **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** | **Sd/-** |
|---|---|---|---|---|
| **(Ashok Rajpara)** | **Bhupesh Patel** | **Anshu Patel** | **Kalpesh Prajapati** | **CS Sonal Yadav** |
| **Proprietor** | **(Managing Director)** | **(Whole time Director)** | **CFO** | **(Company Secretory)** |
| **M. No. 100559** | **DIN : 02075545** | **DIN : 02148403** | | **Mem. No A60881** |
| **FRN : 116124W** | | | | |
| **Place : Surat** | | | | **Place : Ahmedabad** |
| **Date : 24/12/2024** | | | | **Date : 24/12/2024** |
| **UDIN : 24100559BKDFHC2367** | | | | |

## OTHER FINANCIAL INFORMATION

### SUMMARY OF ACCOUNTING RATIOS

The accounting ratios derived from Restated Financial Information required to be disclosed under the SEBI ICDR Regulations are set forth below:

| Particulars | As at/ for the period ended | As at/for the year ended | | |
|---|---|---|---|---|
| | June 30, 2024 | March 31, 2024 | March 31, 2023 | March 31, 2022 |
| Net Worth (A) (₹ in Lakhs) | 2,214.60 | 1,952.49 | 1,186.87 | 898.27 |
| Net Profit after Tax (B) (₹ in Lakhs) | 262.10 | 765.62 | 288.61 | 227.90 |
| No. of Shares outstanding at the end (C) | 10,00,000 | 10,00,000 | 10,00,000 | 10,00,000 |
| Face Value Per share (in ₹) | 10/- | 10/- | 10/- | 10/- |
| Weighted average number of shares post effect of bonus issue (D) | 1,70,00,000 | 1,70,00,000 | 1,70,00,000 | 1,70,00,000 |
| Earnings per Share (EPS) (B / D) (in ₹) | 1.54 | 4.50 | 1.70 | 1.34 |
| Return on Net Worth (B / A) (%) | 11.84 | 39.21 | 24.32 | 25.37 |
| Net Assets Value per Share (A / D) | 13.03 | 11.49 | 6.98 | 5.28 |

***Notes:***

*The ratios have been calculated as below:*

1) *Basic Earnings Per Share (₹) = Restated PAT attributable to Equity Shareholders/ Weighted Average Number of Equity Shares outstanding during the year.*
2) *Diluted Earnings Per Share (₹) = Restated PAT attributable to Equity Shareholders/ Weighted Average Number of Diluted Potential Equity Shares outstanding during the year.*
3) *Return on Net Worth (%) = Restated PAT attributable to Equity Shareholders/ Net Worth X 100.*
4) *Restated Net Asset Value per equity share (₹) = Restated Net Worth as at the end of the year/ Total Number of Equity Shares outstanding during the year.*
5) *Earnings Per Share calculation are in accordance with Accounting Standard 20-Earnings Per Share, notified under the Companies (Accounting Standards) Rules 2006, as amended*
6) *Net Worth = Equity Share Capital + Reserve and Surplus (including surplus in the Statement of Profit & Loss)*

## FINANCIAL INDEBTEDNESS

Our Company avails loans and facilities in the ordinary course of its business for meeting our working capital, capital expenditure and other business requirements. For details of the borrowing powers of our Board, please see "*Our Management*" on page 169 of this Draft Red Herring Prospectus. Our Company has obtained the necessary consents required under the relevant financing documentation for undertaking activities in relation to the Issue, including dilution of the current shareholding of our Promoters and members of the Promoter Group, expansion of business of our Company, effecting changes in our capital structure and shareholding pattern.

The aggregate outstanding borrowings (including fund based and non-fund-based borrowings) of our Company as on June 30, 2024, as certified by our Peer Review Auditor, are as follows:

*(₹ in Lakhs)*

| Nature of Loan | Name of Lender | Sanctioned Amount (Original) | Outstanding as on June 30, 2024 | % of Total Loan Outstanding | Rate of Interest (p.a.) | Tenure of loan | Security and Personal Guarantor, if any |
|---|---|---|---|---|---|---|---|
| **Secured Loans** | | | | | | | |
| Star GECL (202670410000151) | Bank of India Limited | 55.00 | 2.59 | 0.18 | 9.25% | Repayable in 36 EMI of ₹ 1.71 lakhs from August 31, 2021 door to door tenure of 48 months. | **Primary Security:** Term Loan – Hypothecation of plant & machinery (Existing as well as future addition)<br><br>Extension of EQM of industrial property situated at S.N 93 (old survey No/Block No 20 paikee 1/paikee3) village- Ahmedpura, Taluka Talod, sub Dist – Talod, Sabarkantha 383215 (Total land area 6720.50 Sq. Mtr.)<br><br>Hypothecation of stock and book debts.<br>LC (I/F) :- Pledge of TDR as margin @25%<br><br>**Collateral Security:** Extension of EQM of factory land & building (Leasehold from GIDC) situated at plot No. A- |
| Star GECL 1.0 extn (202670410000172) | Bank of India Limited | 78.00 | 38.78 | 2.69 | 9.25% | Repayable in 36 EMI of ₹ 2.43 lakhs from November 30, 2022 door to door tenure of 48 months. | |
| Term Loan 2 202670210000069 | Bank of India Limited | 70.00 | 10.27 | 0.71 | 9.88% | Repayable in 75 EMI of 0.93 lakhs commencing after 9 months from 1st disbursement i.e. June 30, 2018 | |
| Term Loan 3 (202670210000092) | Bank of India Limited | 87.75 | 66.38 | 4.60 | 9.88% | Repayable in 78 EMI of ₹ 1.13 lakhs after initial moratorium of 6 months of 1st disbursement i.e. June 08, 2022. door to door tenure 84 months. Interest to be serviced as and when applied during moratorium period. | |
| T.L – 4 202670210000093 | Bank of India Limited | 88.50 | 66.94 | 4.64 | 9.88% | Repayable in 78 EMI of ₹ 1.14 lakhs after initial moratorium of 6 months of 1st disbursement i.e. June 08, 2022. door to door tenure 84 months. | |

| Nature of Loan | Name of Lender | Sanctioned Amount (Original) | Outstanding as on June 30, 2024 | % of Total Loan Outstanding | Rate of Interest (p.a.) | Tenure of loan | Security and Personal Guarantor, if any |
|---|---|---|---|---|---|---|---|
| | | | | | | Interest to be serviced as and when applied during moratorium period. | 2/272/4, Phase II, GIDC Ind. Estate, Vatva, Ahmedabad. S. no. 166 & 186/ paiki (Total land area 2989 Sq. Mtrs.)<br><br>Simple deposit of title deed of industrial land & building situated at survey no 779 village-Indrad, Taluka Kadi District – Mahesana (Total land area – 9409 Sq. mtr.)<br><br>**Personal Gurantors :-**<br><br>Bhupesh Patel, Anshu Patel and Vini Patel*.<br><br>*Personal guarantee of Vini Patel is waived however will be obtained as and when returns to India / attains more than 5% shareholding or actively joins company operations whichever is earlier. |
| T.L – 5 202670210000107 | Bank of India Limited | 350.00 | 280.78 | 19.45 | 9.88% | Repayable in 78 EMI of ₹ 4.49 lakhs after initial moratorium of 6 months from date of 1st disbursement i.e. February 20, 2024. door to door tenure 84 months. Interest to be serviced as and when applied during moratorium period. | |
| T.L – 6 202670210000110 | Bank of India | 550.00 | NA | NA | 9.88% | Repayable in 78 (Non-EMI) each of ₹ 7.05 lakhs after initial moratorium of 6 months from date of 1st disbursement i.e. June 19, 2024. door to door tenure 84 months. Interest to be serviced as and when applied during moratorium period. | |
| Working Capital Fund based limits (202630110000128) | Bank of India Limited | 800.00 | 636.43 | 44.08 | 9.88% | Repayable on demand | |
| Car Loan (02660510000231) | Bank of India Limited | 623.00 | 1.35 | 0.09 | 9.05% | 60 EMI of ₹ 12,948 each commencing from one month after first disbursement i.e. October 07, 2019. | Hyundai i10 |
| **Total** | | | **1,103.51** | **76.43** | | | |
| **Unsecured Loans** | | | | | | | |
| Loan from Directors | Anshu Patel | N/A | 92.27 | 6.39 | NA | Repayable on demand | Unsecured |
| Loan from Directors | Bhupesh Patel | N/A | 190.08 | 13.17 | NA | Repayable on demand | Unsecured |

| Nature of Loan | Name of Lender | Sanctioned Amount (Original) | Outstanding as on June 30, 2024 | % of Total Loan Outstanding | Rate of Interest (p.a.) | Tenure of loan | Security and Personal Guarantor, if any |
|---|---|---|---|---|---|---|---|
| Loan from Directors | Vini Patel | N/A | 4.25 | 0.29 | NA | Repayable on demand | Unsecured |
| Loan from relatives of Directors | Bhupesh Patel HUF | NA | 53.62 | 3.71 | NA | Repayable on demand | Unsecured |
| **Total** | | | **340.22** | **23.57** | | | |
| **Grand Total** | | | **1,443.73** | **100.00** | | | |

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

*You should read the following discussion of our financial condition and results of operations together with our restated financial statements included in this Draft Red Herring Prospectus. You should also read the section entitled "Risk Factors" on page 30 which discusses a number of factors, risks and contingencies that could affect our financial condition and results of operations. The following discussion relates to our Company and is based on our restated financial statements, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Regulations. Portions of the following discussion are also based on internally prepared statistical information and on other sources.*

*Our financial statements have been prepared in accordance with Indian GAAP, the Companies Act and the ICDR Regulations and restated as described in the report of Peer Reviewed Auditor dated December 24, 2024 which is included in this Draft Red Herring Prospectus under "Financial Statements". The Restated Financial Information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Our financial year ends on March 31 of each year, and all references to a particular financial year are to the twelve-month period ended March 31 of that year.*

**Overview of the Company**

Our Company operates in the field of specialty chemicals, particularly focusing on the production of cellulose-based excipients. We manufacture a diverse range of products that are critical to various industries, including pharmaceuticals, food & beverages, cosmetics, and numerous industrial applications. These chemicals are fundamental in the formulation of essential products such as tablets, food additives, personal care items, and industrial formulations. Our products play vital roles as binders, disintegrants, thickeners, stabilizers, and gelling agents, each serving a specialized function across multiple sectors.

Since inception, our Company manufactures Sodium Monochloro Acetate (SMCA), Sodium Starch Glycolate (SSG), Croscaremellose Sodium (CCS), Carboxymethyl Cellulose Calcium (Calcium CMC), Sodium Carboxymethyl Cellulose (CMC Sodium), Microcrystalline Cellulose (MCC)). With a commitment to quality and innovation, we have successfully established a strong global presence, exporting our products to over 15 countries, including the USA, Germany, UK, Japan, China, Australia, and many more. Our expertise in producing high-quality excipients has enabled us to carve out a niche in the cellulose-based chemicals market, driven by our adherence to international quality standards such as US-DMF, GMP, ISO 9001:2015 etc.

For more information on our Company's business, please refer to chapter titled ***"Our Business"*** on page 130 of this Draft Red Herring Prospectus.

**Significant Developments Subsequent to the period ending on June 30, 2024**

After the date of last audited accounts i.e. June 30, 2024, the Directors of our Company confirm that, there have not been any significant material developments which materially and adversely affect or is likely to affect within the next twelve months for the trading or profitability of the Company, the value of its assets or its ability to pay its liability.

**Key factors affecting our results of operations**

The business is subjected to various risks and uncertainties, including those discussed in the section titled "*Risk Factor*" beginning on page 30 of this Draft Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

(i) We do not have long-term agreements with our suppliers for raw materials and an inability to procure the desired quality, quantity of our raw materials in a timely manner and at reasonable costs, or at all, may have a negative impact on our business, results of operations, financial condition and cash flows.

(ii) Majority of our domestic purchases and imports for the last 3 Financial Years and stub period is dependent on few states and single country. Any loss of business from any of these states and country may adversely affect our ability to procure our raw materials in time to meet our customers needs.

(iii) Majority of our domestic sales for the last 3 Financial Years and stub period is dependent on few states. Any loss of business from any of these states may adversely affect our revenues and profitability.

(iv) The restated financial statements have been provided by peer reviewed auditor who is not statutory auditor of our Company.

(v) Our Major Exports are to Egypt, United States, Russia, Republic of Korea, United Kingdom, Japan and Germany. Any loss of business from any of these countries may adversely affect our revenues and profitability.

**Our Significant Accounting Policies:**

For Significant accounting policies please refer Significant Accounting Policies, beginning under "*Restated Financial Statements*" on page 192 of this Draft Red Herring Prospectus.

**Discussion on Results of Operations:**

The following discussion on results of operations should be read in conjunction with the restated financial results of our Company for the period ended June 30, 2024 and financial years ended March 31, 2024, March 31, 2023 and 2022.

**Main Components of our Profit and Loss Account**

**Income -** Our total income comprises of revenue from operations and other income.

**Revenue from Operations-** Our revenue from operation includes Domestic sale of goods and export sale of goods.

**Other Income –** Other income includes Interest Income from long term investments, Exchange fluctuation gain and Duty drawback.

**Expenditure-** Our total expenditure primarily consists of Cost of Material Consumed, Changes in inventories of finished goods and Stock in trade, employee benefit expenses, Depreciation, finance costs and Other Expenses.

**Cost of material consumed** - Cost of material consumed are primarily in relation to purchases raw material for manufacturing.

**Changes in Inventory of finished goods & work- in progress -** Changes in Inventory of finished goods & work- in progress primarily consist of difference between inventories at end of the year and beginning of the year.

**Employee Benefit Expenses**- Our employee benefits expense comprises of Salaries and direct wages, Director Remuneration & Staff Welfare Expenses.

**Finance costs-** Our Finance cost expenses comprise of Interest Expenses & other related borrowing costs.

**Other Expenses-** Other expenses primarily include Manufacturing Expenses, Transportation Administrative & Selling Expenses, etc.

**Provision for Tax-** The provision for current taxation is computed in accordance with relevant tax regulations. Deferred tax is recognized on timing differences between the accounting and the taxable income for the year and quantified using the tax rates and laws enacted or subsequently enacted as on balance sheet date. Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainly that sufficient future taxable income will be available against which such deferred tax assets can be realized in future.

**Our Results of Operation**

The Overall Industrial growth also Impact the profit margins, because we increase the high margin sales and use our production plant accordingly to reduce the production loss time.

**RESULTS OF KEY OPERATIONS**

The following table sets forth select financial data from our restated financial statement of profit and loss for the period ended on June 30, 2024 and financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 the components of which are also expressed as a percentage of total revenue for such period and financial years.

*(₹ in lakhs)*

| Particulars | For the period/year ended on | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | June 30, 2024 | % of Total Income | March 31, 2024 | % of Total Income | March 31, 2023 | % of Total Income | March 31, 2022 | % of Total Income |
| Revenue from operation | 2,705.25 | 99.73 | 8,236.16 | 99.57 | 6,939.60 | 99.45 | 6,048.46 | 99.78 |
| Other income | 7.25 | 0.27 | 35.45 | 0.43 | 35.15 | 0.50 | 13.57 | 0.22 |
| **Total Revenue** | **2,712.50** | **100.00** | **8,271.61** | **100.00** | **6,974.75** | **100.00** | **6,062.03** | **100.00** |
| Cost of material Consumed | 1,819.02 | 67.06 | 5,894.98 | 71.27 | 5,509.36 | 78.99 | 4,893.23 | 80.72 |
| Changes in inventories of Finished Goods and Stock -in- process | 88.86 | 3.28 | (199.24) | (2.41) | (46.01) | (0.66) | (2.52) | (0.04) |
| Employee Benefits Expenses | 84.88 | 3.13 | 379.98 | 4.59 | 293.14 | 4.20 | 247.98 | 4.09 |
| Finance Cost | 22.56 | 0.83 | 99.11 | 1.20 | 111.79 | 1.60 | 66.22 | 1.09 |
| Depreciation and Amortisation Cost | 18.37 | 0.68 | 66.29 | 0.80 | 56.02 | 0.80 | 41.61 | 0.69 |
| Other Expenses | 324.84 | 11.98 | 993.71 | 12.01 | 635.62 | 9.11 | 464.07 | 7.66 |
| **Total Expenses** | **2,358.53** | **86.95** | **7,234.82** | **87.47** | **6,559.92** | **94.05** | **5,710.58** | **94.20** |
| **Profit Before Tax** | **353.97** | **13.05** | **1,036.78** | **12.53** | **414.83** | **5.95** | **351.44** | **5.80** |
| Tax Expenses | 91.87 | 3.39 | 271.16 | 3.28 | 126.22 | 1.81 | 123.54 | 2.04 |
| **Profit (Loss) for the Year** | **262.10** | **9.66** | **765.62** | **9.26** | **288.61** | **4.14** | **227.90** | **3.76** |

**REVIEW OF OPERATION FOR THE PERIOD ENDED JUNE 30, 2024**

***Revenue from Operations***

The total income for the period ending on June 30, 2024, amounted to ₹ 2,705.25 lakhs, accounting for almost 99.73% of the revenue. The income was derived from sale of speciality chemicals such as Carboxymethyl Cellulose Sodium (Sodium CMC), Microcrystalline Cellulose (MCC), Carboxymethyl Cellulose Calcium (Calcium CMC), Croscarmellose Sodium (CCS), Sodium Starch Glycollate (SSG) and Sodium Monochloro Acetate, collectively contributing to 99.73% of the total income.

***Other Income***

Other income for the period ended June 30, 2024, amounted to ₹ 7.25 lakhs constituting 0.27% of total income of which Interest income from long term investments, exchange fluctuation gain and duty drawback income.

**Cost of material consumed**

Cost of material consumed was ₹ 1,819.02 lakhs during the three months period ended June 30, 2024. As a percentage of total income, expenses relating to cost of material consumed were 67.06%. Our cost of material consumed during the three months period consisted of purchases of ₹ 1,819.02 lakhs, Raw material at the beginning was ₹ 722.22 lakhs and closing raw materials was ₹ 599.62 lakhs.

**Changes in inventory of finished goods, stock-in-trade, and work-in-progress**

Expenses relating to changes in inventories of finished goods, stock-in-trade and work-in-progress were ₹88.86 lakhs during the three months period ended June 30, 2024. As a percentage of total income, expenses relating to changes in inventories of finished goods, stock-in-trade and work-in-progress were 3.28% during the three months period ended June 30, 2024

***Employee Benefits Expenses***

The costs associated with employee benefits for the period that concluded on June 30, 2024, totalled ₹ 84.88 lakhs, making up 3.13% of the total revenue. These employee benefits expenses primarily included salaries and wages, amounting to ₹ 59.89 lakhs, Director Remuneration amounting to ₹ 18.99 lakhs, Contribution to PF and Other funds amounting to ₹ 5.63 lakhs and Staff welfare expenses amounting to ₹ 0.36 lakhs.

***Finance Costs***

The finance costs for the period that concluded on June 30, 2024, totalled ₹ 22.56 lakhs, accounting for 0.83% of the total revenue. These expenses consisted of interest expense for bank and other loans amounting to ₹ 21.77 lakhs and other borrowing costs amounting to ₹ 0.80 lakhs.

***Depreciation and amortization expenses***

Our depreciation and amortization expenses for the period ended June 30, 2024, amounted to ₹ 18.37 lakhs constituting 0.68% of total income.

***Other Expenses***

Our other expenses for the period ended June 30, 2024, amounted to ₹ 324.84 lakhs constituting 11.98% of total income which primarily comprised of Direct expenses amounting to ₹ 85.35 lakhs, Power & fuel expenses amounting to ₹ 81.88 lakhs, repairs to plant & machinery amounting to ₹ 26.86 lakhs, Advertisement & seminar expenses amounting to ₹ 26.82 lakhs, Import/Export expenses amounting to ₹ 26.38 lakhs, freight amounting to ₹ 15.69 lakhs, commission amounting to ₹ 11.57 lakhs among others.

***Profit before tax***

Our profit before tax for the period ended June 30, 2024, amounted to ₹ 353.97 lakhs constituting 13.05% of total income.

***Tax Expenses:***

Our tax expenses for the period ended June 30, 2024, were ₹ 91.87 lakhs. Our tax expenses were 3.39% of our total income or 25.95% of Profit before tax.

***Profit after Tax:***

Our profit after tax for the period ended June 30, 2024, amounted to ₹ 262.10 lakhs constituting 9.66% of total income.

**COMPARISON OF FY 2024 WITH FY 2023**

***Revenue from Operations***

During the FY 2024, the revenue from operations was ₹ 8,236.16 lakhs as compared to ₹ 6,936.60 lakhs in FY 2023. The increase operational revenue can be attributed to the better capacity utilization as a result of the additional demand for our products. The exports of our company increased by 62.23% in FY 2024 as compared to FY 2023 and domestic sale increased by 13.78% in FY 2024 as compared to FY 2023.

***Revenue – Other Income***

During FY 2024, the other income was ₹ 35.45 lakhs as compared to ₹ 35.15 lakhs in FY 2023. The other income remained flat with nominal increase of ₹ 0.30 lakhs in FY 2024 as compared to FY 2023.

***Cost of material consumed***

Our cost of materials consumed for the FY 2024 was ₹ 5,894.98 lakhs as compared to ₹ 5,509.36 lakhs for FY 2023, representing an increase of 7.00%. This was primarily due to increase in purchase of raw materials and consumables to compensate for increase in production. The overall usage of raw materials improved in FY 2024 as compared to FY 2023 leading to increase in margin and overall profitability by 7.72%.

***Changes in inventory of finished goods, stock-in-trade, and work-in-progress***

Changes in inventory of finished goods, stock-in-trade, and work-in-progress for the FY 2024 was ₹ (199.24) lakhs as compared to ₹ (46.01) lakhs for FY 2023, representing an increase of 333.04%.

***Employee Benefits Expenses***

Employee benefit expenses in the FY 24 increased by 29.62%, reaching ₹ 379.98 lakhs in comparison to the ₹ 293.14 lakhs incurred in the FY 2022-23. This rise in employee expenses stemmed from increases in salaries and wages which went up by ₹ 47.84 lakhs and Gratuity which went up by ₹ 43.98 lakhs.

***Finance Cost***

Finance cost in the FY 24 decreased by 11.34%, reaching ₹ 99.11 lakhs in comparison to the ₹ 111.79 lakhs incurred in the FY 23. The decrease in Finance Charges is on account decrease in interest costs.

***Depreciation and Amortisation Expenses***

Depreciation and amortization in the FY 24 surged by 18.33%, reaching ₹ 66.29 lakhs in comparison to the ₹ 56.02 lakhs incurred in the FY 23. This increase in depreciation was as a result of acquiring fixed assets.

***Other Expenses***

Other expenses in the FY 24 increased by 56.34%, reaching ₹ 993.71 lakhs in comparison to the ₹ 635.62 lakhs incurred in the FY 23. This rise in other expenses was primarily attributed to several factors, including ₹ 101.29 lakhs increase in Power & Fuel, ₹ 14.11 lakhs increase in freight & forwarding, ₹ 6.28 lakhs in Laboratory expenses, ₹ 23.10 lakhs in other expenses, and ₹ 87.72 lakhs in direct expenses.

***Tax Expenses:***

Tax expenses increased by 114.11%, reaching a total of ₹ 33.85 lakhs in the financial year 2023-24, in contrast to the ₹ 15.81 lakhs in the financial year 2022-23. This notable increase in tax expenses can be primarily attributed to ₹ 18.96 lakhs rise in current tax payments.

***Profit after Tax (PAT)***

Due to the aforementioned factors, the profit experienced a increase, primarily driven by the decrease in cost of material consumed as a percentage of total income. The Profit After Tax (PAT) for the FY 24 reached ₹ 765.62 lakhs, marking an increase from ₹ 288.61 lakhs in the FY 23. In the FY 24, PAT constituted 9.26% of the total revenue, in contrast to 4.14% in the FY 23.

**COMPARISON OF F.Y. 2023 WITH F.Y. 2022:**

***Revenue from Operations***

The Company's revenue from operations in the FY 23 is ₹ 6936.60 lakhs. This represents ₹ 888.14 lakhs or 14.68% increase compared to the previous financial year's revenue of ₹ 6,048.46 lakhs. Most of the revenue came from domestic sales and export sales of our products. There has been an increase in the export sales as compared to the previous year.

***Other Income***

Other Income in the FY 23 surged by 159.03%, reaching ₹ 35.15 lakhs in comparison to ₹ 13.57 lakhs incurred in the FY 22. This notable increase was mainly attributable to an increase in exchange fluctuation which contributed by ₹ 20.56 lakhs in other income in FY 23.

***Cost of material consumed***

Our cost of materials consumed for the FY 2023 was ₹ 5,509.36 lakhs as compared to ₹ 4,893.23 lakhs for FY 2022, representing an increase of 12.59%. This was primarily due to increase in purchase of raw materials and consumables.

***Changes in inventory of finished goods, stock-in-trade, and work-in-progress***

Changes in inventory of finished goods, stock-in-trade, and work-in-progress for the FY 2023 was ₹ (46.01) lakhs as compared to ₹ (2.52) lakhs for FY 2022, representing an increase of 1,725.79%.

***Employee Benefits Expenses***

Employee benefit expenses in the FY 23 increased by 18.21%, reaching ₹ 293.14 lakhs in comparison to the ₹ 247.98 lakhs incurred in the FY 22. This increase in employee costs was mainly driven by salaries and wages, which increased by ₹ 35.19 lakhs, Director remuneration by ₹ 4.80 lakhs and increase in contribution to PF and other funds by ₹ 5.07 Lakhs.

***Finance Cost***

Finance cost in the FY 23 increased by 68.82%, reaching ₹ 111.79 lakhs in comparison to the ₹ 66.22 lakhs incurred in the FY 22. The increase of the Finance Charges is on account of increase in Interest Expense by ₹ 44.35 lakhs.

***Depreciation and Amortisation Expenses***

Depreciation and amortization in the FY 23 increased by 34.63 %, reaching ₹ 56.02 lakhs in comparison to the ₹ 41.61 lakhs incurred in the FY 22 as a result of increase in Fixed assets.

***Other Expenses***

Other expenses in the FY 23 increased by 36.97%, reaching ₹ 635.62 lakhs in comparison to the ₹ 464.07 lakhs incurred in the FY 22. This rise in other expenses was primarily attributed to several factors, including ₹ 68.32 lakhs increase in Power & Fuel, ₹ 25.81 lakhs increase in Repairs of plant & machinery, ₹ 17.72 lakhs increase in Advertisement & Seminar expenses, ₹ 27.77 lakhs increase in freight & forwarding expense, and ₹ 20.03 lakhs increase in import/export expenses among others.

***Tax Expenses:***

Tax expenses have slightly increased to a total of ₹ 126.22 lakhs in the FY 23, as compared to ₹ 123.54 lakhs in the FY 22. This notable increase in tax expenses can be primarily attributed to rise in current tax payments.

***Profit after Tax (PAT)***

Due to the above mentioned factors, the profit registered an upturn, primarily attributed to the expansion of total income and efficient utilization of raw materials as a percentage of total income. The Profit After Tax (PAT) for the FY 23 reached ₹288.61 lakhs, compared to ₹ 227.90 lakhs in the FY 22. In the FY 23, PAT constituted 4.14% of the total revenue, in comparison to 3.76% of the total revenue in the FY 22.

**Cash Flow**

The table below summaries our cash flows from our Restated Financial Information for the three month period ended June 30, 2024, and for the financial years ended in 2024, 2023, and 2022:

*(₹ in lakhs)*

| Particulars | For period ended June 30, 2024 | For the year ended March 31, 2024 | For the year ended March 31, 2023 | For the year ended March 31, 2022 |
|---|---|---|---|---|
| Net cash (used in)/ Generated from operating activities | (256.77) | 608.02 | 196.73 | 211.51 |
| Net cash (used in)/ Generated from investing activities | 182.70 | (594.45) | (327.37) | (354.74) |
| Net cash (used in)/ Generated from finance activities | 45.73 | 32.16 | 80.95 | 20.52 |
| Net increase/ (decrease) in cash and cash equivalents | (28.35) | 45.73 | (49.70) | (122.71) |
| Cash and Cash Equivalents at the beginning of the period | 51.73 | 6.00 | 55.70 | 178.41 |
| Cash and Cash Equivalents at the end of period | 23.39 | 51.73 | 6.00 | 55.70 |

***Cash Flow from/(used in) Operating Activities***

Net cash generated from operating activities for the period ended June 30, 2024, was ₹ (256.77) lakhs and our profit before tax that period was ₹ 353.97 lakhs. The difference was primarily attributable to depreciation of ₹ 18.37 lakhs, Interest paid of ₹ 22.56 lakhs, and thereafter change in working capital of ₹ (651.67) lakhs respectively, resulting in gross cash generated from operations at ₹ (256.77) lakhs.

Net cash generated from operating activities in the FY 2024 was ₹ 608.02 lakhs and our profit before tax that period was ₹ 1,036.78 lakhs. The difference was primarily attributable to depreciation of ₹ 66.29 lakhs, Interest paid of ₹ 99.11 lakhs, interest and other income of ₹ (35.45) lakhs and thereafter change in working capital of ₹ (558.71) lakhs respectively, resulting in gross cash generated from operations at ₹ 608.02 lakhs.

Net cash generated from operating activities in the FY 2023 was ₹ 196.73 lakhs and our profit before tax that period was ₹ 414.83 lakhs. The difference was primarily attributable to depreciation of ₹ 56.02 lakhs, Interest paid of ₹ 111.79 lakhs, Interest and other income of ₹ (35.15) lakhs and thereafter change in working capital of ₹ (350.76) lakhs respectively, resulting in gross cash generated from operations at ₹ 196.73 lakhs.

Net cash generated from operating activities in the FY 2022 was ₹ 211.51 lakhs and our profit before tax that period was ₹ 351.44 lakhs. The difference was primarily attributable to depreciation of ₹ 41.61 lakhs, Interest paid of ₹ 66.22 lakhs, Interest and other income of ₹ (13.57) lakhs and thereafter change in working capital of ₹ (234.19) lakhs respectively, resulting in gross cash generated from operations at ₹ 211.51 lakhs. We have paid nil income tax.

***Cash Flow from/(used in) Investing Activities***

For the period ended June 30, 2024, net cash used in investing activities was ₹ 182.70 lakhs which was primarily due to decrease in non-current assets and purchase of tangible assets.

In the FY 2024, our net cash used in investing activities was ₹ (594.45) lakhs, which was primarily for Purchase of fixed assets and non current assets of ₹ (336.83) lakhs and ₹ (293.07) lakhs and Income from interest and other income of ₹ 35.45 lakhs during the said period.

In the FY 2023, our net cash used in investing activities was ₹ (327.37) lakhs, which was primarily for Purchase of fixed assets of ₹ (391.88) lakhs, increase in non-current investments of ₹ (27.64) lakhs, receipt of long term loans and advances of ₹ 57.00 lakhs and Income from interest and other income of ₹ 35.15 lakhs during the said period.

In the FY 2022, our net cash used in investing activities was ₹ (354.74) lakhs, which was primarily Purchase of fixed assets of ₹ (511.30) lakhs and receipt of long term loans and advances of ₹ 149.43 lakhs during the period.

***Cash Flow from/(used in) Financing Activities***

For the period ended June 30, 2024, our net cash used in financing activities was ₹ 45.73 lakhs. This was primarily due to Increase in long term borrowings of ₹ 68.29 lakhs and Interest Paid of ₹ (22.56) lakhs.

In the FY 2024, our net cash generated from financing activities was ₹ 32.16 lakhs. This was primarily due to increase in long term borrowings of ₹ 131.27 lakhs and Interest Paid of ₹ (111.79) lakhs.

In the FY 2023, our net cash used in financing activities was ₹ 80.95 lakhs. This was primarily due to increase in long term borrowings of ₹ 192.74 lakhs and Interest Paid of ₹ (111.79) lakhs.

In the FY 2022, our net cash generated from financing activities was ₹ 20.52 lakhs. This was primarily due to Increase in long term borrowings of ₹ 86.74 lakhs and Interest Paid of ₹ (66.22) lakhs.

**Information required as per Item 11 (II) (C) (iv) of Part A of Schedule VI to the SEBI Regulations**:

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

To our knowledge there have been no unusual or infrequent events or transactions that have taken place during the last three years other than shut down of business due to COVID-19.

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

Our business has been subject, and we expect it to continue to be subject to significant economic changes arising from the trends identified above in 'Factors Affecting our Results of Operations' and the uncertainties described in the section entitled "*Risk Factors"* beginning on page 30 of this Draft Red Herring Prospectus. To our knowledge, except as we have described in this Draft Red Herring Prospectus, there are no known factors which we expect to bring about significant economic changes.

3. **Income and Sales on account of major product/main activities**

Income and sales of our Company mainly consists of sale of products such as Carboxymethyl Cellulose Sodium (Sodium CMC), Microcrystalline Cellulose (MCC), Carboxymethyl Cellulose Calcium (Calcium CMC), Croscarmellose Sodium (CCS), Sodium Starch Glycollate (SSG) and Sodium Monochloro Acetate.

4. **Whether the company has followed any unorthodox procedure for recording sales and revenues**

Our Company has not followed any unorthodox procedure for recording sales and revenues.

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

Other than as described in *"Risk Factors"*, *"Our Business"* and *"Management's Discussion and Analysis of Financial Position and Results of Operations"* on pages 30, 130 and 197, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

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

Apart from the risks as disclosed under Section titled "*Risk Factors*" beginning on page 30 in this Draft Red Herring Prospectus, in our opinion there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

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

Increases in revenues are by and large linked to increases in volume of business.

8. **Total turnover of each major industry services in which the Issuer Company operated.**

The Company is in the business of, the relevant industry data, as available, has been included in the chapter titled *"Industry Overview"* beginning on page 104 of this Draft Red Herring Prospectus.

9. **Segment Reporting**

The Company is operating in a single segment, i.e. Chemical division, hence segment reporting is not applicable.

10. **Status of any publicly announced new products or business services.**

Our Company has not announced any new services or business services.

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

Our Company's business is not seasonal.

12. **Any significant dependence on a single or few suppliers or customers.**

The % of contribution of our Company's suppliers vis-à-vis the total purchases from operations respectively as of for the three-month period ended June 30, 2024 and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 is as follows:

*( ₹ in lakhs)*

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Purchase | % of Total Purchase | Purchase | % of Total Purchase | Purchase | % of Total Purchase | Purchase | % of Total Purchase |
| Top 1 Supplier | 438.24 | 25.83 | 1,448.22 | 24.10 | 1,389.18 | 23.24 | 795.83 | 16.20 |
| Top 3 Supplier | 644.77 | 38.01 | 2,313.74 | 38.51 | 2,284.74 | 38.22 | 1,620.76 | 32.98 |
| Top 5 Supplier | 810.67 | 47.79 | 2,968.94 | 49.41 | 2,840.17 | 47.51 | 2,131.40 | 43.38 |
| Top 10 Supplier | 1,099.92 | 64.84 | 3,993.56 | 66.47 | 3,731.75 | 62.42 | 2,968.77 | 60.42 |

The % of contribution of our Company's customers vis-à-vis the total revenue from operations respectively as of for the three-month period ended June 30, 2024 and for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 is as follows:

*(₹ in lakhs)*

| Particulars | For the period ended on June 30, 2024 | | For the Year Ended March 31, 2024 | | For the Year Ended March 31, 2023 | | For the Year Ended March 31, 2022 | |
|---|---|---|---|---|---|---|---|---|
| | Sales Revenue | % of Revenue[#] | Sales Revenue | % of Revenue[#] | Sales Revenue | % of Revenue[#] | Sales Revenue | % of Revenue[#] |
| Top 1 customers | 183.08 | 6.77 | 641.96 | 7.79 | 511.26 | 7.37 | 822.40 | 13.60 |
| Top 3 customers | 384.38 | 14.21 | 1164.88 | 14.14 | 1260.66 | 18.17 | 1436.92 | 23.76 |
| Top 5 customers | 564.10 | 20.85 | 1624.89 | 19.73 | 1740.20 | 25.08 | 1820.93 | 30.11 |
| Top 10 customers | 919.56 | 33.99 | 2575.63 | 31.27 | 2693.08 | 38.81 | 2562.47 | 42.37 |

**13. Competitive conditions.**

Competitive conditions are as described under the Chapters titled ***"Industry Overview"*** and ***"Our Business"*** beginning on pages 104 and 130, respectively of this Draft Red Herring Prospectus.

## CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as on June 30, 2024, as derived from our Restated Financial Information. This table should be read in conjunction with the sections titled *"Management's Discussion and Analysis of Financial Position and Results of Operations", "Financial Information"* and *"Risk Factors"* on pages 197, 192 and 30 respectively.

*(₹ in Lakhs)*

| Particulars | Pre-Issue | Post Issue |
|---|---|---|
| Borrowings | | |
| Short term debt (A) | 636.43 | [●] |
| Long Term Debt (including Current Maturities of Long-term Debt) (B) | 807.30 | - |
| Total debts (C) | **1,443.73** | [●] |
| | | |
| Shareholders' funds | | |
| **Equity share capital** | 100.00 | [●] |
| **Reserve and surplus - as restated** | 2,144.59 | [●] |
| | | |
| Total shareholders' funds (D) | **2,244.59** | [●] |
| | | |
| Long term debt / shareholders' funds (B/D) | **0.36** | [●] |
| Total debt / shareholders' funds (C/D) | **0.65** | [●] |

## SECTION VII- LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no (i) outstanding criminal proceedings; (ii) actions taken by statutory and/or regulatory authorities; (iii) outstanding claims related to direct or indirect taxes; (iv) other pending litigation as determined to be material by the Board of Directors of the Company as per the Materiality Policy (as defined below) in each case involving the Company, its Subsidiaries, the Promoters, the Directors* ***("Relevant Parties")****; or (v) any litigations involving the Group Companies which have a material impact on the business operations, prospects or reputation of the Company. There are no disciplinary actions including penalties imposed by SEBI or stock exchanges against the Company, its Subsidiaries, its Promoters or its Directors in the last five financial years, including any outstanding action.*

*Our Board, in its meeting held on November 18, 2024 determined that outstanding legal proceedings involving Company or Our Directors or Our Promoters or Our Group Companies or Our Subsidiaries, if any will be considered as material* ***('Materiality Policy')*** *if: (i) the monetary amount of claim by or against the entity or person in any such pending matter exceed 5% of profit after tax of the Company, as per the last audited financial statements or any such litigation, an adverse outcome of which would materially and adversely affect our Company's business, prospects, operations, financial position or reputation, irrespective of the amount involved in such litigation, and (ii) the Board or any of its committees shall have the power and authority to determine suitable materiality thresholds for the subsequent financial years on the aforesaid basis or any other basis as may be determined by the Board or any of its committees.*

*It is clarified that for the above purposes, pre-litigation notices received by any of the above mentioned relevant parties (excluding statutory/ regulatory/ tax authorities or notices threatening criminal action), have not been considered as litigation until such time that the relevant parties are not impleaded as a defendant in the litigation proceedings before any judicial/ arbitral forum.*

*Except as stated in this section, there are no outstanding material dues to creditors of our Company. For this purpose, our Board has considered and adopted a policy of materiality for identification of material outstanding dues to creditors by way of its resolution dated November 18, 2024. In terms of the materiality policy, creditors of Our Company to whom amounts outstanding dues to any creditor of our Company exceeding 5% of trade payables of the Company for the last audited Restated Financial Statements of our Company disclosed in this Draft Red Herring Prospectus, would be considered as material creditors. Details of outstanding dues to micro, small and medium enterprises and other creditors separately giving details of number of cases and amount involved shall be uploaded and disclosed on the webpage of the Company as required under the SEBI ICDR Regulations.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.*

### I. LITIGATION INVOLVING OUR COMPANY

#### A. LITIGATION FILED AGAINST THE COMPANY

1. **Litigation Involving Criminal Matters:** Nil

2. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

3. **Litigation/Matters involving Tax Liabilities**

    a. Direct Tax Liabilities: Nil

    b. Indirect Tax Liabilities: Nil

4. **Other Pending Litigation:** Nil

#### B. LITIGATION FILED BY THE COMPANY

1. **Litigation Involving Criminal Matters:** Nil

2. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

3. **Litigation/Matters involving Tax Liabilities:**

    a. Direct Tax Liabilities: Nil

b. Indirect Tax Liabilities: Nil

4. **Other Pending Litigations:** Nil

**II. LITIGATIONS INVOLVING THE SUBSIDIARIES: NA**

**III. LITIGATIONS INVOLVING THE PROMOTERS**

**A. LITIGATION FILED AGAINST THE PROMOTERS**

1. **Litigation Involving Criminal Matters:** Nil

2. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

3. **Litigation/Matters involving Tax Liabilities**

a. Direct Tax Liabilities: Nil

b. Indirect Tax Liabilities: Nil

4. **Other Pending Litigations:** Nil

**B. LITIGATIONS FILED BY THE PROMOTERS**

1. **Litigation Involving Criminal Matters:** Nil

2. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

3. **Litigation/Matters involving Tax Liabilities**

a. Direct Tax Liabilities: Nil

b. Indirect Tax Liabilities: Nil

4. Other Pending Litigations: Nil

**IV. LITIGATIONS INVOLVING DIRECTORS**

**A. LITIGATION FILED AGAINST OUR DIRECTORS**

1. **Litigation Involving Criminal Matters:** Nil

2. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

3. **Litigation/Matters involving Tax Liabilities:** Nil

a. Direct Tax Liabilities: Nil

b. Indirect Tax Liabilities: Nil

4. **Other Pending Litigations:** Nil

**B. LITIGATION FILED AGAINST BY DIRECTORS**

1. **Litigation Involving Criminal Matters:** Nil

2. **Litigation Involving Actions by Statutory/Regulatory Authorities:** Nil

3. **Litigation/Matters involving Tax Liabilities:** Nil

a. Direct Tax Liabilities: Nil

b. Indirect Tax Liabilities: Nil

4. **Other Pending Litigations:** Nil

## V. MATERIAL LITIGATIONS INVOLVING OUR GROUP COMPANIES: Nil

**Disciplinary action against our Company and Promoters by SEBI or any stock exchange in the last five Financial Years**

As on the date of this Draft Red Herring Prospectus, no disciplinary action including penalty imposed by SEBI or stock exchanges has been initiated against Company and our Promoters in the last 5 (five) Financial Years including any outstanding action.

**Details of dues to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.**

In accordance with the Materiality Policy, details of outstanding dues (trade payables) owed to MSME (as defined under section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at June 30, 2024, are set out below: for identification of material creditors, in terms of point (i) above, a creditor of the Company shall be considered to be material for the purpose of disclosure in this Draft Red Herring Prospectus, if amounts due to such creditor exceed 5% of the total trade payables of the Company as per the latest Restated Financial Statements of the Company, as disclosed in this Draft Red Herring Prospectus.

| Particulars | No. of Creditors | Amount (₹ in lakhs) |
|---|---|---|
| **Outstanding dues to material creditors (A)** | **7** | **376.94** |
| Outstanding dues to micro, small and medium enterprise | 2 | 96.54 |
| Outstanding dues to other creditor | 5 | 280.4 |
| **Outstanding dues to non - material creditors (B)** | **127** | **292.14** |
| Outstanding dues to micro, small and medium enterprise | 6 | 42.00 |
| Outstanding dues to other creditor | 121 | 250.14 |
| **Total Outstanding Dues (A+B)** | **134** | **669.08** |

**Material developments occurring after last balance sheet date.**

Other than as stated in the section entitled **"***Management's Discussion and Analysis of Financial Position and Results of Operations***"** on page 197, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our assets or our ability to pay our liabilities within the next 12 months from the date of the filing of this Draft Red Herring Prospectus.

## GOVERNMENT AND OTHER APPROVALS

In view of the licenses / permissions / approvals / no-objections / certifications / registrations, (collectively "Authorisations") listed below, our Company can undertake this Issue and our current business activities and to the best of our knowledge, no further approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus. It must be distinctly understood that, in granting these approvals, the GoI, the RBI or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which we operate. For details, please refer to the chapter titled *"Key Industry Regulation and Policies"* beginning on page 152 of this Draft Red Herring Prospectus.

Our Company has received the necessary licenses, permissions, and approvals from the Central and State Governments and other government agencies/ regulatory authorities /certification bodies required to undertake the Issue or continue our business activities. In view of the approvals listed below, we can undertake the Issue and our current/ proposed business activities and no further major approvals from any governmental /regulatory authority, or any other entity are required to be undertaken, in respect of the Issue or to continue our business activities. It must, however, be distinctly understood that in granting the above approvals, the Government of India and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made, or opinions expressed in this behalf.

The Company has got following licenses/registrations/approvals/consents/permissions from the Government and various other Government agencies required for its present business.

### I. APPROVALS FOR THE ISSUE

The following approvals have been obtained or will be obtained in connection with the issue:

1. Our Board of Directors have, pursuant to a resolution passed in its meeting held on November 18, 2024, authorized the Issue subject to approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013

2. The shareholders of our Company have, pursuant to a special resolution passed in the Extraordinary general meeting of our Company held on November 29, 2024, authorized the Issue under Section 62(1)(c) of the Companies Act, 2013;

3. In-principle approval dated [●] from the BSE for listing of the Equity Shares issued by our Company pursuant to the Issue.

### IV. CORPORATE APPROVALS

1. Certificate of Incorporation dated June 25, 2008, issued to our Company by the Registrar of Companies, Gujarat, Dadra and Nagar Havelli in the name of "**PATEL CHEM SPECIALITIES PRIVATE LIMITED**."

2. Fresh A fresh Certificate of Incorporation consequent upon change of name from "Patel Chem Specialities Private Limited" to "**PATEL CHEM SPECIALITIES LIMITED**" was issued on August 29, 2024 by the Assistant Registrar of Companies/Deputy Registrar of Companies/Registrar of Companies, Central Processing Centre.

3. The CIN of the Company is U24100GJ2008PLC054305.

### V. AGREEMENTS WITH NSDL AND CDSL

1. The Company has entered into an agreement dated September 19, 2024, with the National Securities Depository Limited ("NSDL") and the Registrar and Transfer Agent, who in this case is Link Intime India Private Limited for the dematerialization of its shares.

2. The Company has entered into an agreement dated, October 22, 2024 with the Central Depositories Services (India) Limited ("CDSL') and the Registrar and Transfer Agent, who in this case is Link Intime India Private Limited for the dematerialization of its shares.

3. The Company's International Securities Identification Number ("ISIN") is INE161701011.

## VI. TAX RELATED APPROVALS

| Sr. No. | Description | Authority | Registration No./License No./Certificate No. | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 1. | Permanent Account Number (PAN) | Income Tax Department, Government of India | AAECP7489D | June 25, 2008 | Perpetual |
| 2. | Tax Deduction Account Number (TAN) | Income Tax Department, Government of India | AHMP06340F | August 8, 2024 | Perpetual |
| 3. | Goods and Services Tax Registration Certificate (GST) | Maharashtra Goods and Services Tax Act, 2017 | 24AAECP7489D1Z8 | July 14, 2023 | Perpetual |
| 4. | Importer-Exporter Code (IEC code)* | Directorate General of Foreign Trade, Ministry of Commerce and Industry | 0808015770 | October 21, 2008 | Perpetual |
| 5. | Professional Tax Certificate under Gujarat State Tax on Profession, Trade, Calling and Employment Tax Act, 1976 (Unit – Vavta) | Profession Tax Department, Amdavad Municipal Corporation, Gujarat | PEC014402168 | October 15, 2024 | Perpetual |
| 6. | Professional Tax Certificate under Gujarat State Tax on Profession, Trade, Calling and Employment Tax Act, 1976 (Unit – Vavta) | Profession Tax Department, Amdavad Municipal Corporation, Gujarat | PRC014400877 | October 15, 2024 | Perpetual |
| 7. | Professional Tax Certificate under Gujarat State Business, Trade, Business & Employment Tax Act, 1976 (Unit-Talod)* | Profession Tax Department, Amdavad Municipal Corporation, Gujarat | 0511011EC00007 | September 29, 2023 | Perpetual |
| 8. | Professional Tax Certificate under Gujarat State Business, Trade, Business & Employment Tax Act, 1976 (Unit-Talod)* | Profession Tax Department, Amdavad Municipal Corporation, Gujarat | 0511011RC00008 | September 29, 2023 | Perpetual |

* All above-mentioned approvals are in the earlier name of the Company i.e. Patel Chem Specialities Private Limited. Our Company is in process of making application for name change.

## VII. BUSINESS AND LABOUR RELATED APPROVALS/REGISTRATION/ CERTIFICATES

Our Company requires various other approvals to carry on our business in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals will be submitted in accordance with applicable procedures and requirements as and when required.

| Sr. No. | Description | Authority | Registration No./ License No./ Certificate No. | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 1. | Legal Entity Identifier | LEI Register India Private Limited | 984500Y8DB8F53AD9F87 | November 22, 2021 | November 22, 2025 |
| 2. | Micro, Small and Medium Enterprises* | Ministry of Micro, Small and Medium Enterprises | UDYAM-GJ-01-0078163 | June 25, 2021 | Perpetual |
| 3. | Registration under Employees State Insurance Act, 1948* | Sub-Regional Office Employees State Insurance Corporation, Gujarat | 37001013640000399 | August 24, 2011 | Perpetual |
| 4. | Registration under Employees Provident Fund and Miscellaneous Act, 1952* | Employees Provident Fund Organization | GJVAT0070386000 | September 2, 2015 | Perpetual |
| 5. | License to work as Factory (Unit – Vavta) | Deputy Director, Industrial Safety and Health, Ahmedabad | 13722 | November 1, 2021 | December 21, 2026 |

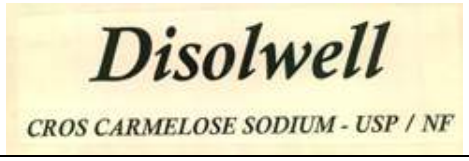
| Sr. No. | Description | Authority | Registration No./ License No./ Certificate No. | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 6. | *Consent order & Authorization Sec 25 of Water (Prevention and control of Pollution) Act, 1974 Section 21 of Air (Prevention and control of Pollution) Act, 1981, and Hazrdous Waste (Management Handling & Trans- boundary Movement) Rule, 2016 (Unit – Vavta)* | Scientific Engineer, Gujarat Pollution Control Board | AWH-121768 | October 3, 2022 | September 30, 2026 |
| 7. | License under Food & Drugs control Administration (Unit – Vavta)* | Commissioner, Food & Drugs Control Administration, Gandhinagar, Gujarat | G/25/1918 | March 21, 2011 | March 20, 2026 |
| 8. | Good Manufacturing Practices (GMP) certificate (Unit – Vavta)* | Commissioner, Food & Drugs Control Administration, Gandhinagar, Gujarat | S-GMP/23084464 | August 8, 2023 | August 7, 2025 |
| 9. | License under Food Safety and Standard Act, 2006 for manufacturing 99.1 food additives-Gelling Agent or Thickener or Stabilizer Sodium Carboxy Methyl Cellulose (Unit – Vavta)* | Central Licensing Authority, FSSAI | 10019021003930 | October 31, 2023 | January 9, 2025 |
| 10. | Certificate of Stability issued to check structurally sound stability of factory part of factory for manufacturing of Sodium Carboxy Methyl, Cellulose. (Unit – Vatva) | Issued by JAS Associates (Certified Industrial Assessor) approved by Joint Director, Industrial Safety and Health Department, | GUJ/DISH/CPT/A/0400/2014 | June 22, 2024 | June 21, 2025 |
| 11. | Registration cum Membership Certificate of Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)* | DY Director | CHEM/AHD/P-338/P.II/20-21/970 | July 28, 2020 | March 31, 2025 |
| 12. | Registration cum Membership Certificate of Pharmaceuticals Export Promotion Council of India (PHARMEXCIL)* | Pharmaceuticals Export Promotion Council of India | PXL/SSM/II/RO/7034/2013-14 | June 18, 2024 | March 31, 2025 |
| 13. | Alcumus ISOQAR Certificate of Registration against Codex Alimentarius (HACCP)* | Technical Director | 9417-HAC-001 | August 27, 2020 | August 27, 2026 |
| 14. | Alcumus ISOQAR Certificate of Registration ISO 9001: 2015 | Technical Director | 9417-Q15-001 | August 31, 2011 | August 31, 2026 |
| 15. | License to work as Factory (Unit – Talod)* | Deputy Director, Industrial Safety and Health, Bharuch | 38128 | June 2, 2023 | December 31, 2027 |
| 16. | Consent to establish order & Authorization under: Sec 25 of Water (Prevention and Control of Pollution) Act, 1974 section 21 of Air (Prevention and control of Pollution) Act, 1981, and Hazardous Waste (Management Handling & Trans- boundary Movement) Rule, 2016 (Unit – Talod)* | Unit Head, Gujarat Pollution Control Board | A-132639 | February 28, 2024 | January 3, 2025 |
| 17. | Certificate of registration issued for registering "Microcrystalline Cellulose, Magnesium Stearate & Croscarmellose Sodium" with Jamiat Ulama Halal Foundation (Unit – Vatva)* | Chief Executive Officer, Halal India Private Limited | HIP23980216 | February 9, 2024 | February 8, 2025 |

| Sr. No. | Description | Authority | Registration No./ License No./ Certificate No. | Date of Issue | Date of Expiry |
|---|---|---|---|---|---|
| 18. | Kosher Certificate | Dar Kosher | PCS00391221 | December 30, 2024 | December 29, 2025 |
| 19. | Certificate for the use of a smoke tube boiler package. | Assistant Director of Boilers, Gujarat Boiler Inspection Department | GT-9909 | May 5, 2024 | May 4, 2025 |
| 20. | Certificate for integrated common Hazardous Waste Management facility (Unit – Talod) | Maurya Enviro Project Private Limited | MEPPL-791 | December 9, 2024 | December 8, 2027 |

** All above-mentioned approvals are in the earlier name of the Company i.e. Patel Chem Specialities Private Limited. Our Company is in process of making application for name change.*

## VIII. INTELLECTUAL PROPERTY APPROVAL

As on the date of this Draft Red Herring Prospectus, the Company has the following Trademark pending applications:

| Original Trademark Name | Device/ Word Mark | Registration No. | Application No. | Class | Current Status |
|---|---|---|---|---|---|
| | Device Mark | 3132631 | 5265427 | 35 | Registered and Valid upto December 29, 2031 |
| | Device Mark | 3130521 | 5265426 | 5 | Registered and Valid upto December 29, 2031 |
| Amylotab | Word Mark | 3609492 | 6241001 | 5 | Registered and valid upto December 30, 2033 |
| Blowtab- Sodium Starch Glycolate BP | Device Mark | 1314552 | 2567446 | 5 | Registered and valid upto July 19, 2033 |
| Disolwell- Cros Carmelose Sodium USP/NF   | Device Mark | 1316677 | 2567445 | 5 | Registered and valid upto July 19, 2033 |
| HindCel Microcrystalline Cellulose | Word Mark | 1775336 | 3233055 | 5 | Registered and valid upto April 12, 2026 |
| Rheollose- Sodium Carboxy Methyl Cellulose IP, BP, EP, USP-NF | Device Mark | 1763079 | 3188645 | 5 | Registered and valid upto February 18, 2026 |
| Swellcal Carboxymethyl Cellulose Calcium | Word Mark | 1541144 | 3334395 | 5 | Registered and valid upto August 11, 2026 |
| Wheelcell- Sodium Carboxy Methyl Cellulose | Device Mark | 2927307 | 4414586 | 5 | Registered and valid upto January 21, 2030 |
| WheelCross- Croscarmellose Sodium | Device Mark | 2698183 | 4414587 | 5 | Registered and valid upto January 21, 2030 |
| Wheelstar- Sodium Starch Glycoate | Device Mark | 2593827 | 4414588 | 5 | Registered and valid upto January 21, 2030 |

| Original Trademark Name | Device/ Word Mark | Registration No. | Application No. | Class | Current Status |
|---|---|---|---|---|---|
| | | | | | |
| Nu-disolv | Word Mark | - | 6284206 | 5 | Opposed |
| PharLub | Word Mark | 3791354 | 6284207 | 5 | Registered and valid upto February 2, 2034 |

## IX. KEY APPROVALS THAT HAVE EXPIRED AND FOR WHICH RENEWAL APPLICATIONS HAVE BEEN MADE:

The Company does not have any applications for the renewal of expired approvals as on the date of this Draft Red Herring Prospectus.

## X. KEY APPROVALS APPLIED FOR BY OUR COMPANY BUT NOT RECEIVED

Except as stated below, there are no such key approvals applied for by our Company but not received as on the date of this Draft Red Herring Prospectus.

(i) Our company has applied for the Fire No Objection Certificate (NOC) under the Gujarat Fire Prevention and Life Safety Measures Act, 2013. The application was submitted on 21st January 2021.

## XI. KEY APPROVALS REQUIRED BUT NOT OBTAINED OR APPLIED FOR BY OUR COMPANY

There are no such key approvals required but not obtained or applied for as on the date of this Draft Red Herring Prospectus.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Issue:**

**Corporate Approvals:**

The Board of Directors, pursuant to a resolution passed at their meeting held on November 18, 2024 authorized the Issue, subject to the approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013, and such other authorities as may be necessary. The shareholders of our Company have, pursuant to a special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at an Extra-Ordinary General Meeting held on November 29, 2024, authorized the Issue.

**In-principle Approval:**

Our Company has obtained in-principle approval from the BSE SME for using its name in the Red Herring Prospectus/ Prospectus pursuant to an approval letter dated [●] BSE is the Designated Stock Exchange.

The Draf Red Herring Prospectus has been approved by our Board pursuant to board resolution dated December 30, 2024

**Prohibition by SEBI or other Governmental Authorities:**

We confirm that there is no prohibition on our Company, our Promoters, our Promoter Group, our directors, or the person(s) in control of our Company from accessing or operating in the Capital Markets or debarment from buying, selling or dealing in securities under any order or direction passed by the Board (SEBI) or any securities market regulator in any other jurisdiction or any other authority/court.

The listing of any securities of our Company has never been refused by any of the Stock Exchanges in India.

Neither of our Promoters, Promoter Group, Directors or the person(s) in control of our Company, has ever been part of Promoters, Promoter Group, Directors or the person(s) in control of any other Company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other regulatory or governmental authority.

There has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except as details provided in the chapter *"Outstanding Litigations and Material Development"* beginning on page 207 of this Draft Red Herring Prospectus.

**Association with Securities Market:**

None of our Directors are associated with the securities market and there has been no action taken by the SEBI against the Directors or any other entity with which our directors are associated as promoters or directors in the past 5 years.

**Prohibition by RBI:**

Neither our Company, our Promoters, our Directors, relatives (as per Companies Act, 2013) of Promoters or the person(s) in control of our Company have been identified as a wilful defaulter or a fugitive economic offender or a fraudulent borrower and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except as details provided in the chapter *"Outstanding Litigations and Material Development"* beginning on page 207 of this Draft Red Herring Prospectus.

**Prohibition with respect to wilful defaulters or a fraudulent borrower**

Neither our Company, our Promoters, our Directors, Group companies, relatives (as per Companies Act, 2013) of Promoters or the person(s) in control of our Company have been identified as wilful defaulters or a fraudulent borrower as defined by the SEBI ICDR Regulations, 2018.

**Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018**

Under the SBO Rules certain persons who are 'significant beneficial owners', are required to intimate their beneficial holdings to our Company in Form no. BEN-1. As on date of Draft Red Herring Prospectus, there are no such significant beneficial owners in our Company.

**Eligibility for the Issue:**

Our Company has complied with the conditions of Regulation 230 of SEBI (ICDR) Regulations, 2018 for this Issue. Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations; and this Issue is an Initial Public Issue" in terms of the SEBI (ICDR) Regulations.

Our Company is eligible for the Issue in accordance with Regulation 229(2) and other provisions of Chapter IX of the SEBI (ICDR) Regulations, as we are an Issuer whose post issue paid up capital is not more than ten crore rupees and we may hence issue Equity Shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (in this case being the (**"BSE SME")**.

**We confirm that:**

a) In accordance with Regulation 260 of the SEBI (ICDR) Regulations, this issue will be 100% underwritten and that the BRLM's to the Issue shall underwrite minimum 15% of the Total Issue Size. For further details pertaining to said underwriting please refer to section titled *"General Information"* beginning on page 55 of this Draft Red Herring Prospectus.

b) In accordance with Regulation 268 of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue shall be greater than or equal to fifty (50), otherwise, the entire application money will be unblocked forthwith. If such money is not repaid within eight (8) Working Days from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of eight (8) Working Days, be liable to repay such application money, with an interest at the rate as prescribed under the Companies Act 2013.

c) In terms of Regulation 246(5) of the SEBI (ICDR) Regulations, we shall ensure that our Book Running Lead Managers submit a copy of the Red Herring Prospectus along with Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Red Herring Prospectus with Stock Exchange and the Registrar of Companies. Further, in terms of Regulation 246(2), SEBI shall not issue observation on the Red Herring Prospectus.

d) In accordance with Regulation 261(1) of the SEBI (ICDR) Regulations, we hereby confirm that we shall enter into an agreement with the Book Running Lead Managers and with Market Maker to ensure compulsory Market Making for a minimum period of three (3) years from the date of listing of Equity Shares on the BSE SME. For further details of the arrangement of market making please refer to section titled "*General Information*" beginning on page 55 of this Draft Red Herring Prospectus.

e) In accordance with Regulation 228(a) of the SEBI (ICDR) Regulations, our Company, its Promoters, Promoter Group or Directors are not debarred from accessing the capital markets by the Board.

f) In accordance with Regulation 228(b) of the SEBI (ICDR) Regulations, the companies with which our Promoters or Directors are associated as a Promoter or Director are not debarred from accessing the capital markets by the Board.

g) In accordance with Regulation 228(c) of the SEBI (ICDR) Regulations, neither the Issuer nor any of its Promoter or Directors is a wilful defaulter or a fraudulent borrower.

h) In accordance with Regulation 228(d) of the SEBI (ICDR) Regulations, none of the Issuer's Promoter or Directors is a fugitive economic offender.

i) In accordance with Regulation 230(1)(a) of the SEBI (ICDR) Regulations, application is being made to BSE (SME Platform of the BSE) is the Designated Stock Exchange.

j) In accordance with Regulation 230(1)(b) of the SEBI (ICDR) Regulations, our Company has entered into agreement with depositories for dematerialization of specified securities already issued and proposed to be issued.

k) In accordance with Regulation 230(1)(c) of the SEBI (ICDR) Regulations, all the present equity share capital is fully Paid-up.

l) In accordance with Regulation 230(1)(d) of the SEBI (ICDR) Regulations, all the specified securities held by the Promoters are already in dematerialized form.

We further confirm that we shall be complying with all the other requirements as laid down for such an issue under Chapter IX of SEBI (ICDR) Regulations, 2018 as amended from time to time and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

1. Our Company shall mandatorily facilitate trading in Demat securities for which we have entered into an agreement with the Central Depositary Services Limited dated October 22, 2024 and National Securities Depository Limited dated September 19, 2024 for establishing connectivity.
2. Our Company has a website i.e., www.patelchem.com
3. The Equity Shares of our Company held by our Promoters are in dematerialized form;
4. All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus, and

5. There has been no change in the promoter of the Company in the preceding one year from date of filing application to BSE for listing on SME segment.

We confirm that we comply with all the below requirements/ conditions so as to be eligible to be listed on the BSE SME (SME Platform of BSE):

Our Company was incorporated as Patel Chem Specialities Private Limited, a private limited company, dated June 25, 2008, issued by the Registrar of Companies, Gujarat, Dadra and Nagar Haveli, (RoC) under the Companies Act, 1956. Subsequently, the name of our Company was changed to Patel Chem Specialities Limited and a fresh Certificate of Incorporation dated August 29, 2024, issued by the RoC pursuant to a special resolution passed by our shareholders in the Extra Ordinary General Meeting held on July 04, 2024, our Company was converted into a public limited company.

1. Our Company was incorporated on June 25, 2008, with the Registrar of Companies; Gujarat, Dadra and Nagar Haveli under the Companies Act, 1956 in India, hence is in existence for a minimum period of 3 years on the date of filing this Draft Red Herring Prospectus with BSE.

2. The present paid-up capital of our Company is ₹ 1,787.00 Lakhs consisting of 1,78,70,000 Equity Shares and we are proposing Fresh Issue up to 70,00,000 Equity Shares of face value of ₹ 10/- each ("Equity Shares") of the Company for cash at a price of ₹ [●]/- per equity share (including a share premium of ₹ [●]/- per equity share) ("Issue Price") aggregating up to ₹ [●] lakhs. Hence, our Post Issue Paid up Capital will be up to ₹ 2,487.00 Lakhs consisting of up to 2,48,70,000 which will be less than ₹ 25 Crore.

3. As on June 30, 2024 and March 31, 2024, the Company has net tangible assets of ₹ 4,823.94 Lakhs and ₹ 4,696.54 Lakhs.

4. Our Company has a track record of three years as on date of filing of this Draft Red Herring Prospectus

5. The Company has operating profit (earnings before interest, depreciation and tax) from operations for at least any 2 out of 3 financial years preceding the application and its net-worth should be positive. The details of the Net Worth and Operating Profit as per the Restated Financial Statements of the Company are as detailed below:

*(In ₹ Lakhs)*

| Particulars | June 30, 2024 | March 31, 2024 | March 31, 2023 | March 31, 2022 |
|---|---|---|---|---|
| Net Worth | 2,214.60 | 1,952.49 | 1,186.87 | 898.27 |
| Operating profit (earnings before interest, depreciation, Profit/ (loss) and tax) | 3,94.91 | 1,202.18 | 582.64 | 459.27 |

6. The Leverage ratio (Total Debts to Equity) of the Company as on June 30, 2024 and March 31, 2024, was 0.65:1 and 0.79:1, which is less than the limit of 3:1

7. The Company confirms that there has not been any change in its name in last 1 year.

8. The Company has no pending defaults in respect of payment of interest and/or principal to the debenture/ bond/ fixed deposit holders by our Company and Promoters.

9. The Company confirms that no regulatory action of suspension of trading against the promoter(s) or companies promoted by the Promoters by any stock Exchange having nationwide trading terminals.

10. The Promoter or Directors are not the promoter or directors (other than independent directors) of compulsory delisted companies by the Exchange and neither they are the promoter or directors of such companies on which the consequences of compulsory delisting is applicable/attracted or companies that are suspended from trading on account of noncompliance.

11. None of the Directors of the Company have been disqualified / debarred by any of the Regulatory Authorities.

12. The Company has facilitated trading in demat securities and has entered into an agreement with both the depositories. Our Company has entered into an agreement with Central Depositary Services Limited (CDSL) dated October 22, 2024 and National Securities Depository Limited (NSDL) dated September 19, 2024, for dematerialization of its Equity Shares proposed to be issued.

13. There has been no change in the Promoter of the Company in the preceding one year from date of filing application to BSE for listing on SME Platform of BSE.

14. No regulatory action of suspension of trading against the promoter(s) or companies promoted by the promoter by any stock Exchange having nationwide trading terminals.

15. No material regulatory or disciplinary action by a stock exchange or regulatory authority in the past three years against the applicant Company.

16. Our Company has a website: www.patelchem.com

17. Company has not been referred to NCLT under IBC.

18. There is no winding up petition against the company, which has been admitted by the court.

19. 100% of the Promoter's shareholding in the Company is in dematerialised form.

20. Composition of Board is in compliance of the Companies Act, 2013

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF ISSUE DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT ISSUE DOCUMENT/ ISSUE DOCUMENT. THE LEAD MERCHANT BANKERS, CUMULATIVE CAPITAL PRIVATE LIMITED AND UNISTONE CAPITAL PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT ISSUE DOCUMENT/ ISSUE DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT ISSUE DOCUMENT/ ISSUE DOCUMENT, THE LEAD MERCHANT BANKERS, CUMULATIVE CAPITAL PRIVATE LIMITED AND UNISTONE CAPITAL PRIVATE LIMITED IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED DECEMBER 30, 2024.**

**THE FILING OF THIS DRAFT ISSUE DOCUMENT/ ISSUE DOCUMENT DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34, SECTION 35, SECTION 36 AND SECTION 38 (1) OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND / OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.**

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Ahmedabad in terms of sections 26, 32 and 33 of the Companies Act, 2013.

**Statement on Price Information of Past Issues handled by Cumulative Capital Private Limited:**

| Sr. No. | Issuer Company Name | Issue Size (₹ in Lakhs) | Issue price | Listing date | Opening price on listing date | +/-% change in closing price, [+/-% change in closing benchmark]- 30th calendar days from listing | +/-% change inclosing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/-% change in closing price, [+/-% change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| **SME- IPOs** | | | | | | | | |
| 1. | Pelatro Limited | 5,598.00 | 200.00 | September 24, 2024 | 275.00 | 3.62%; [-5.80%] | 37.68%; [-9.07%] | NA |
| 2. | Agarwal Toughened Glass India Limited | 6,263.57 | 108.00 | December 5, 2024 | 135.00 | NA | NA | NA |
| **Main Board IPOs** | | | | | | | | |
| Nil | | | | | | | | |

***Notes:***

a. Source: www.nseindia.com for the price information
b. Wherever 30th/90th/180th calendar day from the listing day is a holiday, the closing data of the preceding trading day has been considered.
c. Wherever 30th/90th/180th calendar day, the scrip are not traded than last trading price has been considered.
d. Nifty 50 index is considered as the benchmark index.

**Summary statement of price information of past public issues handled by Cumulative Capital Private Limited**

| Financial Year | Total no. of IPOs* | Total Funds Raised (₹ In lakhs) | Nos. of IPOs trading at discount- 30th calendar days from listing | | | Nos. of IPOs trading at premium- 30th calendar days from listing | | | Nos. of IPOs trading at discount- 180th calendar days from listing | | | Nos. of IPOs trading at premium- 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| ***SME IPOs*** | | | | | | | | | | | | | | |
| FY 2024-25 | 2 | 11,861,57 | - | - | - | - | - | 1 | - | - | - | - | - | - |
| ***Main Board IPOs*** | | | | | | | | | | | | | | |
| FY 2024-25 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

**Track Record of past issues handled by Cumulative Capital Private Limited:**

For details regarding track record of Cumulative Capital Private Limited to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the Cumulative Capital Private Limited at: www.cumulativecapital.group

**Statement on Price Information of Past Issues handled by Unistone Capital Private Limited:**

| Sr. No. | Issue Name | Issue Size (₹ in Lakhs) | Issue price | Listing date | Opening price on listing date | +/-% change in closing price, [+/-% change in closing benchmark] - 30th calendar days from listing | +/-% change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| **Main Board** | | | | | | | | |
| 1 | Exicom Tele-Systems Limited | 42,899.90 | 142 | March 05, 2024 | 265.00 | 46.41% [0.71%] | 113.49% [4.06%] | 171.51% [12.88%] |

| Sr. No. | Issue Name | Issue Size (₹ in Lakhs) | Issue price | Listing date | Opening price on listing date | +/-% change in closing price, [+/-% change in closing benchmark] - 30th calendar days from listing | +/-% change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 2 | Platinum Industries Limited | 23,531.69 | 171 | March 05, 2024 | 225.00 | 19.36% [0.71%] | 15.32% [4.06%] | 143.19% [12.88%] |
| 3 | Saraswati Saree Depot Limited | 16,001.28 | 160 | August 20, 2024 | 194.00 | 6.98% [2.90%] | -20.96% [-5.04%] | - |
| 4 | Shree Tirupati Balajee Agro Trading Company Limited | 16,965.20 | 83 | September 12, 2024 | 90.00 | -7.37% [-1.67%] | -6.18% [-2.94%] | - |
| 5 | Arkade Developers Limited | 41,000.00 | 128 | September 24, 2024 | 175.00 | 7.30% [-6.17%] | 27.28% [-8.43%] | - |
| 6 | Diffusion Engineers Limited | 15,796.40 | 168 | October 04, 2024 | 193.50 | 119.17% [-2.84%] | - | - |
| **SME Platform** | | | | | | | | |
| 1 | Manglam Infra & Engineering Limited | 2,761.92 | 56 | July 31, 2024 | 106.40 | 19.73% [1.14%] | -10.89% [-1.94%] | - |
| 2 | Deccan Transcon Leasing Limited | 6,505.92 | 108 | September 24, 2024 | 116.00 | -42.59% [-6.17%] | -46.20% [-8.43] | - |
| 3 | OBSC Perfection Limited | 6,602.40 | 100 | October 29, 2024 | 110.00 | 75.30% [-2.26%] | - | - |
| 4 | Usha Financial Services Limited | 9,844.80 | 168 | October 31, 2024 | 164.00 | -30.33% [-0.31%] | - | - |

***Notes***:

- Issue size derived from Prospectus/final post issue reports, as available.
- The CNX NIFTY is considered as the Benchmark Index as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
- Price on NSE is considered for all of the above calculations as per the Designated Stock Exchange disclosed by the respective Issuer at the time of the issue, as applicable.
- In case 30th/90th/180th day is not a trading day, closing price of the previous trading day has been considered.
- Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

**Summary statement of price information of past public issues handled by Unistone Capital Private Limited**

| Financial year | Total no. of IPO* | Total funds Raised (₹ in Lakhs) | Nos of IPOs trading at discount on 30th Calendar day from listing date | | | Nos of IPOs trading at premium on 30th Calendar day from listing date | | | Nos of IPOs trading at discount on 180th Calendar day from listing date | | | Nos of IPOs trading at premium on 180th Calendar day from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less Than 25% |
| ***Main Board IPOs*** | | | | | | | | | | | | | | |
| FY 2022-23 | 1 | 15,498.00 | - | - | - | 1 | - | - | - | - | - | - | 1 | - |
| FY 2023-24 | 5 | 1,29,110.09 | - | - | - | 1 | 2 | 2 | - | - | - | 3 | 1 | 1 |
| FY 2024-25 | 4 | 89,762.88 | - | - | 1 | 1 | - | 2 | - | - | - | - | - | - |
| ***SME IPOs*** | | | | | | | | | | | | | | |
| FY 2022-23 | 2 | 6,094.08 | - | - | - | - | 1 | 1 | - | - | - | - | 1 | 1 |
| FY 2023-24 | 5 | 16,925.97 | - | - | - | - | 2 | 3 | - | - | 1 | 2 | 1 | 1 |
| FY 2024-25 | 4 | 25,715.04 | - | 1 | - | 1 | - | 1 | - | - | - | - | - | - |

**Track Record of past issues handled by Unistone Capital Private Limited:**

For details regarding track record of Unistone Capital Private Limited to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the Unistone Capital Private Limited at: www.unistonecapital.com

**Disclaimer from our Company and the Book Running Lead Managers:**

Our Company, its Directors and the Book Running Lead Managers accept no responsibility for statements made otherwise than those contained in this Draft Red Herring Prospectus or, in case of the Company, in any advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the agreement entered between the BRLMs (Cumulative Capital Private Limited and Unistone Capital Private Limited) and our Company on December 26, 2024 and the Underwriting Agreement dated [●] entered into between the Underwriters, BRLMs and our Company and the Market Making Agreement dated [●] entered into among the BRLMs, Market Maker and our Company.

All information shall be made available by our Company and the Book Running Lead Managers to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centres or elsewhere.

The Book Running Lead Managers and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, our Promoter Group, or our affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in commercial banking and investment banking transactions with our Company, our Promoter Group, and our affiliates or associates, for which they have received and may in future receive compensation.

**Note:**
Investors who apply in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriter and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not Issue, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares in the Issue.

**Disclaimer in Respect of Jurisdiction:**

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, cooperative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public

financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of ₹ 2,500.00 Lakhs and pension funds with a minimum corpus of ₹ 2,500.00 Lakhs, and permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India provided that they are eligible under all applicable laws and regulations to hold Equity Shares of our Company. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe for Equity Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to jurisdiction of the competent court(s) in Ahmedabad, Gujarat only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

**Disclaimer Clause of the SME Platform of BSE:**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE Limited (hereinafter referred to as BSE SME). BSE has given vide its letter [●] permission to the Issuer to use the Exchange's name in this Issue Document as one of the stock exchanges on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized draft issue document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by BSE should not in any way be deemed or construed that the issue document has been cleared or approved by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this issue document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its management or any scheme or project of this Issuer. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

**Disclaimer Clause under Rule 144A of the U.S. Securities Act:**

The Equity Shares have not been, and will not be, registered under the U.S. Securities Act 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold outside the United States in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Applicant where required agrees that such Applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

**Filing of Issue Document with the Designated Stock Exchange/SEBI/ROC**

This Draft Red Herring Prospectus is being filed with BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400001, Maharashtra, India.

This Draft Red Herring Prospectus will not be filed with SEBI, nor will SEBI issue any observation on this Draft Red Herring Prospectus in terms of Regulation 246(2) of SEBI (ICDR) Regulations, 2018. Pursuant to Regulation 246(5) of SEBI (ICDR) Regulations, 2018 and SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Red Herring Prospectus/Prospectus will be filed online through SEBI Intermediary Portal at https://siportal.sebi.gov.in

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 26 & 32 of the Companies Act, 2013 will be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 will be filed with the RoC through the electronic portal at http://www.mca.gov.in.

**Listing:**

The Equity Shares of our Company are proposed to be listed on BSE SME. Our Company has obtained in-principle approval from BSE by way of its letter dated [●] for listing of equity shares on BSE SME (SME platform of BSE).

BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Issue. If the permission to deal in and for an official quotation of the Equity Shares on the BSE SME is not granted by BSE, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company becomes liable to repay it, then our Company and every officer in default shall, shall be liable to repay such application money, with interest, as prescribed under the applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME platform of BSE mentioned above are taken within three (3) Working Days of the Issue Closing Date. If Equity Shares are not Allotted pursuant to the Issue within three (3) Working Days from the Issue Closing Date or within such timeline as prescribed by the SEBI, our Company shall repay with interest all monies received from applicants, failing which interest shall be due to be paid to the applicants at the rate of 15% per annum for the delayed period Subject to applicable law.

**Impersonation:**
Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who-
i. Makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
ii. Makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
iii. Otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

Shall be liable to action under section 447 of the Companies, Act 2013

**Consents**:
Consents in writing of (a) Our Directors, Our Company Secretary & Compliance Officer, Chief Financial Officer, Our Statutory Auditor, Peer Review Auditor, Banker to the Company; (b) Book Running Lead Managers, Registrar to the Issue, Chartered Engineer, Banker to the Issue (Sponsor Bank)*, Legal Advisor to the Issue, Syndicate Member*, Underwriter to the Issue* and Market Maker to the Issue* to act in their respective capacities have been be obtained and shall be filed along with a copy of the Red Herring Prospectus/Prospectus with the RoC, as required under Sections 26 of the Companies Act, 2013 and such consents will not be withdrawn up to the time of filing of the Prospectus with the RoC.

**The aforesaid will be appointed prior to filing of Red Herring Prospectus with RoC and their consents as above would be obtained prior to the filing of the Prospectus with RoC.*

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s. Ashok Rajpara & Co., Chartered Accountants, Peer Review Auditor has agreed to provide their written consent to the inclusion of their respective reports on Statement of Possible Tax Benefits relating to the possible tax benefits and Restated Financial Statements as included in this Draft Red Herring Prospectus in the form and context in which they appear therein and such consent and reports will not be withdrawn up to the time of delivery of this Draft Red Herring Prospectus with the Stock Exchange.

**Expert Opinion**

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

Our Company has received written consent dated September 27, 2024 from the Peer Reviewed Auditor namely, Ashok Rajpara & Company, Chartered Accountants. to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "Expert" as defined under Section 2(38) of the Companies Act, 2013, in respect of Examination Report on the Restated Financial Statements of our Company for the period ended June 30, 2024 and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 which comprises the restated balance sheet, the restated statement of profit and loss

and the restated cash flow statement. Certificate dated December 26, 2024, from Peer Review Auditor, in respect of Statement of Possible Special Tax Benefits.

Consent dated December 26, 2024 from Independent Chartered Engineer i.e. Jayendrasinh K Parmar in respect of his certificate dated December 28, 2024, on Company's installed capacity and capacity utilisation at manufacturing unit included in Draft Red Herring Prospectus.

However, the term "expert" shall not be construed to mean an "expert" as defined under the U.S. Securities Act, 1933.

**Fees, Brokerage and Selling Commission payable:**

The total fees payable to the Book Running Lead Managers will be as per the (i) Book Running Lead Managers Agreement dated December 26, 2024, with the Book Running Lead Managers (Cumulative Capital Private Limited and Unistone Capital Private Limited), (ii) the Underwriting Agreement dated [●] with Underwriters and (iii) the Market Making Agreement dated [●] with Market Maker, a copy of which is available for inspection at our Corporate Office from 10.00 A.M. to 5.00 P.M. on Working Days from the date of this Draft Red Herring Prospectus until the Issue Closing Date.

**Fees Payable to the Registrar to the Issue:**

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of CAN, tape and printing of bulk mailing register will be as per the agreement between our Company and the Registrar to the Issue dated December 26, 2024, a copy of which is available for inspection at our Company's Corporate Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send allotment advice by registered post/ speed post.

**Particulars regarding Public Issues during the last five (5) years:**

Our Company has not made any previous public issue in India or Abroad in the five (5) years preceding the date of this Draft Red Herring Prospectus.

**Previous issues of Equity Shares otherwise than for cash:**

For detailed description please refer to section titled "*Capital Structure*" beginning on page 67 of this Draft Red Herring Prospectus.

**Underwriting Commission, brokerage and selling commission on Previous Issues:**

Since this is the initial public offering of our Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares in last five (5) years.

**Particulars in regard to our Company and other listed subsidiaries/ associates under the same management within the meaning of Section 186 of the Companies Act, 2013 which made any capital issue during the last three years:**

Neither our Company nor any other companies under the same management within the meaning of Section 186 of the Companies Act, 2013, had made any public issue or rights issue during the last three years.

**Performance vis-à-vis object**

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

**Option to Subscribe:**

a) Investors will get the allotment of specified securities in dematerialization form only.
b) The equity shares, on allotment, shall be traded on stock exchange in Demat segment only.

**Outstanding Debentures or Bond Issues or Redeemable Preference Shares:**

Our Company does not have any outstanding debentures or bonds or Preference Redeemable Shares as on the date of filing this Draft Red Herring Prospectus.

**Partly Paid-Up Shares:**

As on the date of this Draft Red Herring Prospectus, there are no partly paid-up Equity Shares of our Company.

**Outstanding Convertible Instruments:**

Our Company does not have any outstanding convertible instruments as on the date of filing this Draft Red Herring Prospectus.

**Stock Market Data of the Equity Shares:**

Our Company is an "Unlisted Issuer" in terms of the SEBI (ICDR) Regulations, and this Issue is an "Initial Public Offering" in terms of the SEBI (ICDR) Regulations. Thus, there is no stock market data available for the Equity Shares of our Company.

**Mechanism for Redressal of Investor Grievances:**

The agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least three (3) years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

We hereby confirm that there are no investors complaints received during the three years preceding the filing of this Draft Red Herring Prospectus. Since there is no investor complaint received, none are pending as on the date of filing of this Draft Red Herring Prospectus.

Investors may contact the BRLMs for any complaint pertaining to the Issue. All grievances, may be addressed to the Registrar to the Issue, with a copy to the relevant Designated Intermediary, where the Application Form was submitted, quoting the full name of the sole or first Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, address of the Applicant, number of Equity Shares applied for, date of Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Applicant shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove. Our Company, BRLMs and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

**Disposal of Investor Grievances by our Company:**

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be fifteen (15) Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Sonalkumari Yadav, as the Compliance Officer to redress complaints, if any, of the investors participating in the Issue.:

**Sonalkumari Yadav**
**Patel Chem Specialities Limited**
**Address:** Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India.
**Tel. No.:** +91 97129 99854
**Email:** cs@patelchem.com
**Website:** www.patelchem.com

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account etc.

Pursuant to the press release no. PR. No. 85/2011 dated June 8, 2011, SEBI has launched a centralized web-based complaints redress system "**SCORES**". This would enable investors to lodge and follow up their complaints and track the status of redressal of such complaints from anywhere. For more details, investors are requested to visit the website www.scores.gov.in

Our Board by a resolution on November 18, 2024 constituted a Stakeholders Relationship Committee. For further details, please refer to section titled "*Our Management*" beginning on page 169 of this Draft Red Herring Prospectus.

**Status of Investor Complaints:**

We confirm that we have not received any investor compliant during the three years preceding the date of this Draft Red Herring Prospectus and hence there are no pending investor complaints as on the date of this Draft Red Herring Prospectus.

**Disposal of investor grievances by listed companies under the same management as our Company:**

We do not have any listed company under the same management.

**Tax Implications:**

Investors who are allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the Stock Exchanges. For details, please refer the section titled "*Statement of Possible Special Tax Benefits*" beginning on page 101 of this Draft Red Herring Prospectus.

**Purchase of Property:**

Other than as disclosed in Section "*Our Business*" beginning on page 130 of this Draft Red Herring Prospectus there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus.

Except as stated elsewhere in this Draft Red Herring Prospectus, our Company has not purchased any property in which the Promoters and/or Directors have any direct or indirect interest in any payment made there under.

**Capitalization of Reserves or Profits:**

Except as disclosed under section titled "*Capital Structure*" beginning on page 67 of this Draft Red Herring Prospectus, our Company has not capitalized its reserves or profits at any time during the last five (5) years.

**Revaluation of Assets:**

Our Company has not revalued its assets in five (5) years preceding the date of this Draft Red Herring Prospectus.

**Servicing Behaviour**:

Except as stated in this Draft, there has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

**Payment or benefit to officers of our Company:**

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his employment in our Company or superannuation.

Except as disclosed in chapter titled "*Our Management*" beginning on page 169 and chapter titled "*Financial Information*" beginning on page 192 of this Draft Red Herring Prospectus none of the beneficiaries of loans and advances and sundry debtors are related to the Directors of our Company.

**Exemption from complying with any provisions of securities laws, if any:**

Our Company has not undertaken any exemption related to provision of securities law granted by SEBI.

## SECTION VIII- ISSUE RELATED INFORMATION

## TERMS OF THE ISSUE

*The Equity Shares being Issued are subject to the provisions of the Companies Act, SCRA, SCRR, SEBI (ICDR) Regulations, the SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Prospectus, Application Form, any Confirmation of Allocation Note ("CAN"), the Revision Form, Allotment advices, and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the GoI, the Stock Exchange, the RoC, the RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI, the GoI, the Stock Exchange, the RoC and/or any other authorities while granting its approval for the Issue.*

*Please note that, in accordance with the Regulation 256 of the SEBI (ICDR), Regulations, 2018 read with SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Applicants has to compulsorily apply through the ASBA Process. As an alternate payment mechanism, Unified Payments Interface (UPI) has been introduced (vide SEBI Circular Ref: SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018) as a payment mechanism in a phased manner with ASBA for applications in public Issues by retail individual investors through intermediaries (Syndicate members, Registered Stock-Brokers, Registrar and Transfer agent and Depository Participants).*

*Further, vide the said circular, Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available.*

**Authority for the Issue**

The present Public Issue of up to 70,00,000 Equity Shares which have been authorized by a resolution of the Board of Directors of our Company at their meeting held on November 18, 2024 and was approved by the Shareholders of the Company by passing Special Resolution at the Extra-Ordinary General Meeting held on November 29, 2024 in accordance with the provisions of Section 62(1)(c) of the Companies Act, 2013.

**Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act, 2013 and our Memorandum and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares of our Company including in respect of the right to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to Section titled "*Main Provisions of Articles of Association*" beginning on page 268 of this Draft Red Herring Prospectus.

**Mode of Payment of Dividend**

The declaration and payment of dividend will be as per the provisions of Companies Act, the Articles of Association, the provision of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and recommended by the Board of Directors and the Shareholders at their discretion and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividends in cash and as per provisions of the Companies Act. For further details, please refer to chapter titled ***"Dividend Policy"*** and "*Main Provisions of Article of Association*" beginning on Page 268 of this Draft Red Herring Prospectus.

**Face Value, Issue Price, Floor Price and Price Band**

The face value of each Equity Share is ₹ 10/- and the Issue Price at the lower end of the Price Band is ₹ [●] per Equity Share ("**Floor Price**") and at the higher end of the Price Band is ₹ [●] per Equity Share ("**Cap Price**").

The Price Band and the minimum Bid Lot will be decided by our Company in consultation with the BRLMs and advertised in English editions of [●] (a widely circulated English national daily newspaper), Hindi editions of [●] (a widely circulated Hindi national daily newspaper) and Gujarati editions of [●] (a Gujarati language newspaper with wide circulation, Gujarati being the regional language of Gujarat, where our Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Issue Opening Date and shall be made available to the Stock Exchange for the purpose of uploading on its websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the website of the Stock Exchange. The Issue Price shall be determined by our Company in consultation with the BRLMs, after the Bid/Issue Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time, there shall be only one denomination of Equity Shares.

The Issue Price shall be determined by our Company in consultation with the Book Running Lead Managers and is justified under the chapter titled **"***Basis of Issue Price***"** beginning on page 94 of this Draft Red Herring Prospectus.

**Compliance with SEBI (ICDR) Regulations**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations, 2018. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**Compliance with Disclosure and Accounting Norms**

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; subject to any statutory or preferential claims being satisfied;
- Right of free transferability of the Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed Public Limited Company under the Companies Act, terms of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2018 and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provision of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/ or consolidation/ splitting, etc., please refer to section titled "*Main Provisions of the Articles of Association*" beginning on page 268 of this Draft Red Herring Prospectus.

**Minimum Application Value, Market Lot and Trading Lot**

In accordance with Regulation 267 (2) of the SEBI ICDR Regulations, our Company shall ensure that the minimum application size shall not be less than ₹ 1,00,000/- (Rupees One Lakh) per application.

Pursuant to Section 29 of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements will be signed by our Company with the respective Depositories and the Registrar to the Issue before filing this Draft Red Herring Prospectus:

- Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated September 19, 2024
- Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated October 22, 2024

As per the provisions of the Depositories Act, 1996 & regulations made there under and Section 29 (1) of the Companies Act, 2013, the equity shares of an issuer shall be in dematerialized form i.e. not in the form of physical certificates, but be fungible and be represented by the statement issued through electronic mode.

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares and the same may be modified by the BSE Limited from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Issue will be done in multiples of [●] Equity Shares subject to a minimum allotment of [●] Equity Shares to the successful Applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

**Minimum Number of Allottees**

The minimum number of allottees in the Issue shall be 50 shareholders. In case, the number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the amounts in the ASBA Account shall be unblocked forthwith.

**Joint Holders**

Where 2 (two) or more persons are registered as the holders of any Equity Shares, they will be deemed to hold such Equity Shares as joint-holders with benefits of survivorship.

**Jurisdiction**

Exclusive Jurisdiction for the purpose of this Issue is with the competent courts/authorities in Gujarat, India.

The Equity Share have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, U.S. personal (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being issued and sold only outside the United States in off-shore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.

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

**Nomination Facility to Investor**

In accordance with Section 72 of the Companies Act, 2013, the sole or first applicant, along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the applicants, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 72 of the Companies Act, 2013 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agent of our Company.

In accordance with Section 72 of the Companies Act, 2013, any Person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue is in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Issue capital of our Company, Promoter's minimum contribution as provided under the chapter titled **"***Capital Structure***"** on page 67 of this Draft Red Herring Prospectus and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, please refer chapter titled "*Main Provisions of Articles of Association*" on page 268 of this Draft Red Herring Prospectus.

The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead Managers do not accept any responsibility for the completeness and accuracy of the information stated herein above. Our Company and the Book Running Lead Managers are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

**Pre-Issue Advertisement**

Subject to Section 30 of the Companies Act, 2013 our Company shall, after filing the Red Herring Prospectus/ Prospectus with the RoC publish a pre-Issue advertisement, in the form prescribed by the SEBI (ICDR) Regulations, in one widely circulated English language national daily newspaper; one widely circulated Hindi language national daily newspaper and one regional newspaper with wide circulation where the Registered Office of our Company is situated.

**Withdrawal of the Issue**

Our Company in consultation with the BRLMs, reserve the right to not to proceed with the Issue after the Issue Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two (2) days of the Issue Closing Date or such other time as may be prescribed by SEBI,

providing reasons for not proceeding with the Issue. The Book Running Lead Managers, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one (1) Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchange on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment (ii) the final RoC approval of the Red Herring Prospectus after it is filed with the RoC. If our Company in consultation with BRLMs withdraws the Issue after the Issue Closing Date and thereafter determines that it will proceed with an issue/issue for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus/Red Herring Prospectus with Stock Exchange.

**ISSUE PROGRAM**

| Events | Indicative Dates |
|---|---|
| Bid/Issue Opening Date* | [●] |
| Bid/Issue Closing Date**^ | [●] |
| Finalization of Basis of Allotment with the Designated Stock Exchange | On or before [●] |
| Initiation of Allotment / Refunds / Unblocking of Funds from ASBA Account or UPI ID linked bank account | On or before [●] |
| Credit of Equity Shares to Demat accounts of Allottees | On or before [●] |
| Commencement of trading of the Equity Shares on the Stock Exchange | On or before [●] |

**The Company may, in consultation with the Book Running Lead Managers, 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 pm on the Bid/Issue Closing Date.*

*#In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100/- per day for the entire duration of delay exceeding four Working Days from the Bid/Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For the avoidance of doubt, the provisions of the SEBI circular dated March 16, 2021, as amended pursuant to SEBI circular dated June 2, 2021 shall be deemed to be incorporated in the agreements to be entered into by and between the Company and the relevant intermediaries, to the extent applicable.*

The above timetable, other than the Bid/Issue Closing Date, is indicative and does not constitute any obligation on our Company the BRLMs.

While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchange are taken within 3 Working Days of the Bid/ Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Issue Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchange. The Commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchange and in accordance with the applicable laws. SEBI pursuant to its circular bearing reference number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 has reduced the time taken for listing of specified securities after the closure of public issue to 3 working days (T+3 days) as against the present requirement of 6 working days (T+6 days); 'T' being issue closing date. The provisions of this circular were applicable, on voluntary basis for public issues opening on or after September 1, 2023 and on mandatory basis for public issues opening on or after December 1, 2023. Our Company shall follow the timelines provided under the aforementioned circular.

Any circulars or notifications from the SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the Issue procedure is subject to change to any revised circulars issued by the SEBI to this effect.

The BRLMs will be required to submit reports of compliance with listing timelines and activities, identifying non- adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**In terms of the UPI Circulars, in relation to the Issue, the BRLMs will submit report of compliance with T+3 listing timelines and activities, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.**

**Submission of Bids**

**Bid/Issue Period (except the Bid/Issue Closing Date)**

Submission and Revision in Bids: Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("IST")

**Bid/Issue Closing Date**

Submission and Revision in Bids: Only between 10.00 a.m. and 3.00 p.m. IST

**On the Bid/Issue Closing Date, the Bids shall be uploaded until:**

i. 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

ii. Until 5.00 p.m. IST or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchange only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchange.

The Registrar to the Issue shall submit the details of cancelled/ withdrawn/ deleted applications to the SCSBs on a daily basis within 60 minutes of the Bid closure time from the Bid/ Issue Opening Date till the Bid/ Issue Closing Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the RTA on a daily basis.

To avoid duplication, the facility of re-initiation provided to Syndicate Members, if any shall preferably be allowed only once per Bid/batch and as deemed fit by the Stock Exchange, after closure of the time for uploading Bids.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is Indian Standard Time. Bidders are cautioned that, in the event, large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will be accepted only during Monday to Friday (excluding any public holiday). None among our Company or any Member of the Syndicate shall be liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or blocking of application amount by the SCSBs on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

In case of any discrepancy in the data entered in the electronic book *vis-a-vis* data contained in the physical Bid cum Application Form, for a particular Bidder, the details of the Bid file received from the Stock Exchanges may be taken. Our Company in consultation with the BRLMs, reserve the right to revise the Price Band during the Bid/Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares.

**In case of any revision to the Price Band, the Bid/Issue Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Issue Period not exceeding a total of 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of one Working Day, subject to the Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and the terminals of the Syndicate Members, if any and by intimation to SCSBs, other Designated Intermediaries and the Sponsor Bank, as applicable. In case of revision of Price Band, the Bid Lot shall remain the same.**

**Minimum Subscription**

This Issue is not restricted to any minimum subscription level and is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the stated minimum amount has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the issue through the Issue Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond four days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In terms of Regulation 272(2) of SEBI (ICDR) Regulations, in case the Company fails to obtain listing or trading permission from the stock exchanges where the specified securities are proposed to be listed, it shall refund through verifiable means the entire monies received within four days of receipt of intimation from stock exchange(s) rejecting the application for listing of specified securities, and if any such money is not repaid within four days after the issuer becomes liable to repay it, the issuer and every director of the company who is an officer in default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at the rate of fifteen per cent per annum.

In accordance with Regulation 260 of the SEBI (ICDR) Regulations, our Issue shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the issue through the Red Herring Prospectus and shall not be restricted to the minimum subscription level. For details of underwriting arrangement, kindly refer the chapter titled "*General Information*" on page 55 of this Draft Red Herring Prospectus.

Further, in accordance with Regulation 268(1) of the SEBI (ICDR) Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will allotted will not be less than 50 (Fifty).

Further, in accordance with Regulation 267(2) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than ₹ 1,00,000 (Rupees One Lac only) per application.

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

**Migration to Main Board**

| Parameter | Migration policy from SME Platform BSE to BSE Main Board |
|---|---|
| Paid up Capital & Market Capitalisation | Paid-up capital of more than 10 Crores and Market Capitalisation should be minimum Rs. 25 Crores<br>(Market Capitalisation will be the product of the price (average of the weekly high and low of the closing price of the related shares quoted on the stock exchange during 3 (Three) months prior to the date of the application) and the post issue number of equity shares.) |
| Promoter holding | Promoter(s) shall be holding at least 20% of equity share capital of the company at the time of making application. |
| Financial Parameters | • The applicant company should have positive operating profit (earnings before interest, depreciation and tax) from operations for at least any 2 out of 3 financial years and has positive Profit after tax (PAT) in the immediate preceding Financial Year of making the migration application to Exchange.<br>• The applicant company should have a Net worth of at least Rs. 15 crores for 2 preceding full financial years. |
| Track record of the company in terms of listing/ regulatory actions, etc | The applicant company is listed on SME Exchange/ Platform having nationwide terminals for atleast 3 years. |
| Regulatory action | • No material regulatory action in the past 3 years like suspension of trading against the applicant company, promoters/promoter group by any stock Exchange having nationwide trading terminals.<br>• No Debarment of company, promoters/promoter group, subsidiary company by SEBI.<br>• No Disqualification/Debarment of directors of the company by any regulatory authority.<br>• The applicant company has not received any winding up petition admitted by a NCLT. |
| Public Shareholder | The applicant company shall have a minimum of 250 public shareholders as per the latest shareholding pattern. |
| Other parameters like No. shareholders, utilization of fund | • No proceedings have been admitted under the Insolvency and Bankruptcy Code against the applicant company and Promoting companies.<br>• No pending Defaults in respect of payment of interest and/or principal to the debenture/bond/fixed deposit holders by the applicant, promoters/promoter group /promoting company(ies), Subsidiary Companies.<br>• The applicant company shall obtain a certificate from a credit rating agency registered with SEBI with respect to utilization of funds as per the stated objective pursuant to IPO and/or further funds raised by the company, if any post listing on SME platform.<br>• The applicant company has no pending investor complaints. |

| Parameter | Migration policy from SME Platform BSE to BSE Main Board |
|---|---|
| | • Cooling off period of 2 months from the date the security has come out of trade-to-trade category or any other surveillance action. |

**Note:**

1. Net worth definition to be considered as per definition in SEBI ICDR.
2. Company is required to submit Information Memorandum to the Exchange as prescribed in SEBI (ICDR) Regulations.
3. The application submitted to the Exchange for listing and mere fulfilling the eligibility criteria does not amount to grant of approval for listing.
4. If the documents and clarification received from the applicant company are not to the satisfaction of BSE, BSE has the right to close the application at any point of time without giving any reason thereof. Thereafter, the company can make fresh application as per the extant norms.
5. The Exchange may reject application at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Guidelines / Regulations issued by statutory authorities or for any reason in the interest of Investors and market integrity. The Exchange may also reject the application if the company is found not fulfilling internal BSE standards.
6. Companies that have approached for listing on any stock exchange and has been denied listing for any reason whatsoever or has chosen to withdraw its application from the Exchange, they may reapply for listing after a minimum period of 6 months (6 months after date of rejection/ withdrawal). If rejected for a second time, the company would not be eligible to apply again.
7. BSE decision w.r.t admission of securities for listing and trading is final.
8. BSE has the right to change / modify / delete any or all the above norms without giving any prior intimation to the company.
9. The companies are required to submit documents and comply with the extant norms.
10. The company shall use BSE's reference regarding listing only after the Exchange grants its in-principle listing approval to the company.

**Market Making**

The shares issued and transferred through this Issue are proposed to be listed on the SME Platform of BSE Limited with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on the SME Platform of BSE Limited. For further details of the market making arrangement please refer to chapter titled **"***General Information***"** beginning on page 55 of this Draft Red Herring Prospectus.

**Arrangements for disposal of odd lots**

The trading of the Equity Shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the Market Maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Platform of BSE Limited.

**As per the extent Guideline of the Government of India, OCBs cannot participate in this Issue.**

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

**Restrictions, if any, on Transfer and Transmission of Shares or Debentures and on their Consolidation or Splitting**

Except for lock-in of the pre-Issue Equity Shares and Promoter's minimum contribution in the Issue as detailed in the chapter "*Capital Structure*" beginning on page 67 of this Draft Red Herring Prospectus and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Book Running Lead

Managers do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Book Running Lead Managers are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

**Application by Eligible NRIs, FPIs or VCFs registered with SEBI**

It is to be understood that there is no reservation for Eligible NRIs, FPIs or VCF registered with SEBI. Such Eligible NRIs, FPIs or VCF registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

NRIs, FPIs/FIIs and foreign venture capital investors registered with SEBI are permitted to purchase shares of an Indian company in a public Issue without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and the non-resident shareholding is within the sectoral limits under the FDI policy; and (ii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FPIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

**Option to receive securities in Dematerialized Form**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

Further, it is mandatory for the investor to furnish the details of his/her depository account, & if for any reason, details of the account are incomplete or incorrect the application shall be treated as incomplete & may be rejected by the Company without any prior notice.

**Allotment of Equity Shares in Dematerialized Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Issue shall be allotted only in dematerialized form. Further, as per the SEBI (ICDR) Regulations, the trading of the Equity Shares shall only be in dematerialized form on the Stock Exchange.

**New Financial Instruments**

There are no new financial instruments such as deep discounted bonds, debentures, warrants, secured premium notes, etc. issued by our Company.

## ISSUE STRUCTURE

*This Issue is being made in terms of Regulation 229(2) of Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post issue paid up capital is less than or equal to ten crore rupees , shall issue equity shares to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the BSE SME i.e. SME platform of BSE Limited). For further details regarding the salient features and terms of such an issue please refer chapter titled "Terms of the Issue" and "Issue Procedure" on page 227 and 239 of this Draft Red Herring Prospectus.*

This public Issue comprises of up to 70,00,000 equity shares of face value of ₹10/- each for cash at a price of ₹ [●]/- per equity share including a share premium of ₹ [●]/- per equity share (the "Issue Price") aggregating up to ₹ [●] lakhs ("the Issue") by our Company. The Issue and the Net Issue will constitute [●] % and [●] % respectively of the post issue paid up Equity Share Capital of the Company.

This Issue is being made by way of Book Building Process:

| Particulars of the Issue | Market Maker Reservation Portion | QIBs | Non-Institutional Applicants | Retail Individual Investors |
|---|---|---|---|---|
| **Number of Equity Shares available for allocation** | Up to [●] Equity shares | Not more than [●] Equity Shares. | Not less than [●] Equity Shares | Not less than Equity Shares [●] |
| **Percentage of Issue size available for allocation** | Not less than 5% of the Issue Size | Not more than 50% of the Net Issue being available for allocation to QIB Bidders. However, up to 5% of the Net QIB Portion may be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion<br><br>Up to 60.00% of the QIB Portion may be available for allocation to Anchor Investors and one third of the Anchor Investors Portion shall be available for allocation to domestic mutual funds only. | Not less than 15% of the Net Issue | Not less than 35% of the Net Issue |
| **Basis of Allotment** | Firm Allotment | Proportionate as follows:<br>a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and<br>b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.<br>Up to 60% of the QIB Portion (of up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bids received from Mutual Funds at or above the | Allotment to each Non-Institutional Bidder shall not be less than the Minimum NIB Application Size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis. For details, see "*Issue Procedure*" beginning on page 239 of this Draft | Allotment to each Retail Individual Bidder shall not be less than the maximum Bid lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares is any, shall be allotted on proportionate basis. For details, see "*Issue Procedure*" beginning on page 239 of this Draft Red Herring Prospectus. |

| Particulars of the Issue | Market Maker Reservation Portion | QIBs | Non-Institutional Applicants | Retail Individual Investors |
|---|---|---|---|---|
| | | Anchor Investor Allocation Price | Red Herring Prospectus. | |
| **Mode of Bid** | Only through the ASBA Process | Only through the ASBA process. (Except Anchor Investors) | Through ASBA Process via banks or by using UPI ID for payment | Through ASBA Process via banks or by using UPI ID for payment |
| **Mode of Allotment** | Compulsorily in dematerialized form | | | |
| **Minimum Bid Size** | [●] Equity Shares in multiple of [●] Equityshares | Such number of Equity Shares and in multiples of [●] Equity Shares that the Bid Amount exceeds ₹ 200,000 | Such number of Equity Shares in multiples of [●] Equity Shares that Bid size exceeds ₹ 200,000 | [●] Equity Shares in multiple of [●] Equity shares so that the Bid Amount does not exceed ₹ 2,00,000 |
| **Maximum Bid Size** | [●] Equity Shares | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Issue, subject to applicable limits | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Net Issue (excluding the QIB portion), subject to limits as applicable to the Bidder | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 2,00,000 |
| **Trading Lot** | [●] Equity Shares, however, the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations | [●] Equity Shares and in multiples thereof | [●] Equity Shares and in multiples thereof | [●] Equity Shares and in multiples thereof |
| **Terms of Payment** | Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism, that is specified in the ASBA Form at the time of submission of the ASBA Form. In case of Anchor Investors: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids[(4)]. | | | |

- This issue is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.
- In terms of Rule 19(2) of the SCRR read with Regulation 252 of the SEBI (ICDR) Regulations, 2018, this is an issue for at least 25% of the post issue paid-up Equity share capital of the Company. This issue is being made through Book Building Process, wherein allocation to the public shall be as per Regulation 252 of the SEBI (ICDR) Regulations.
- Subject to valid Bids being received at or above the issue price, under subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories of Bidders at the discretion of our Company in consultation with the Book Running Lead Managers and the Designated Stock Exchange, subject to applicable laws.
- Our Company, in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis, in accordance with the SEBI (ICDR) Regulations, 2018, as amended. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Price.
- Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Forms provided that any difference between the Anchor Investor Allocation Price and the Anchor Investor Issue Price shall be payable by the Anchor Investor Pay-In Date as indicated in the CAN. For further details please refer to the section titled "*Issue Procedure*" beginning on page 239 of this Draft Red Herring Prospectus

The Bids by FPIs with certain structures as described under "*Issue Procedure*" on pages 239 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

**Withdrawal of the Issue**

In accordance with SEBI (ICDR) Regulations, the Company, in consultation with the Book Running Lead Managers, reserves the right to not to proceed with the Issue at any time before the Bid/Issue Opening Date, without assigning any reason thereof.

In case, the Company wishes to withdraw the Issue after Bid/ Issue Opening but before allotment, the Company will give public notice giving reasons for withdrawal of Issue. The public notice will appear in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and Gujarati editions of [●] (a Gujarati language newspaper with wide circulation, Gujarati being the regional language of Gujarat, where our Registered Office is located), each with wide circulation.

The Book Running Lead Managers, through the Registrar to the Issue, will instruct the SCSBs, to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchange will also be informed promptly.

If our Company withdraws the Issue after the Bid/ Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh Draft Red Herring Prospectus with the stock exchange where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approval of the Stock Exchange, which our Company will apply for only after Allotment; and (ii) the registration of Red Herring Prospectus with RoC.

**JURISDICTION**

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities at Gujarat, India.

**BID/ ISSUE PROGRAMME:**

| Events | Indicative Dates |
|---|---|
| Bid/Issue Opening Date* | [●] |
| Bid/Issue Closing Date**^ | [●] |
| Finalization of Basis of Allotment with the Designated Stock Exchange | On or before [●] |
| Initiation of Allotment / Refunds / Unblocking of Funds from ASBA Account or UPI ID linked bank account | On or before [●] |
| Credit of Equity Shares to Demat accounts of Allottees | On or before [●] |
| Commencement of trading of the Equity Shares on the Stock Exchange | On or before [●] |

**The Company may, in consultation with the Book Running Lead Managers, 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 pm on the Bid/Issue Closing Date.*

*#In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100/- per day for the entire duration of delay exceeding four Working Days from the Bid/Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For the avoidance of doubt, the provisions of the SEBI circular dated March 16, 2021, as amended pursuant to SEBI circular dated June 2, 2021 shall be deemed to be incorporated in the agreements to be entered into by and between the Company and the relevant intermediaries, to the extent applicable.*

Bids and any revisions to the same will be accepted only between 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the Issue Period at the Bidding Centers mentioned in the Bid cum Application Form.

Standardization of cut-off time for uploading of bids on the Bid/Issue closing date:

i. A standard cut-off time of 3.00 p.m. for acceptance of bids.
ii. A standard cut-off time of 4.00 p.m. for uploading of bids received from other than retail individual applicants.

iii. A standard cut-off time of 5.00 p.m. for uploading of bids received from only retail individual applicants, which may be extended up to such time as deemed fit by BSE Limited after taking into account the total number of bids received up to the closure of timings and reported by BRLMs to BSE Limited within half an hour of such closure.

It is clarified that Bids not uploaded in the book, would be rejected. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid form, for a particular bidder, the details as per physical bid cum application form of that Bidder may be taken as the final data for the purpose of allotment.

Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

SEBI pursuant to its circular bearing reference number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 had reduced the time taken for listing of specified securities after the closure of public issue to 3 working days (T+3 days) as against the requirement of 6 working days (T+6 days); 'T' being issue closing date. The provisions of this circular were applicable, on voluntary basis for public issues opening on or after September 1, 2023 and on mandatory basis for public issues opening on or after December 1, 2023. Our Company shall close this Issue in accordance with the timeline provided under the aforementioned circular.

## ISSUE PROCEDURE

*All Bidders shall review the "General Information Document" for Investing in Public Issues prepared and issued in accordance with the circular SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 notified by SEBI, suitably modified from time to time, if any, and the UPI Circulars ("General Information Document"), highlighting the key rules, procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957, and the SEBI Regulations.*

*The General Information Documents will be updated to reflect the enactments and regulations including the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document will also be available on the websites of the Stock Exchange and the Lead Manager, before opening of the Issue. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.*

*SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, effective to public issues opening on or after from May 01, 2021. However, said circular has been modified pursuant to SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, in which certain applicable procedure w.r.t. SMS Alerts, Web portal to CUG etc shall be applicable to Public Issue opening on or after January 1, 2022 and October 1, 2021 respectively.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investor eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) Allocation of shares; (iii) Payment Instructions for ASBA Bidders; (iv) Issuance of CAN and Allotment in the Issue; (v) General instructions (limited to instructions for completing the Application Form); (vi) Submission of Application Form; (vii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (viii) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (vi) mode of making refunds; and (vii) interest in case of delay in Allotment or refund.*

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, had introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds was discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**") and this phase was to continue till March 31, 2020 and post which reduced timeline from T+6 days to T+3 days was to be made effective using the UPI Mechanism for applications by RIBs. The final reduced timeline of T+3 days for the UPI Mechanism for applications by UPI Bidders ("**UPI Phase III**"), and modalities of the implementation of UPI Phase III was notified by SEBI vide its circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 and made effective on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023 ("**T+3 SEBI Circular**"). The Issue will be undertaken pursuant to the processes and procedures under UPI Phase III, subject to any circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 as amended pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This circular shall come into force for initial public offers opening on/or after May 1, 2021, except as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, and the provisions of this circular, are deemed to form part of this Draft Red Herring Prospectus. SEBI, vide the SEBI RTA Master Circular, consolidated the aforementioned circulars to the extent relevant for RTAs, and rescinded these circulars. Furthermore, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application size are up to ₹5 lakhs shall use the UPI Mechanism. Subsequently, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, applications made using the ASBA facility in initial public offerings (opening on or after September 1, 2022) shall be processed only after application monies are blocked in the bank accounts of investors (all categories). These circulars are effective for initial public offers opening on/or after May 1, 2021, and the provisions of these circulars, as amended, are deemed to form part of this Draft Red Herring Prospectus.*

*In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI RTA Master Circular, shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and lead manager shall continue to coordinate with intermediaries involved in the said process.*

**BOOK BUILDING PROCEDURE:**

This Issue is being made in terms of Rule 19(2)(b) of the SCRR, through the Book Building Process in accordance with Regulation 253 of the SEBI ICDR Regulations wherein not more than 50.00% of the Issue shall be allocated on a proportionate basis to QIBs, allocate upto 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. Further, 5.00% of the QIB Portion shall be available for allocation on a proportionate basis only to Mutual Funds, and spill-over from the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15.00% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Net Issue shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Issue Price. Under- subscription, if any, in the QIB Portion, would not be allowed to be met with spill-over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchange.

**Investors should note that the Equity Shares will be allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID, the PAN and UPI ID, for RIBs Bidding in the Retail Portion using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being allotted Equity Shares in physical form. However, they may get their Equity Shares rematerialized subsequent to allotment of the Equity Shares in the Issue, subject to applicable laws.**

**AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS**

The Memorandum containing the salient features of the Red Herring Prospectus together with the Application Forms and copies of the Red Herring Prospectus may be obtained from the Registered Office of our Company, from the Registered Office of the Lead Manager to the Issue, Registrar to the Issue as mentioned in the Application form. The application forms may also be downloaded from the website of BSE Limited i.e. https://www.bseindia.com Applicants shall only use the specified Application Form for the purpose of making an Application in terms of the Red Herring Prospectus. All the applicants shall have to apply only through the ASBA process. ASBA Applicants shall submit an Application Form either in physical or electronic form to the SCSBs authorizing blocking of funds that are available in the bank account specified in the Application Form. Applicants shall only use the specified Application Form for the purpose of making an Application in terms of this Prospectus. The Application Form shall contain space for indicating number of specified securities subscribed for in demat form.

**Phased implementation of Unified Payments Interface**

SEBI has issued UPI Circulars in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, UPI has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIIs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI Mechanism, the UPI Circulars proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

a) Phase I: This phase was applicable from January 01, 2019 and lasted till June 30, 2019. Under this phase, a Retail Individual Bidder, besides the modes of bidding available prior to the UPI Circulars, also had the option to submit the Bid cum Application Form with any of the intermediary and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

b) Phase II: This phase has commenced with effect from July 01, 2019 and will continue for a period of three months or floating of five main board public issues, whichever is later. Under this phase, submission of the Bid cum Application Form by a Retail Individual Investor through intermediaries to SCSBs for blocking of funds has been discontinued and has been replaced by the UPI Mechanism. However, the time duration from public issue closure to listing continues to be six Working Days during this phase. SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020 extended the timeline for implementation of UPI Phase II till further notice.

c) Phase III/T+3: This phase has become applicable on a voluntary basis for all issues opening on or after September 1, 2023 and on a mandatory basis for all issues opening on or after December 1, 2023 vide T+3 Press Release. In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Issue shall be undertaken pursuant to the processes and procedures as notified in the T+3 Press Release as applicable, subject to any circulars, clarification or

notification issued by SEBI from time to time, including any circular, clarification or notification which may be issued by SEBI.

Pursuant to the UPI Circular, SEBI has set out specific requirements for redressal of investor grievances for applications that have been made through the UPI Mechanism. The requirements of the UPI Circular include, appointment of a nodal officer by the SCSB and submission of their details to SEBI, the requirement for SCSBs to send SMS alerts for the blocking and unblocking of UPI mandates, the requirement for the Registrar to submit details of cancelled, withdrawn or deleted applications, and the requirement for the bank accounts of unsuccessful Bidders to be unblocked not later than one day from the date on which the Basis of Allotment is finalized. Failure to unblock the accounts within the timeline would result in the SCSBs being penalised under the relevant securities law. Additionally, if there is any delay in the redressal of investors complaints in this regard, the relevant SCSB as well as the post – Issue BRLMs will be required to compensate the concerned investor.

All SCSBs offering the facility of making applications in public issues shall also provide the facility to make application using UPI. The Company will be required to appoint one of the SCSBs as a Sponsor Bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/ or payment instructions of the Retail Individual Bidders using the UPI.

The processing fees for applications made by Retail Individual Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular No: SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 read with SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021.

For further details, refer to the "General Information Document" available on the websites of the Stock Exchange and the BRLMs.

**Bid cum Application Form**

Copies of the Bid cum Application Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centres, and our Registered and Corporate Office. An electronic copy of the Bid cum Application Form will also be available for download on the website of BSE of India Limited (https://www.bseindia.com) at least one day prior to the Bid/Issue Opening Date.

All Bidders shall mandatorily participate in the Issue only through the ASBA process. The RIs Bidding in the Retail Portion can additionally Bid through the UPI Mechanism.

RIBs Bidding in the Retail Portion using the UPI Mechanism must provide the valid UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected.

ASBA Bidders (other than RIBs using UPI Mechanism) must provide bank account details and authorization to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details are liable to be rejected.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs Bidding in the Retail Portion using UPI Mechanism, may submit their ASBA Forms, including details of their UPI IDs, with the Syndicate, Sub-Syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorizing an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with the SCSBs. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid.

The prescribed colour of the Application Form for various categories is as follows:

| Category | Colour of Application Form* |
|---|---|
| Anchor Investor** | White |
| Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis | White |
| Non-Residents including Eligible NRIs, FII's, FVCIs etc. applying on a repatriation basis | Blue |

***Note:*** *Electronic Bid Cum Application Forms will also be available for download on the website of the BSE Limited (*https://www.bseindia.com*).*

*** Bid cum application for Anchor Investor shall be made available at the Office of the BRLMs.*

**Designated Intermediaries (other than SCSBs) after accepting Bid Cum Application Form submitted by RIIs (without using UPI for payment), NIIs and QIBs shall capture and upload the relevant details in the electronic bidding system of stock exchange(s) and shall submit/deliver the Bid Cum Application Forms to respective SCSBs where the Bidders has a bank account and shall not submit it to any non-SCSB Bank.**

**Further, for applications submitted to designated intermediaries (other than SCSBs), with use of UPI for payment, after accepting the Bid Cum Application Form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange(s).**

**Bidders shall only use the specified Bid Cum Application Form for making an Application in terms of the Red Herring Prospectus.**

**The Bid Cum Application Form shall contain information about the Bidder and the price and the number of Equity Shares that the Bidders wish to apply for. Bid Cum Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Application Amount can be blocked by the SCSB or Sponsor Bank at the time of submitting the Application.**

**An Investor, intending to subscribe to this Issue, shall submit a completed Bid Cum Application Form to any of the following intermediaries (Collectively called – Designated Intermediaries")**

| Sr. No. | Designated Intermediaries |
|---|---|
| 1. | An SCSB, with whom the bank account to be blocked, is maintained |
| 2. | A syndicate member (or sub-syndicate member) |
| 3. | A stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker') |
| 4. | A depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity) |
| 5. | A registrar to an Issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity) |

*Retails investors submitting application with any of the entities at (2) to (5) above (hereinafter referred as "Intermediaries"), and intending to use UPI, shall also enter their UPI ID in the Bid Cum Application Form.*

*The aforesaid intermediary shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form, in physical or electronic mode, respectively.*

**The upload of the details in the electronic bidding system of stock exchange will be done by:**

| | |
|---|---|
| **For Applications submitted by Investors to SCSB:** | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. |
| **For applications submitted by investors to intermediaries other than SCSBs:** | After accepting the Bid Cum Application Form, respective Intermediary shall capture and upload the relevant details in the electronic bidding system of the stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the Bid Cum Application Forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue. |
| **For applications submitted by investors to intermediaries other than SCSBs with use of UPI for payment:** | After accepting the Bid Cum Application Form, respective intermediary shall capture and upload the relevant application details, including UPI ID, in the electronic bidding system of stock exchange. Stock exchange shall share application details including the UPI ID with sponsor bank on a continuous basis, to enable sponsor bank to initiate mandate request on investors for blocking of funds. Sponsor bank shall initiate request for blocking of funds through NPCI to investor. Investor to accept mandate request for blocking of funds, on his/her mobile application, associated with UPI ID linked bank account. |

**Stock exchange shall validate the electronic bid details with depository's records for DP ID/Client ID and PAN, on a real-time basis and bring the inconsistencies to the notice of intermediaries concerned, for rectification and re- submission within the time specified by stock exchange.**

**Stock exchange shall allow modification of selected fields viz. DP ID/Client ID or Pan ID (Either DP ID/Client ID or Pan ID can be modified but not BOTH), Bank code and Location code, in the bid details already uploaded.**

Upon completion and submission of the Bid Cum Application Form to Application Collecting intermediaries, the Bidders are deemed to have authorized our Company to make the necessary changes in this Draft Red Herring Prospectus, without prior or subsequent notice of such changes to the Bidders.

For RIBs using UPI Mechanism, the Stock Exchange shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. For all pending UPI Mandate Requests, the Sponsor

Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 12:00 pm on the first Working Day after the Bid/ Issue Closing Date ("Cut- Off Time"). Accordingly, RIBs should accept UPI Mandate Requests for blocking off funds prior to the Cut- Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse. The NPCI shall maintain an audit trail for every bid entered in the Stock Exchange bidding platform, and the liability to compensate RIBs (using the UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the bankers to an issue) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the bankers to an issue. The BRLMs shall also be required to obtain the audit trail from the Sponsor Banks and the Bankers to the Issue for analysing the same and fixing liability.

**WHO CAN BID?**

**Each Bidder should check whether it is eligible to apply under applicable law, rules, regulations, guidelines and policies. Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the RHP for more details.**

**Subject to the above, an illustrative list of Bidders is as follows:**

a) Indian nationals resident in India who are not incompetent to contract under the Indian Contract Act, 1872, as amended, in single or as a joint application and minors having valid Demat account as per Demographic Details provided by the Depositories. Furthermore, based on the information provided by the Depositories, our Company shall have the right to accept the Applications belonging to an account for the benefit of minor (under guardianship);

b) Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the application is being made in the name of the HUF in the Bid Cum Application Form as follows: ―Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;

c) Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;

d) Mutual Funds registered with SEBI;

e) Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than EligibleNRIs are not eligible to participate in this Issue;

f) Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);

g) FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI;

h) Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;

i) Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals only under the Non-Institutional Bidder 's category;

j) Venture Capital Funds and Alternative Investment Fund (I) registered with SEBI; State Industrial Development Corporations;

k) Foreign Venture Capital Investors registered with the SEBI;

l) Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating toTrusts and who are authorized under their constitution to hold and invest in equity shares;

m) Scientific and/or Industrial Research Organizations authorized to invest in equity shares;

n) Insurance Companies registered with Insurance Regulatory and Development Authority, India;

o) Provident Funds with minimum corpus of ₹ 25 Crores and who are authorized under their constitution to hold and invest in equity shares;

p) Pension Funds and Pension Funds with minimum corpus of ₹ 25 Crores and who are authorized under their constitution to hold and invest in equity shares;

q) National Investment Fund set up by Resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;

r) Multilateral and bilateral development financial institution;

s) Eligible QFIs;

t) Insurance funds set up and managed by army, navy or air force of the Union of India;

u) Insurance funds set up and managed by the Department of Posts, India;

v) Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicableto them.

**APPLICATIONS NOT TO BE MADE BY:**

1. Minors (except through their Guardians)
2. Partnership firms or their nominations
3. Foreign Nationals (except NRIs)
4. Overseas Corporate Bodies

**As per the existing regulations, OCBs are not eligible to participate in this Issue. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as 138 incorporated non- resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. OCBs may invest in this Issue provided it obtains a prior approval from the RBI. On submission of such approval along with the Bid Cum Application Form, the OCB shall be eligible to be considered for share allocation.**

**MAXIMUM AND MINIMUM APPLICATION SIZE**

1. **For Retail Individual Bidders**

   The Application must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Application Price payable by the Bidder does not exceed ₹ 2,00,000. In case of revision of Applications, the Retail Individual Bidders have to ensure that the Application Price does not exceed ₹ 2,00,000.

2. **For Other than Retail Individual Bidders (Non-Institutional Applicants and QIBs):**

   The Application must be for a minimum of such number of Equity Shares that the Application Amount exceeds ₹ 2,00,000 and in multiples of [●] Equity Shares thereafter. An Application cannot be submitted for more than the Net Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI Regulations, a QIB Bidder cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application.

   In case of revision in Applications, the Non-Institutional Bidders, who are individuals, have to ensure that the Application Amount is greater than ₹ 2,00,000 for being considered for allocation in the Non-Institutional Portion.

**Bidders are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.**

**The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.**

**METHOD OF BIDDING PROCESS**

Our Company, in consultation with the BRLMs will decide the Price Band and the minimum Bid lot size for the Issue and the same shall be advertised in [●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and Gujarati editions of [●] (a Gujarati language newspaper with wide circulation, Gujarati being the regional language of Gujarat, where our Registered Office is located) each with wide circulation at least two Working Days prior to the Bid / Issue Opening Date. The BRLMs and the SCSBs shall accept Bids from the Bidders during the Bid / Issue Period.

a) The Bid / Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Issue Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid / Issue Period, if applicable, which shall be notified in all editions of English national daily newspaper, [●], all editions of Hindi national daily newspaper, [●] a (Gujarati being the regional language of Gujarat, where our Registered Office is located). Each with wide circulation and also by indicating the change on the website of the Book Running Lead Managers.

b) Each Bid cum Application Form will give the Bidder the choice to Bid for upto three optional prices (for details refer to the

paragraph titled "Bids at Different Price Levels and Revision of Bids" below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder/Applicant at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.

c) The Bidder / Applicant cannot Bid through another Bid cum Application Form after Bids through one Bid cum Application Form have been submitted to a BRLMs or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another BRLMs or SCSB will be treated as multiple Bid and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Buildup of the Book and Revision of Bids".

d) The BRLMs/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.

e) Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchange.

f) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchange.

g) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

h) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

**BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

a. Our Company in consultation with the BRLMs, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.

b. Our Company in consultation with the BRLMs, will finalize the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.

c. The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.

d. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

**Participation by Associates /Affiliates of BRLMs and the Syndicate Members**

**The BRLMs and the Syndicate Members, if any, shall not be allowed to purchase in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members, if any, may subscribe the Equity Shares in the Issue, either in the QIB Category or in the Non- Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.**

**Option to Subscribe in the Issue**

a. As per Section 29(1) of the Companies Act 2013, allotment of Equity Shares shall be made in dematerialized form only. Investors will not have the option of getting allotment of specified securities in physical form.

b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.

c. A single application from any investor shall not exceed the investment limit/minimum number of Equity Shares that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

**Information for the Bidders:**

1. Our Company and the Book Running Lead Managers shall declare the Issue Opening Date and Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in all editions of English national daily newspaper, [●], all editions of Hindi national daily newspaper, [●] a (Gujarati being the regional language of Gujarat, where our Registered Office is located), where our Registered Office is located) each with wide circulation. This advertisement shall be in prescribed format.
2. Our Company will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Issue Opening Date.
3. Copies of the Bid Cum Application Form along with Abridge Prospectus and copies of this Draft Red Herring Prospectus will be available with the, the Book Running Lead Managers, the Registrar to the Issue, and at the Registered Office of our Company. Electronic Bid Cum Application Forms will also be available on the websites of the Stock Exchange.
4. Any Bidder who would like to obtain this Draft Red Herring Prospectus and/ or the Bid Cum Application Form can obtain the same from our Registered Office.
5. Bidders who are interested in subscribing for the Equity Shares should approach Designated Intermediaries to register their applications.
6. Bid Cum Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch, or the respective Designated Intermediaries. Bid Cum Application Form submitted by Applicants whose beneficiary account is inactive shall be rejected.
7. The Bid Cum Application Form can be submitted either in physical or electronic mode, to the SCSBs with whom the ASBA Account is maintained, or other Designated Intermediaries (Other than SCSBs). SCSBs may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account. The Retail Individual Applicants has to apply only through UPI Channel, they have to provide the UPI ID and validate the blocking of the funds and such Bid Cum Application Forms that do not contain such details are liable to be rejected.
8. Bidders applying directly through the SCSBs should ensure that the Bid Cum Application Form is submitted to a Designated Branch of SCSB, where the ASBA Account is maintained. Applications submitted directly to the SCSB's or other Designated Intermediaries (Other than SCSBs), the relevant SCSB, shall block an amount in the ASBA Account equal to the Application Amount specified in the Bid Cum Application Form, before entering the ASBA application into the electronic system.
9. Except for applications by or on behalf of the Central or State Government and the Officials appointed by the courts and by investors residing in the State of Sikkim, the Bidders, or in the case of application in joint names, the first Bidder (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participating transacting in the securities market, irrespective of the amount of transaction. Any Bid Cum Application Form without PAN is liable to be rejected. The demat accounts of Bidders for whom PAN details have not been verified, excluding person resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be "suspended for credit" and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Bidders.
10. The Bidders may note that in case the PAN, the DP ID and Client ID mentioned in the Bid Cum Application Form and entered into the electronic collecting system of the Stock Exchange Designated Intermediaries do not match with PAN, the DP ID and Client ID available in the Depository database, the Bid Cum Application Form is liable to be rejected.

**BIDS BY HUFS**

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs will be considered at par with Bids/Applications from individuals.

**BIDS BY MUTUAL FUNDS**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

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

No Mutual Fund scheme shall invest more than 10.00% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10.00% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10.00% of any company's paid-up share capital carrying voting rights.

**BIDS BY ELIGIBLE NRIS**

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB (if they are Bidding directly through the SCSB) or confirm or accept the UPI Mandate Request (in case of Bidding through the UPI Mechanism) to block their Non-Resident External ("NRE") accounts, or Foreign Currency Non-Resident ("FCNR") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB (if they are Bidding directly through SCSB) or confirm or accept the UPI Mandate Request (in case of Bidding through the UPI Mechanism) to block their Non-Resident Ordinary ("NRO") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form. Participation of Eligible NRIs in the Issue shall be subject to the FEMA Rules.

In accordance with the Consolidated FDI Policy, the total holding by any individual NRI, on a repatriation or non- repatriation basis, shall not exceed 5.00% of the total paid-up equity capital on a fully diluted basis or shall not exceed 5.00% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together, on a repatriation or non- repatriation basis, shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrant. Provided that the aggregate ceiling of 10.00% may be raised to 24.00% if a special resolution to that effect is passed by the general body of the Indian company.

NRIs will be permitted to apply in the Issue through Channel I or Channel II (as specified in the UPI Circular). Further, subject to applicable law, NRIs may use Channel IV (as specified in the UPI Circular) to apply in the Issue, provided the UPI facility is enabled for their NRE/ NRO accounts.

NRIs applying in the Issue using UPI Mechanism are advised to enquire with the relevant bank whether their bank account is UPI linked prior to making such application. For details of investment by NRIs, see **"***Restrictions on Foreign Ownership of Indian Securities***"** beginning on page 266 . Participation of eligible NRIs shall be subject to FEMA NDI Rules.

**BIDS BY FPIS**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same multiple entities having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA NDI Rules, with effect from April 1, 2020, the aggregate FPI investment limit is the sectoral cap applicable to an Indian company as prescribed in the FEMA NDI Rules with respect to its paid-up equity capital on a fully diluted basis. Currently, the sectoral cap for retail trading of food products manufactured and/ or produced in India is 100% under automatic route.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Issue are advised to use the Bid cum Application Form for Non-Residents.

In terms of the FEMA, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

The FEMA NDI Rules were enacted on October 17, 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except as respects things done or omitted to be done before such supersession. **FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.**

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the

SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments(as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing off-shore derivate instruments is also required to ensure that any transfer of off-shore derivative instruments issued by, or on behalf of it subject to, inter alia, the following conditions:

(i). such offshore derivative instruments are transferred to person subject to fulfilment of SEBI FPI Regulations; and

(ii). Prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred are pre-approved by the FPI.

Bids by FPIs which finalized the multi-investment manager structure in accordance with the Operational Guidelines for Foreign Portfolio Investors and Designated Depository Participants issued to facilitate implementation of the SEBI FPI Regulations ("Operational FPI Guidelines"), submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids ("MIM Bids"). It is hereby clarified that FPIs bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected, except for Bids from FPIs that finalized the multi- investment manager structure in accordance with the Operational FPI Guidelines (such structure referred to as "MIM Structure"). In order to ensure valid Bids, FPIs making MIM Bids using the same PAN and with different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM Structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected.

**BIDS BY SEBI-REGISTERED AIFS, VCFS AND FVCIS**

The SEBI FVCI Regulations, SEBI VCF Regulations and the SEBI AIF Regulations prescribe, inter alia, the investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI respectively. FVCIs can invest only upto 33.33% of the investible funds by way of subscription to an initial public offering. Category I AIF and Category II AIF cannot invest more than 25% of the investible funds in one Investee Company directly or through investment in the units of other AIFs. A Category III AIF cannot invest more than 10% of the investible funds in one Investee Company directly or through investment in the units of other AIFs. AIFs which are authorized under the fund documents to invest in units of AIFs are prohibited from offering their units for subscription to other AIFs. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3$^{rd}$ of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, a VCF that has not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations (and accordingly shall not be allowed to participate in the Issue) until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.

Further, the shareholding of VCFs, category I AIFs or category II AIFs and FVCIs holding Equity Shares prior to Issue, shall be locked-in for a period of at least one year from the date of purchase of such Equity Shares.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

The Company or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**BIDS BY LIMITED LIABILITY PARTNERSHIPS**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

**BIDS BY BANKING COMPANIES**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended and Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended, is 10.00% of the paid up share capital of the investee company, not being its

subsidiary engaged in non-financial services, or 10.00% of the bank's own paid-up share capital and reserves, whichever is lower.

However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company, subject to prior approval of the RBI if (i) the investee company is engaged in non- financial activities permitted for banking companies in terms of Section 6(1) of the Banking Regulation Act; or (ii) the additional acquisition is through restructuring of debt, or to protect the banking company's interest on loans/investments made to a company. The bank is required to submit a time bound action plan to the RBI for the disposal of such shares within a specified period. The aggregate investment by a banking company along with its subsidiaries, associates or joint ventures or entities directly or indirectly controlled by the bank; and mutual funds managed by asset management companies controlled by the bank, more than 20% of the investee company's paid up share capital engaged in non-financial services. However, this cap doesn't apply to the cases mentioned in (i) and (ii) above. The aggregate equity investments made by a banking company in all subsidiaries and other entities engaged in financial services and non-financial services, including overseas investments shall not exceed 20% of the bank's paid-up share capital and reserves.

In terms of the Master Circular on Basel III Capital Regulations dated July 1, 2014, as amended (i) a bank's investment in the capital instruments issued by banking, financial and insurance entities should not exceed 10% of its capital funds; (ii) banks should not acquire any fresh stake in a bank's equity shares, if by such acquisition, the investing bank's holding exceeds 5% of the investee bank's equity capital; (iii) equity investment by a bank in a subsidiary company, financial services company, financial institution, stock and other exchanges should not exceed 10% of the bank's paid-up share capital and reserves; (iv) equity investment by a bank in companies engaged in non-financial services activities would be subject to a limit of 10% of the investee company's paid-up share capital or 10% of the bank's paid-up share capital and reserves, whichever is less; and (v) a banking company is restricted from holding shares in any company, whether as pledgee, mortgagee or absolute owner, of an amount exceeding 30% of the paid-up share capital of that company or 30% of its own paid-up share capital and reserves, whichever is less. For details in relation to the investment limits under Master Direction – Ownership in Private Sector Banks, Directions, 2016, see ***"Key Industry Regulations and Policies"*** beginning on page 152 of this Draft Red Herring Prospectus.

**BIDS BY SCSBS**

SCSBs participating in the Issue are required to comply with the terms of the circulars issued by the SEBI dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

**BIDS BY SYSTEMICALLY IMPORTANT NBFCS**

In case of Bids made by Systemically Important NBFCs registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) the last audited financial statements on a standalone basis, (iii) a net worth certificate from its statutory auditors, and (iv) such other approval as may be required by the Systemically Important NBFCs are required to be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

Systemically Important NBFCs participating in the Issue shall comply with all applicable regulations, directions, guidelines and circulars issued by the RBI from time to time.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

**BIDS BY INSURANCE COMPANIES**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in equity shares of the investee company, the entire group of the investee company and the industry sector in which the investee company operates. Insurance companies participating in the Issue are advised to refer to the IRDAI Investment Regulations 2016, as amended, which are broadly set forth below:

a) equity shares of a company: the lower of 10%* of the outstanding equity shares (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹ 25,000,000 lakhs or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹ 5,000,000 lakhs or more but less than ₹ 25,000,000 lakhs.*

Insurance companies participating in this Issue shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

**BIDS BY PROVIDENT FUNDS/PENSION FUNDS**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 2,500 lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof.

**BIDS BY ANCHOR INVESTORS**

Our Company in consultation with the BRLMs, may consider participation by Anchor Investors in the Issue for upto 60% of the QIB Portion in accordance with the SEBI Regulations. Only QIBs as defined in Regulation 2(1)(ss) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XIII of the SEBI Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of undersubscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

1) Anchor Investor Bid cum Application Forms will be made available for the Anchor Investors at the offices of the BRLMs.
2) The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount is at least 200.00 lakhs. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of 200.00 lakhs
3) One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
4) Bidding for Anchor Investors will open one Working Day before the Bid/ Issue Opening Date and be completed on the same day.
5) Our Company in consultation with the BRLMs, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:
    - where allocation in the Anchor Investor Portion is upto 200.00 Lakhs, maximum of 2 (two) Anchor Investors.
    - where the allocation under the Anchor Investor Portion is more than 200.00 Lakhs but upto 2500.00 Lakhs, minimum of 2 (two) and maximum of 15 (fifteen) Anchor Investors, subject to a minimum Allotment of 100.00 Lakhs per Anchor Investor; and
    - where the allocation under the Anchor Investor portion is more than 2500.00 Lakhs:(i) minimum of 5 (five) and maximum of 15 (fifteen) Anchor Investors for allocation upto2500.00 Lakhs; and (ii) an additional 10 Anchor Investors for every additional allocation of 2500.00 Lakhs or part thereof in the Anchor Investor Portion; subject to minimum Allotment of 100.00 Lakhs per Anchor Investor.
6) Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Issue Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/Issue Opening Date, through intimation to the Stock Exchange.
7) Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
8) If the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within 2 (two) Working Days from the Bid/ Issue Closing Date. If the Issue Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Issue Price.
9) At the end of each day of the bidding period, the demand including allocation made to anchor investors, shall be shown graphically on the bidding terminals of syndicate members and website of stock exchange offering electronically linked transparent bidding facility, for information of public.
10) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30days from the date of Allotment.
11) The BRLMs, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLMs) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors

will be clearly identified by the BRLMs and made available as part of the records of the BRLMs for inspection byes.

12) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

13) Anchor Investors are not permitted to Bid in the Issue through the ASBA process.

**BIDS UNDER POWER OF ATTORNEY**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, Systemically Important NBFCs, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India, or the National Investment Fund and provident funds with a minimum corpus of ₹ 2,500lakhs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason therefor.

Our Company, in consultation with the BRLMs, in their absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to the terms and conditions that our Company, in consultation with the BRLMs may deem fit.

**ISSUANCE OF A CONFIRMATION NOTE ("CAN") AND ALLOTMENT IN THE ISSUE:**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLMs or Registrar to the Issue shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Issue.
2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

**Issue Procedure for Application Supported by Blocked Account (ASBA) Bidders**

In accordance with the SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 all the Bidders have to compulsorily apply through the ASBA Process. Our Company and the Book Running Lead Managers are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid Cum Application Form is correctly filled up, as described in this section.

The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. For details on designated branches of SCSB collecting the Bid Cum Application Form, please refer the above-mentioned SEBI link.

**Terms of payment**

The entire Issue price of ₹ [●] per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar shall instruct the SCSBs to unblock the excess amount paid on Application to the Bidders.

SCSBs will transfer the amount as per the instruction of the Registrar to the Public Issue Account, the balance amount after transfer will be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Issue and the Registrar to the Issue to facilitate collections from the Bidders.

**Payment mechanism**

The Bidders shall specify the bank account number in their Bid Cum Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Bid Cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the Application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non- Retail Bidders shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Bid Cum Application Form or for unsuccessful Bid Cum Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the Application by the ASBA Bidder, as the case may be.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Issue shall use only Application Supported by Blocked Amount (ASBA) process for application providing details of the bank account which will be blocked by

the Self-Certified Syndicate Banks (SCSBs) for the same. Further, pursuant to SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, Retail Individual Investors applying in public Issue have to use UPI as a payment mechanism with Application Supported by Blocked Amount for making application.

**Payment into Escrow Account for Anchor Investors**

All the investors other than Anchor Investors are required to bid through ASBA Mode. Anchor Investors are requested to note the following:
Our Company in consultation with the Book Running Lead Managers, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors.

a) For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of: a. In case of resident Anchor Investors: ― "[●] – Anchor Account- R"

b) In case of Non-Resident Anchor Investors: ― "[●] – Anchor Account- NR"

c) Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections from the Anchor Investors.

**Electronic Registration of Applications**

1. The Designated Intermediaries will register the applications using the on-line facilities of the Stock Exchange.
2. The Designated Intermediaries will undertake modification of selected fields in the application details already uploaded before 1.00 p.m. of next Working Day from the Issue Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to,
   i. the applications accepted by them,
   ii. the applications uploaded by them
   iii. the applications accepted but not uploaded by them or
   iv. With respect to applications by Bidders, applications accepted and uploaded by any Designated Intermediary other than SCSBs, the Bid Cum Application Form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be responsible for blocking the necessary amounts in the ASBA Accounts.
4. Neither the Book Running Lead Managers nor our Company nor the Registrar to the Issue, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to,
   (i) The applications accepted by any Designated Intermediaries
   (ii) The applications uploaded by any Designated Intermediaries or
   (iii) The applications accepted but not uploaded by any Designated Intermediaries
5. The Stock Exchange will Issue an electronic facility for registering applications for the Issue. This facility will available at the terminals of Designated Intermediaries and their authorized agents during the Issue Period. The Designated Branches or agents of Designated Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Designated Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Book Running Lead Managers on a regular basis.
6. With respect to applications by Bidders, at the time of registering such applications, the Syndicate Bakers, DPs and RTAs shall forward a Schedule as per format given below along with the Bid Cum Application Forms to Designated Branches of the SCSBs for blocking of funds:

| S. No. | Details* |
|---|---|
| 1. | Symbol |
| 2. | Intermediary Code |
| 3. | Location Code |

| S. No. | Details* |
|---|---|
| 4. | Application No. |
| 5. | Category |
| 6. | PAN |
| 7. | DP ID |
| 8. | Client ID |
| 9. | Quantity |
| 10. | Amount |

**Stock Exchanges shall uniformly prescribe character length for each of the above-mentioned fields*

7. With respect to applications by Bidders, at the time of registering such applications, the Designated Intermediaries shall enter the following information pertaining to the Bidders into in the on-line system:
   - Name of the Bidder;
   - IPO Name:
   - Bid Cum Application Form Number;
   - Investor Category;
   - PAN (of First Bidder, if more than one Bidder);
   - DP ID of the demat account of the Bidder;
   - Client Identification Number of the demat account of the Bidder;
   - Number of Equity Shares Applied for;
   - Bank Account details;
   - Locations of the Banker to the Issue or Designated Branch, as applicable, and bank code of the SCSB branch wherethe ASBA Account is maintained; and
   - Bank account number.
8. In case of submission of the Application by a Bidder through the Electronic Mode, the Bidder shall complete the above-mentioned details and mention the bank account number, except the Electronic ASBA Bid Cum Application Form number which shall be system generated.
9. The aforesaid Designated Intermediaries shall, at the time of receipt of application, give an acknowledgment to the investor, by giving the counter foil or specifying the application number to the investor, as a proof of having acceptedthe Bid Cum Application Form in physical as well as electronic mode. The registration of the Application by the Designated Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.
10. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
11. In case of Non-Retail Bidders and Retail Individual Bidders, applications would not be rejected except on the technical grounds as mentioned in this Draft Red Herring Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
12. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Book Running Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our company; our Promoter, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus, nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
13. The Designated Intermediaries will be given time till 1.00 p.m. on the next working day after the Bid/ Issue Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application detailswith Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
14. The SCSBs shall be given one day after the Bid/ Issue Closing Date to send confirmation of Funds blocked (Final certificate)

to the Registrar to the Issue.

15. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such detailsfor applications.

**Build of the Book**

a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchange on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Issue Period.

b) Based on the aggregate demand and price for Bids registered on the Stock Exchange Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchange may be made available at the Bidding centers during the Bid/ Issue Period.

**Withdrawal of Bids**

a) RIIs can withdraw their Bids until Bid/ Issue Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

b) The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

**Price Discovery and Allocation**

a) Based on the demand generated at various price levels, our Company in consultation with the BRLMs, shall finalize the Issue Price.

b) The SEBI ICDR Regulations, 2018 specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentageof Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in theRHP. For details in relation to allocation, the Bidder may refer to the RHP.

c) Under-subscription in any category (except QIB Category) is allowed to be met with spillover from any other categoryor combination of categories at the discretion of the Issuer and the in consultation with the BRLMs and the DesignatedStock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.

d) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an undersubscription applicable to the Issuer, Bidders may refer to the RHP.

e) In case if the Retail Individual Investor category is entitled to more than the allocated portion on proportionate basis, the category shall be allotted that higher percentage.

**Illustration of the Book Building and Price Discovery Process: Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue, it also excludes Bidding by Anchor Investors. Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹ 24 per share, Issue size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.**

| Bid Quantity | Bid Amount (₹) | Cumulative Quantity | Subscription |
|---|---|---|---|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 2,500 | 20 | 7,500 | 250.00% |

**The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Issue the desired number of Equity Shares is the price at which the book cuts off, i.e., ₹ 22.00 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Issue Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.**

***Anchor Investors are not allowed to withdraw their Bids after Anchor Investors bidding date.***

**GENERAL INSTRUCTIONS**

***Do's:***

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All should submit their Bids through the ASBA process only;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;
4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle), in the Bid cum Application Form;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre (except electronic Bids) within the prescribed time;
6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries;
7. If you are an ASBA Bidder and the first applicant is not the ASBA Account holder, ensure that the Bid cum ApplicationForm is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
9. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form forall your Bid options from the concerned Designated Intermediary;
10. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form shouldcontain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary accountheld in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
11. RIBs bidding in the Issue to ensure that they shall use only their own ASBA Account or only their own bank accountlinked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Issue and not ASBA Account or bank account linked UPI ID of any third party;
12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
13. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form or have otherwise provided an authorization to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blockingfunds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Issue through the UPI Mechanism, ensure that you authorize the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;
14. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
15. Investors to ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes ("CBDT") notification dated February 13, 2020 and press release dated June 25, 2021.
16. Ensure that the Demographic Details are updated, true and correct in all respects;
17. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
18. Ensure that the category and the investor status is indicated;

19. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;
20. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;
21. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in theDepository database;
22. Ensure that when applying in the Issue using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being usedfor making the application is also appearing in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019;
23. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to initiatlised blocking of funds equivalent to the revised Bid Amount in the RIB's ASBA Account;
24. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid/ Issue Closing Date;
25. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorize the UPI Mandate Request using his/her UPI PIN. Upon the authorization of themandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;
26. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (RIBs bidding using theUPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of www.sebi.gov.in); and
27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by RIBs);
1. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
2. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
3. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
4. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
5. Do not submit the Bid for an amount more than funds available in your ASBA account.
6. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum ApplicationForms in a colour prescribed for another category of a Bidder;
7. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account;
8. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
9. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
10. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
11. Do not submit the General Index Register (GIR) number instead of the PAN;

12. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
13. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
14. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
15. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
16. Do not submit a Bid using UPI ID, if you are not a RIB;
17. Do not Bid on another ASBA Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
18. Do not Bid for Equity Shares in excess of what is specified for each category;
19. Do not fill up the Bid cum Application Form such that the number of Equity Shares Bid for, exceeds the Issue size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulationsor maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
20. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount)at any stage, if you are a QIB or a Non-Institutional Bidder. RIBs can revise or withdraw their Bids on or before the Bid/Issue Closing Date;
21. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centres;
22. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third-party bank account or third party linked bank account UPI ID;
23. Do not Bid if you are an OCB; and
24. If you are a QIB, do not submit your Bid after 3:00 pm on the Bid/Issue Closing Date.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Further, in case of any pre-Issue or post-Issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors can reach out to the Company Secretary and Compliance Officer. For details of Company Secretary and Compliance Officer, please see the section entitled "*General Information*" and "*Our Management*" beginning on pages 55 and 169 respectively.

For helpline details of the BRLMs pursuant to the SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, please see the section entitled **"***General Information***"** beginning on page 55 of this Draft Red Herring Prospectus

**GROUNDS FOR TECHNICAL REJECTION**

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;
2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by RIBs using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
7. Bids submitted without the signature of the First Bidder or sole Bidder;
8. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
9. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
10. GIR number furnished instead of PAN;
11. Bids by RIBs with Bid Amount of a value of more than ₹ 2,00,000;

12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
13. Bids accompanied by stock invest, money order, postal order or cash; and
14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/ Issue Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Issue Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Issue Closing Date, unless extended by the Stock Exchange.

Further, in case of any pre-Issue or post Issue related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer. For details of the Company Secretary and Compliance Officer, see *"General Information"* beginning on page 55 of this Draft Red Herring Prospectus.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/ Issue Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100/- per day for the entire duration of delay exceeding four Working Days from the Bid/ Issue Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Further, Investors shall be entitled to compensation in the manner specified in the SEBI Master Circular, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

SEBI pursuant to its circular bearing reference number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 had reduced the time taken for listing of specified securities after the closure of public issue to 3 working days (T+3 days) as against the present requirement of 6 working days (T+6 days); 'T' being issue closing date. The provisions of this circular were applicable, on voluntary basis for public issues opening on or after September 1, 2023 and on mandatory basis for public issues opening on or after December 1, 2023. Our Company shall close this Issue in accordance with the timeline provided under the aforementioned circular. The timelines prescribed for public issues as mentioned in SEBI circulars dated November 1, 2018, June 28, 2019, November 8, 2019, March 30, 2020, March 16, 2021, June 2, 2021, and April 20, 2022 shall stand modified to the extent stated in this Circular.

Names of entities responsible for finalized the basis of allotment in a fair and proper manner

The authorized employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalized in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

For details of instructions in relation to the Bid cum Application Form, Bidders may refer to the relevant section the GID.

**BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.**

**BASIS OF ALLOCATION**

a) The SEBI (ICDR) Regulations specify the allocation or Allotment that may be made to various categories of Bidders in an Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in this DRHP. For details in relation to allocation, the Bidder may refer to the RHP.

b) Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI (ICDR) Regulations, Unsubscribed portion in QIB Category is not available for subscription to other categories.

c) In case of under subscription in the Issue, spill-over to the extent of such under- subscription may be permitted fromthe Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Biddersmay refer to the RHP.

**ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT**

**The allotment of Equity Shares to Bidders other than Retail Individual Investors may be on proportionate basis. No Retail Individual Investor will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be allotted on a proportionate basis. The Issuer is required**

**to receive a minimum subscription of 90% of the Issue. However, in case the Issue is in the nature of Issue for Sale only, then minimum subscription may not be applicable.**

**BASIS OF ALLOTMENT**

**a. For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.

The Issue size less Allotment to Non-Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

**b. For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non- Institutional Bidders will be made at the Issue Price.

The Issue size less Allotment to QIBs and Retail shall be available for allotment to Non- Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

**c. Allotment To Anchor Investor (If Applicable)**

**a)** Allocation of Equity Shares to Anchor Investors at the Anchor Investor Allocation Price will be at the discretion of the Issuer, in consultation with the BRLMs, subject to compliance with the following requirements:

**i.** not more than 60% of the QIB Portion will be allocated to Anchor Investors;

**ii.** one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

**iii.** allocation to Anchor Investors shall be on a discretionary basis and subject to:

- maximum number of two Anchor Investors for allocation upto ₹ 2 crores; a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹ 2 crores and upto ₹ 25 crores subject to minimum allotment of ₹ 1 crores per such Anchor Investor; and
- in case of allocation above twenty-five crore rupees; a minimum of 5 such investors and a maximum of 15 such investors for allocation upto twenty-five crore rupees and an additional 10 such investors for every additional twenty-five crore rupees or part thereof, shall be permitted, subject to a minimum allotment of one crore rupees per such investor.

**d. For QIBs**

Bids received from QIBs Bidding in the QIB Category at or above the Issue Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price. Allotment may be undertaken in the following manner: Allotment shall be undertaken in the following manner:

i. In the first instance, allocation to Mutual Funds for [●]% of the QIB Portion shall be determined as follows:

- In the event that Bids by Mutual Fund exceeds [●]% of the QIB Portion, allocation to Mutual Funds shall bedone on a proportionate basis for [●]% of the QIB Portion.
- In the event that the aggregate demand from Mutual Funds is less than [●]% of the QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price.

- Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotmentto all QIB Bidders as set out in (b) below;

ii. In the second instance, allotment to all QIBs shall be determined as follows:

- In the event of oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter for [●]% of the QIB Portion.
- Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bidfor by them, are eligible to receive Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, along with other QIB Bidders.
- Under-subscription below [●]% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis. The aggregate Allotment to QIB Bidders shall not be more than [●] Equity Shares.

iii. Basis of Allotment for QIBs and NIIs in case of Over Subscribed Issue:

In the event of the Issue being Over-Subscribed, the Issuer may finalize the Basis of Allotment in consultation with the BSE Limited (The Designated Stock Exchange). The allocation may be made in marketable lots on proportionate basis as set forth hereunder:

a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category multiplied by number of Shares applied for).

b) The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basish marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).

c) For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will bemade as follows:

- Each successful Bidder shall be allotted [●] equity shares; and
- The successful Bidder out of the total bidders for that category shall be determined by draw of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Sharesworked out as per (b) above.

d) If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.

e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the Issue specified under the Capital Structure mentioned in this DRHP.

**Retail Individual Investor means an investor who applies for shares of value of not more than ₹ 2,00,000/. Investors may note that in case of over subscription, allotment shall be on proportionate basis and will be finalized in consultation with BSE Limited.**

**The Executive Director / Managing Director of BSE Limited – the Designated Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.**

**Issuance of Allotment Advice**

1) Upon approval of the Basis of Allotment by the Designated Stock Exchange.

2) On the basis of approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the allotment and credit of equity shares. Bidders are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the Issue.

The Book Running Lead Managers or the Registrar to the Issue will dispatch an Allotment Advice to their Bidders who

have been allocated Equity Shares in the Issue. The dispatch of Allotment Advice shall be deemed valid, binding and irrevocable contract for the Allotment to such Bidder.

3) Issuer will make the allotment of the Equity Shares and initiate corporate action for credit of shares to the successful Bidders Depository Account within 4 working days of the Issue Closing date. The Issuer also ensures that credit of shares to the successful Bidders Depository Account is completed within one working Day from the date of allotment, after the funds are transferred from ASBA Public Issue Account to Public Issue account of the issuer.

**Designated Date:**

On the Designated date, the SCSBs shall transfer the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Issue.

The Company will Issue and dispatch letters of allotment/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 4 working days of the Bid/ Issue Closing Date. The Company will intimate the details of allotment of securities to Depository immediately on allotment of securities under relevant provisions of the Companies Act, 2013 or other applicable provisions, if any.

**Instructions for Completing the Bid Cum Application Form**

The Applications should be submitted on the prescribed Bid Cum Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Bid Cum Application Form. Applications not so made are liable to be rejected. Applications made using a third-party bank account or using third party UPI ID linked bank account are liable to be rejected. Bid Cum Application Forms should bear the stamp of the Designated Intermediaries. ASBA Bid Cum Application Forms, which do not bear the stamp of the Designated Intermediaries, will be rejected.

SEBI, vide Circular No.CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Bid Cum Application Forms in public issues using the stock broker (broker) network of Stock Exchanges, who may not be syndicate members in an Issue with effect from January 01, 2013. The list of Broker Centre is available on the website of BSE Limited i.e. www.bseindia.com. With a view to broad base the reach of Investors by substantial, enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Bid Cum Application Forms in Public Issue with effect from January 01, 2016. The List of RTA and DPs centres for collecting the application shall be disclosed is available on the website of BSE Limited i.e. www.bseindia.com

**Bidder's Depository Account and Bank Details**

Please note that, providing bank account details, PAN No's, Client ID and DP ID in the space provided in the Bid Cum Application Form is mandatory and applications that do not contain such details are liable to be rejected.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant Identification number and Beneficiary Account Number provided by them in the Bid Cum Application Form as entered into the Stock Exchange online system, the Registrar to the Issue will obtain from the Depository, the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Bidders including mailing of the Allotment Advice. The Demographic Details given by Bidders in the Bid Cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid Cum Application Form, the Bidder would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

**Submission of Bid Cum Application Form**

**All Bid Cum Application Forms duly completed shall be submitted to the Designated Intermediaries. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the Bid Cum Application Form, in physical or electronic mode, respectively.**

**Communications**

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid Cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid Cum Application Form, name and address of the Designated Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre- Issue or post Issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

| | |
|---|---|
| To,<br>**Sonalkumari Yadav**<br>Company Secretary & Compliance Officer<br>**Patel Chem Specialities Limited**<br>Plot No. 272/4-5, Phase II, G.I.D.C Industrial Estate, Vatva Road, Ahmedabad 382445, Gujarat, India.<br>**Telephone**: +91 9712999854<br>**Website:** www.patelchem.com<br>**Email id:** cs@patelchem.com | To,<br>**LINK INTIME INDIA PRIVATE LIMITED**<br>**Address:** C-101,Embassy 247, LBS Marg, Vikhroli (West), Mumbai - 400083, Maharashtra, India.<br>**Telephone Contact:** +91 8108114949<br>**E-mail:** patelchem.ipo@linkintime.co.in.<br>**Website:** www.linkintime.co.in<br>**Contact Person:** Shanti Gopalkrishnan<br>**SEBI Registration:** INR000004058<br>**CIN:** U67190MH1999PTC118368 |

**Payment into Escrow Account(s) for Anchor Investors**

Our Company in consultation with the BRLMs, in its absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]-IPO-Anchor Investor-R"; and
(b) In case of Non-Resident Anchor Investors: "[●]-IPO-Anchor Investor-NR".

Anchor Investors should note that the escrow mechanism is not prescribed by the SEBI and has been established as an arrangement between our Company and the Syndicate, if any the Escrow Collection Bank and the Registrar to the Issue to facilitate collections of Bid amounts from Anchor Investors.

**NAMES OF ENTITIES RESPONSIBLE FOR FINALISING THE BASIS OF ALLOTMENT IN A FAIR AND PROPER MANNER**

The authorised employees of the Stock Exchange, along with the Book Running Lead Managers and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

**Disposal of Application and Application Moneys and Interest in Case of Delay**

The Company shall ensure the dispatch of Allotment advice and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within 2 (two) working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at BSE SME Platform where the Equity Shares are proposed to be listed are taken within 3 (three) working days from Issue Closing Date**.**

**In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:**

1. Allotment and Listing of Equity Shares shall be made within 3 (three) days of the Issue Closing Date;
2. Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Issue Closing Date, would be ensured; and
3. If such money is not repaid within prescribed time from the date our Company becomes liable to repay it, then our Company and every officer in default shall, on and from expiry of prescribed time, be liable to repay such application money, with interest as prescribed under SEBI (ICDR) Regulations, the Companies Act, 2013 and applicable law. Further, in accordance with Section 40 of the Companies Act, 2013, the Company and each officer in default may be punishable with fine and/or imprisonment in such a case.

**SEBI pursuant to its circular bearing reference number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 had reduced the time taken for listing of specified securities after the closure of public issue to 3 working days (T+3 days) as against the present requirement of 6 working days (T+6 days); 'T' being issue closing date. Our Company shall close this Issue in accordance with the timeline provided under the aforementioned circular.**

**BASIS OF ALLOTMENT**

Allotment will be made in consultation BSE Limited (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth here:

1. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
2. The number of Shares to be allocated to the successful applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
3. For applications where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:
    i. Each successful applicant shall be allotted [●] equity shares; and
    ii. The successful applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (2) above.
4. If the proportionate allotment to an applicant works out to a number that is not a multiple of [●] equity shares, the applicant would be allotted Shares by rounding off to the lower nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.
5. If the Shares allocated on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares.

**BASIS OF ALLOTMENT IN THE EVENT OF UNDER SUBSCRIPTION**

In the event of under subscription in the Issue, the obligations of the Underwriters shall get triggered in terms of the Underwriting Agreement. The Minimum subscription of 100.00% of the Issue size shall be achieved before our company proceeds to get the basis of allotment approved by the Designated Stock Exchange. The Executive Director/Managing Director of the BSE Limited – the Designated Stock Exchange in addition to Book Running Lead Managers and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations, 2018.

**As per the RBI regulations, OCBs are not permitted to participate in the Issue. There is no reservation for Non- Residents, NRIs, FPIs and foreign venture capital funds and all Non-Residents, NRI, FPI and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation.**

**Equity Shares in Dematerialised Form with NSDL/CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in process of entering following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

a) Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated September 19, 2024.

b) Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated October 22, 2024

c) The Company's Equity shares bear an ISIN No. INE161701011.

An Applicant applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Application.

- The Applicant must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's identification number) appearing in the Application Form or Revision Form.
- Allotment to a successful Applicant will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Applicant.
- Names in the Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- If incomplete or incorrect details are given under the heading 'Applicants Depository Account Details' in the Application Form or Revision Form, it is liable to be rejected.
- The Applicant is responsible for the correctness of his or her Demographic Details given in the Application Form vis à vis those with his or her Depository Participant.

- Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchange where our Equity Shares are proposed to be listed has electronic connectivity with CDSL and NSDL.
- The allotment and trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

**PRE-ISSUE ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after filing the Red Herring Prospectus with the RoC, publish a Pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in: ([●] editions of [●] (a widely circulated English national daily newspaper), [●] editions of [●] (a widely circulated Hindi national daily newspaper) and Gujarati editions of [●] (a Gujarati language newspaper with wide circulation, Gujarati being the regional language of Gujarat, where our Registered Office is located) each with wide circulation.

In the Pre-Issue advertisement, we shall state the Bid/Issue Opening Date and the Bid/Issue Closing Date. The advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

**SIGNING OF THE UNDERWRITING AGREEMENT AND THE ROC FILING**

a) Our Company and the Underwriter intend to enter into an Underwriting Agreement on or before the filing of Red Herring Prospectus.

b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, Issue size, and underwriting arrangements and will be complete in all material respects.

**IMPERSONATION**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

*"Any person who:*

*I. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*II. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

*III. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

The liability prescribed under Section 447 of the Companies Act, for fraud involving an amount of at least ₹ 10/- Lakhs or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending upto 10 years and fine of an amount not less than the amount involved in the fraud, extending upto three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 10/- lakhs or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 50/- Lakh or with both.

**UNDERTAKINGS BY OUR COMPANY**

We undertake as follows:

- That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps will be taken for the completion of the necessary formalities for listing and commencement of tradingat the Stock Exchange where the Equity Shares are proposed to be listed within 3 (three) Working days of closure ofthe Issue;
- That if the Company do not proceed with the Issue, the reason thereof shall be given as a public notice to be issued by our Company within two days of the Issue Closing Date. The public notice shall be issued in the same newspaperswhere the pre-Issue advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
- That our Promoter's contribution in full has already been brought in;
- That no further Issue of Equity Shares shall be made till the Equity Shares Offered through the Red Herring Prospectus are listed or until the Application monies are unblocked on account of non-listing, under subscription etc. and That if the Company withdraws the Issue after the Issue Closing Date, our Company shall be required to file a fresh Issue document with the ROC/ SEBI, in the event our Company subsequently decides to proceed with the Issue;

- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the specified period of closure of the Issue giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That Company shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from the Stock Exchange where listing is sought has been received;
- Adequate arrangements shall be made to collect all Application Forms from the Applicants;
- That the certificates of the securities/refund orders to Eligible NRIs shall be dispatched within specified time; and that none of the promoter or directors of the company is wilful defaulter or Fraudulent Borrower under Section 5(c) of SEBI (ICDR) Regulations, 2018.
- There are no other agreements, arrangements, clauses, or covenants that are material and need to be disclosed, or non-disclosure of which may have a bearing on the investment decision, other than those already disclosed in this Draft Red Herring Prospectus.
- There are no findings or observations from any inspections by SEBI or any other regulator that are material and need to be disclosed, or non-disclosure of which may have a bearing on the investment decision, other than those already disclosed in this Draft Red Herring Prospectus.
- There are no conflicts of interest between the suppliers of raw materials and third-party service providers (crucial for the operations of the Company) and the Company, Promoter, Promoter Group, Key Managerial Personnel, Directors, and Group Company and its Directors.
- There are no conflicts of interest between the lessor of immovable properties (crucial for the operations of the Company) and the Company, Promoter, Promoter Group, Key Managerial Personnel, Directors, and Group Company and its Directors

**UTILIZATION OF ISSUE PROCEEDS**

Our Board certifies that:

The Board of Directors of our Company certifies that:

a) All monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub section (3) of Section 40 of the Companies Act 2013;

b) Details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue proceeds remains unutilized, under an appropriate head in the balance sheet of our company indicating the purpose for which such monies have been utilized;

c) Details of all unutilized monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested and

d) Our Company shall comply with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to the disclosure and monitoring of the utilization of the proceeds of the Issue.

e) Our Company shall not have recourse to utilize the Issue Proceeds until the approval for listing and trading of the Equity Shares from the Stock Exchange where listing is sought has been received.

f) Our Company undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactorily.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 ("FEMA"). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India ("RBI") and Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India ("DPIIT").

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("FDI") through press notes and press releases. The DPIIT, has issued consolidated FDI Policy Circular of 2020 ("FDI Policy 2020"), effective from October15, 2020, which consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2020 will be valid until the DIPP issues an updated circular.

The RBI also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI and Master Direction – Foreign Investment in India (updated upto March 08, 2019). In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular and Master Direction. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including
filing of Form FC-GPR.

In case of investment in sectors through Government Route, approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2020 has to be obtained.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP / RBI, from time to time.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of our Company. Investors will not Issue, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

**Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2020 and amendments from time to time thereupon, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FPI, NRI/OCI, LLPs, FVCI, Investment Vehicles and DRs under Schedule 1, 2, 3, 6, 7, 8, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations, 2017 as amended from time to time. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49% or sectoral /statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral /statutory cap.

**Investment by FPIs under Portfolio Investment Scheme (PIS)**

With regards to purchase/sale of capital instruments of an Indian company by an FPI under PIS the total holding by each FPI or an investor group as referred in SEBI (FPI) Regulations, 2014 shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian

company and the total holdings of all FPIs put together shall not exceed 24% of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10% and 24% will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body.

**Investment by NRI or OCI on repatriation basis**

The purchase/sale of equity shares, debentures, preference shares and share warrants issued by an Indian company (hereinafter referred to as "Capital Instruments") of a listed Indian company on a recognized stock exchange in India by Non- Resident Indian (NRI) or Overseas Citizen of India (OCI) on repatriation basis is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2017 as amended from time to time. The total holding by any individual NRI or OCI shall not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants; provided that the aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

**Investment by NRI or OCI on non-repatriation basis**

As per current FDI Policy 2020, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase/ sale of Capital Instruments or convertible notes or units or contribution to the capital of an LLP by a NRI or OCI on non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("US Securities Act") or any other state securities laws in the United States of America and may not be sold or Issueed within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulation S of the U.S. Securities Act, except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

**Accordingly, the equity shares are being Issued and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those Issues and sale occur.**

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

The above information is given for the benefit of the Applicants. Our Company and the Book Running Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

## SECTION IX- MAIN PROVISIONS OF ARTICLE OF ASSOCIATIONS

**THE COMPANIES ACT, 2013**
**ARTICLES OF ASSOCIATION**
**OF**
**PATEL CHEM SPECIALITIES LIMITED**
**[Company Limited by shares]**

I. Interpretation

(1) In these regulations

(a) Company means **PATEL CHEM SPECIALITIES LIMITED**.
(b) Office' means the Registered Office of the Company.
(c) 'Act' means the Companies Act, 2013 and any statutory modification thereof.
(d) 'Seal' means the Common Seal of the Company.
(e) Director' means a director appointed to the Board of a company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations (2 shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

(3) The Company is a Public Company Limited by Shares within the meaning of Section 2 (71) of the Companies Act, 2013 and accordingly. "Public company" means a company:

(a) is not a private company
(b) has a minimum paid-up share capital of five lakh rupees or such higher paid- up capital as may be prescribed Provided that a company which is a subsidiary of a company not being a private company shall be deemed to be public company for the purposes of this Act even where such subsidiary company continues to be a private company in its articles.

II. Share capital and variation of rights

1. Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fil

2.

i. Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided,-

(a) one certificate for all his shares without payment of any charges or
(b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

ii. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.
iii. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several Joint holders shall be sufficient delivery to all such holders.

3.

(i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.

4. Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5.
   (i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder.
   (ii) The fate of amount of the commission shall not exceed the in rules made under sub-section (6) shalcon deed the rate or amount prescribed
   (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other

6.
   (i) If at any time the share capital is divided into different classes of shares, the nights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special PATE resolution passed at a separate meeting of the holders of the shares of that class
   (ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

7. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pan passu therewith.

8. Subject to the provisions of section 65, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

**Lien**

9.
   (i) The company shall have a first and paramount lien-

      a. on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share, and
      b. on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

         Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

   (ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

10. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made-

   (a) unless a sum in respect of which the lien exists is presently payable: or

   (b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency

11.
   (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

   (ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sales

12.

(i) The proceeds of the sale shall be received by the company and payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

**Calls on shares**

13.

(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on thoin shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less one month from the date fixed for the payment of the last

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

14. A call shall be deemed to have been made al the time when the resolution of the Board authorizing the call was passed and may be required to be paid by instalments.

15. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

16.

(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay Interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent, per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

17.

(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fired date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

**18. The Board-**

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

**Transfer of shares**

19.

(i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof

20. The Board may, subject to the right of appeal conferred by section 58 decline to register-

(a) the transfer of a share, not being a fully paid share, to a person of whom they do

(b) any transfer of shares on which the company has a lien

21. The Board may decline to recognise any instrument of transfer unless-

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which It relates, and such other evidence as the Board may reasonably require to show the make the transfer, and

(c) the instrument of transfer is in respect of only one class

22. On giving not less than seven days previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time e to time determine

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

**Transmission of shares**

23.

(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any lability in respect of any share which had been jointly held by him with other persons.

24.

(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to lime properly be required by the Board and subject as hereinafter provided, elect, either-

(a) to be registered himself as holder of the share, or
(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

25.

(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects,

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

26. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he

shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company: Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

27. In case of a One Person Company on the death of the sole member the person nominated the person recognised by y the company as having title to all the shares of the member the nominee on becoming entitled to such shares in case of the members death shall be informed of such event by the Board of the company such nominee shall be entitled to the same dividends and other rights and liabilities to which such sole member of the company was entitled or liable on becoming member such nominee shall nominate any other person with the prior written consent of such person who shall in the event of the death of the member become the member of the company

**Forfeiture of shares**

28. If a member fails to pay any call, or instalment of a call, on the day appointed for payment al any time thereafter during such time as any part of the call for instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

29. The notice aforesaid shall-

(a) name a further day (not being earlier than the expiry of fourteen days from of service of the notice) on or before which the payment required by to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

30. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

31.

i. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit

ii. At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

32.

i. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable. by him to the company in respect of the shares.

ii. The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

33.

i. A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited 'on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

ii. The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of of the the share in favour of the person to whom the share is sold or disposed of,

iii. The transferee shall thereupon be registered as the holder of the share, and

iv. The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share

34. The provisions of these regulations as to forfeiture shall apply in the case of nonpayment of any sum which, by the terms of issue of a share, becomes payable at a fixed lime, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

**Alteration of capital**

35. The company may, from time to lime, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

36. Subject to the provisions of section 61, the company may, by ordinary resolution-

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares

(b) convert all or any of its fully paid-up shares into stocks, and reconvert that stock into fully paid-up shares of any denomination;
(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;
(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

37. Where shares are converted into stock-

(a) the holders of stock may transfer the same of or any part thereof in the same manner as, and subject to the same regulations under which the shores from which the stock-arose might before the conversion have been transferred, or as circumstances admit

Provided that the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum the from which the stock shall not expand the nominal amount

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other patterns, as if they hold the shares from which the stock arose but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding sup) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder in those regulations shall Include "stock" and "stock-holder respectively.

38. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law-

(a) Its share capital

(b) Any capital redemption reserve account; or

(c) Any share premium account

**Capitalisation of profits**

39.

(i) The company in general meeting may, upon the recommendation of the Board, resolve-

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the company's reserve accounts or to the credit of the profit and loss account, or otherwise available for distribution; and
(b) That such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards-

A. paying up any amounts for the time being unpaid on any shares held by such members respectively;

B. paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid:

C. partly in the way specified in sub-clause (A) and partly in that specified in sub- clause (B);

D. A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares,

E. The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

40.

(i) Whenever such a resolution as aforesaid shall have been passed, the Board shall –

(a) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of dully paid shares if any and

(b) Generally do all acts and things required to give effect thereto

(ii) The Board shall have power –

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions, and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, credited as fully paid-up, of any further shares to which they may payment by the half by the application thereto of their the company on behalf, respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares.

(iii) Any agreement made under such authority shall be effective and binding on such members.

**Buy-back of shares**

41. Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

**General Meetings**

42. All general meetings other than annual general meeting shall be called extraordinary general meeting.

43.

(i) The Board may, whenever it thinks fit, call an extraordinary general meeting

(ii) (If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the board.

44.

(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided In section 103.

45. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

46. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

47. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

48. In case of a One Person Company the resolution required to be passed at the general meetings of the company shall be deemed to have been passed if the resolution is agreed upon by the sole member and communicated to the company and entered in the minutes book maintained under section such minutes book shall be signed and dated by the member the resolution shall become effective from the date of signing such minutes by the sole member.

**Adjournment of meeting**

49.

(i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, If so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

**Voting Rights**

50. Subject to any rights or restrictions s for the time being attached to any class or classes of shares.-

(a) on a show of hands, every member present in person shall have one vote, and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid up equity share capital of the company

51. A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

52.

(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

53. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vole by proxy.

54. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll.

55. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

56.

(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due lime shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive

**Proxy**

57. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the

case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

58. An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

59. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no Intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

**Board of Directors**

60. Unless otherwise determined by a General Meeting the number of Directors shall not be less than 3 and not more than 15.

The Present Directors of the Company are

1. **BHUPESH VAHALA BHAI PATEL**
2. **ANSHU BHUPESH PATEL**
3. **VINI BHUPESH PATEL (w.e.f. 01/04/2021)**

None of the directors shall be required to hold any qualification shares.

61.

(i) The remuneration of the director shall, in so far as it consists of a monthly payment, be deemed to nerve from day to day

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them –

(a) In attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company or

(b) In connection with the business of the company

62. The Board may pay all expenses incurred in getting up and registering the company.

63. The company may exercise the powers conferred on it by section 85 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

64. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

65. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

66.

(i) Subject to the provisions of section 149, the Board shall have power at any lima and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions off the Act.

**Proceedings of the Board**

67.

(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

68.

(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

69. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

70.

(i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting. The Board may, subject to the provisions of the Act, dele Act delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

71.

(i) The Board may, subject to the provisions of the Act, dele Act delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform Imposed on it by the Board

72.

(i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the PATE members present may choose one of their members to be Chairperson of the meeting.

73.

(i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

74. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

75. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed al a meeting of the Board or committee, duly convened and held.

76. In case of a One Person Company-

(i) where the company is having only one director, all the businesses to be transacted at the meeting of the Board shall be entered into minutes book maintained under section 118;

(ii) such minutes book shall be signed and dated by the director,

(iii) the resolution shall become effective from the date of signing such minutes by the director.

**Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer**

77. Subject to the provisions of the Act-

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board,

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer

78. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer

**The Seal**

79.

(i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the board or of a committee of the Board authorised by it in that behalf, and except in the presence of at two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

**Dividends and Reserves**

80. The company in general meeting may declare dividend shall exceed the amount recommended by the board.

81. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

82.

(i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks it as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company for equalising dividends and pending such application, may at the or like discretion. either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from lime to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without settle them aside as a reserve.

83.

(i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

84. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

85.

(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

86. Any one of two or mare joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

87. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

88. No dividend shall bear interest against the company.

**Accounts**

89.

(i) The Board shall from lime to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or document of the company except as s conferred by law or authorised by the Board or by the company in general meeting.

**Winding up**

90. Subject to the provisions of Chapter XX of the Act and rules made thereunder-

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any. other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value an ho deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers PATE necessary but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

**Indemnity**

**91.** Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal

## SECTION X- OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company which are or may be deemed material will be attached to the copy of the Prospectus, will be filed with the Registrar of Companies. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the corporate office between 10 a.m. and 5 p.m. on all Working Days from the date of this Draft Red Herring Prospectus until the Issue Closing Date.

**Material Contracts:**

1. Issue Agreement dated December 26, 2024, between our Company and the Book Running Lead Managers to the Issue.

2. Registrar Agreement dated December 26, 2024, executed between our Company and the Registrar to the Issue.

3. Banker to the Issue and Sponsor Bank Agreement dated [●] among our Company, Book Running Lead Managers, Banker to the Issue and the Registrar to the Issue.

4. Underwriting Agreement dated [●] between our Company, Book Running Lead Managers and Underwriter.

5. Syndicate Agreement dated [●] between the Company, BRLMs and Syndicate Members.

6. Market Making Agreement dated [●] between our Company, Book Running Lead Managers and Market Maker.

7. Tripartite Agreement dated September 19, 2024, among NSDL, the Company and the Registrar to the Issue.

8. Tripartite Agreement dated October 22, 2024, among CDSL, the Company and the Registrar to the Issue.

**Material Documents**

1. Certified copies of the Memorandum and Articles of Association of the Company as amended.

2. Certificate of Incorporation of Company dated June 25, 2008, issued by Registrar of Companies, Gujarat, Dadra and Nagar Havelli.

3. Certificate of Incorporation pursuant to the Conversion of Private Limited Company into the Public Limited Company dated August 29, 2024 issued by the Central Processing Centre.

4. Copy of the Board Resolution dated November 18, 2024 authorizing the Issue and other related matters.

5. Copy of Shareholder's Resolution dated November 29, 2024 authorizing the Issue and other related matters.

6. Copies of Audited Financial Statements of our Company for period ended on June 30, 2024 and for the financial year ended March 31, 2024, March 31, 2023 and March 31, 2022.

7. Copies of the Restated Financial Statement of our Company for period ended on June 30, 2024 and financial year ended March 31, 2024, March 31, 2023 and March 31, 2022.

8. Copy of the Statement of Possible Special Tax Benefits dated December 26, 2024 from the Peer Review Auditor.

9. Certificate on KPI's issued by Peer Review Auditor dated December 26, 2024.

10. Consent dated December 26, 2024, from the peer review auditor, Ashok Rajpara & Co., Chartered Accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as the Peer Review Auditor and in respect of the: (i) Restated Financial Statements and their examination report, and (ii) the Statement of Possible tax benefits included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus

11. Consents of the Book Running Lead Managers, Legal Advisor to the Issue, Registrar to the Issue, Statutory Auditor of the Company, Peer Review Auditor, Market Maker*, Underwriters*, Bankers to our Company, Banker to the Issue/ Sponsor Bank*, Syndicate Member*, Promoter of our Company, Directors of our Company, Company Secretary and Compliance Officer and Chief Financial Officer, as referred to, in their respective capacities.
**To be appointed at the time of Red Herring Prospectus.*

12. Consent letter dated December 30, 2024, from Infomerics Analytics & Research Private Limited to rely on and reproduce part or whole of the industry report titled "Industry Report on Chemical Sector" and include their name in this Draft Red Herring Prospectus.

13. Industry report titled "Industry Report on Chemical Sector" dated December 30, 2024, prepared and issued by Infomerics Analytics & Research Private Limited, commissioned and paid for by our Company.

14. Board Resolution dated for approval of Draft Red Herring Prospectus December 30, 2024, and dated [●] for approval of Red Herring Prospectus and dated [●] for approval of Prospectus.

15. Due Diligence Certificate from Book Running Lead Managers dated December 30, 2024.

16. Approval from BSE vide letter dated [●] to use the name of BSE in the Issue Documents for listing of Equity Shares on the SME Platform of the BSE Limited.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Bhupesh Patel**<br>Managing Director<br>DIN: 02075545 | Sd/- |

**Date:** December 30, 2024
**Place:** Ahmedabad

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Anshu Patel**<br>Whole-time Director<br>**DIN:** 02148403 | Sd/- |

**Date:** December 30, 2024
**Place:** Ahmedabad

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Vini Patel**<br>Non-Executive Director<br>**DIN:** 09127826 | Sd/- |

**Date:** December 30, 2024
**Place:** California, USA

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Krunal Patel**<br>Independent & Non-Executive Director<br>**DIN:** 03574314 | Sd/- |

**Date:** December 30, 2024
**Place:** Ahmedabad

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Ashish Tripathi**<br>Independent & Non-Executive Director<br>**DIN:** 06594281 | Sd/- |

**Date:** December 30, 2024
**Place:** Ahmedabad

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Vaishakhi Shukla**<br>Independent & Non-Executive Director<br>**DIN:** 09738364 | Sd/- |

**Date:** December 30, 2024
**Place:** Ahmedabad

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Kalpesh Prajapati**<br>Chief Financial Officer | Sd/- |

**Date:** December 30, 2024
**Place:** Ahmedabad

## DECLARATION

I certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, regulations and guidelines issued by the Government of India, or the regulations or guidelines issued by Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER OF OUR COMPANY:**

| Name and Designation | Signature |
|---|---|
| **Sonalkumari Yadav**<br>Company Secretary and Compliance Officer<br>ICSI Membership No.: 60881 | Sd/- |

**Date:** December 30, 2024
**Place:** Ahmedabad