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**ROYAL ARC ELECTRODES LIMITED**

Corporate Identity Number: U31100MH1996PLC096296

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	EMAIL
72 B, Bombay Talkies Compound, S.V. Road Malad West, Mumbai, Maharashtra, India, 400064	NA	Mansi Bagadiya, Company Secretary and Compliance Officer	<a href="mailto:cs@royalarc.in">cs@royalarc.in</a>
TELEPHONE / MOBILE NO.	WEBSITE		
+91 78880 00553	<a href="https://royalarc.in/">https://royalarc.in/</a>		

**THE PROMOTERS OF OUR COMPANY ARE BIPIN SANGHVI, TARULATA SANGHVI, HARDIK SANGHVI AND SWAGAT SANGHVI**

Type	Fresh Issue Size#	OFS size (by no. of shares or by amount in ₹)#	Total Offer Size#	Eligibility
Fresh Issue and Offer for sale	Upto 18,00,000 Equity Shares aggregating up to ₹ [●] Lakhs	Upto 12,00,000 Equity Shares aggregating up to ₹ [●] Lakhs	Upto 30,00,000 Equity Shares aggregating up to ₹ [●] Lakhs	THIS OFFER IS BEING MADE IN TERMS OF REGULATION 229(2) OF CHAPTER IX OF THE SEBI (ICDR) REGULATIONS, 2018 AS AMENDED

**DETAILS OF THE SELLING SHAREHOLDER, OFFER FOR SALE AND WEIGHTED AVERAGE COST OF ACQUISITION PER EQUITY SHARE**

NAME	TYPE	NUMBER OF SHARES OFFERED /AMOUNT (₹ IN LAKHS)	WEIGHTAGE AVERAGE COST OF ACQUISITION PER EQUITY SHARES (IN ₹) *
Bipin Sanghvi	Promoter Selling Shareholder	Up to 1,71,000 Equity Shares aggregating up to ₹ [●] Lakhs	1.67
Tarulata Sanghvi	Promoter Selling Shareholder	Up to 1,23,000 Equity Shares aggregating up to ₹ [●] Lakhs	18.93
Hardik Sanghvi	Promoter Selling Shareholder	Up to 3,33,000 Equity Shares aggregating up to ₹ [●] Lakhs	13.56
Swagat Sanghvi	Promoter Selling Shareholder	Up to 3,33,000 Equity Shares aggregating up to ₹ [●] Lakhs	8.58
Pooja Sanghvi	Promoter Group Selling Shareholders	Up to 1,20,000 Equity Shares aggregating up to ₹ [●] Lakhs	22.50
Ami Sanghvi	Promoter Group Selling Shareholders	Up to 1,20,000 Equity Shares aggregating up to ₹ [●] Lakhs	1.28

\* As certified by Bagadia & Jain, Chartered Accountants, by way of their certificate dated August 2, 2024

† Subject to finalisation of the Basis of Allotment.

**RISK IN RELATION TO THE FIRST OFFER**

This being the first public Offer of Equity Shares 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/- each. The Floor Price, Cap Price and Offer Price determined and justified by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process as stated in chapter titled "Basis for Offer Price" beginning on page 114 of this Draft Red Herring Prospectus, should not be taken 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 and/or sustained trading in the Equity Shares or 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 Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have neither been recommended nor approved by Securities and Exchange Board of India ("SEBI") nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled "Risk Factors" beginning on page 33 of this Draft Red Herring Prospectus.

**COMPANY'S AND SELLING SHAREHOLDER 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 Offer, which is material in the context of the Offer, 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 makes 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. Further, the Promoter Selling Shareholder, accepts responsibility for and confirms the statements made or confirmed by such Promoter Selling Shareholder in this Draft Red Herring Prospectus solely in relation to itself and its respective portion of the Offered Shares and confirms that such statements are true and correct in all material respects and are not misleading in any material respect.

**LISTING**

The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the EMERGE Platform of NSE India ("NSE EMERGE"), in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. Our Company has received an In-Principle approval letter dated [●] from NSE Limited.

BOOK RUNNING LEAD MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
 <p><b>FEDEX SECURITIES PRIVATE LIMITED</b> B 7, 3rd Floor, Jay Chambers, Dayaldas Road, Vile Parle – [East], Mumbai - 400 057, Maharashtra, India Tel No.: +91 81049 85249 E-mail: <a href="mailto:mb@fedsec.in">mb@fedsec.in</a> Website: <a href="http://www.fedsec.in">www.fedsec.in</a> Contact Person: Saipan Sanghvi SEBI Registration Number: INM000010163 Investor Grievance E-Mail: <a href="mailto:mb@fedsec.in">mb@fedsec.in</a></p>	 <p><b>KFIN TECHNOLOGIES LIMITED</b> Selenium Tower-B, Plot 31 &amp; 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana, India Tel No.: +91 40 6716 2222 Toll Free No.: 1800 309 4001 Email Id: <a href="mailto:rael.ipo@kfintech.com">rael.ipo@kfintech.com</a> Investor Grievance Email Id: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Contact Person: M Murali Krishna Website: <a href="http://www.kfintech.com">www.kfintech.com</a> SEBI Registration No.: INR0000000221</p>
OFFER PROGRAMME	
ANCHOR INVESTOR BIDDING DATE <sup>(1)</sup> : [●]	OFFER OPENED ON: [●]
	OFFER CLOSED ON <sup>(2)(3)</sup> : [●]

<sup>(1)</sup> Our Company, in consultation with the BRLM, 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/Offer Opening Date.

<sup>(2)</sup> Our Company, in consultation with the BRLM, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulation.

<sup>(3)</sup> The UPI mandate end time and date were at 5:00 p.m. on the Bid/Offer Closing Day.



Our Company was incorporated in Mumbai, Maharashtra, as a "Royalarc Electrodes Private Limited", a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 15, 1996, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a special resolution passed by our Shareholders at the Extraordinary General Meeting held on March 09, 2005, and consequent upon conversion, the name of our Company was changed to "Royalarc Electrodes Limited" and a certificate of change of name dated March 31, 2005, issued by Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of our Company was changed to "Royal Arc Electrodes Limited" pursuant to the special resolution passed by the Shareholders of our Company at the Extra-Ordinary General Meeting held on May 29, 2023. The Registrar of Companies, Maharashtra, Mumbai issued a fresh certificate of incorporation dated June 16, 2023, upon change of the name of the Company. For further details, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 178 of this Draft Red Herring Prospectus.

**Registered Office:** 72 B, Bombay Talkies Compound, S.V. Road Malad West, Mumbai, Maharashtra, India, 400064

**Tel No. / Mob No:** +91 78880 00553; **Email:** [cs@royalarc.in](mailto:cs@royalarc.in); **Website:** <https://royalarc.in/>

**Contact Person:** Mansi Bagadiya, Company Secretary & Compliance Officer

**OUR PROMOTERS:** BIPIN SANGHVI, TARULATA SANGHVI, HARDIK SANGHVI AND SWAGAT SANGHVI

### THE OFFER

INITIAL PUBLIC OFFER OF UPTO 30,00,000\* EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH ("EQUITY SHARES") OF ROYAL ARC ELECTRODES LIMITED ("THE COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (THE "OFFER PRICE"), (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE), AGGREGATING UPTO ₹ [●] LAKHS ("THE OFFER"), COMPRISING A FRESH ISSUE OF UP TO 18,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 12,00,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY SELLING SHAREHOLDERS (AS DEFINED BELOW), COMPRISING AN OFFER FOR SALE OF UPTO 3,33,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY HARDIK SANGHVI, 3,33,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY SWAGAT SANGHVI, 1,71,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY BIPIN SANGHVI, 1,23,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY TARULATA SANGHVI ("PROMOTER SELLING SHAREHOLDER") AND AN OFFER FOR SALE OF UPTO 1,20,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY POOJA SANGHVI, AND OF UPTO 1,20,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AGGREGATING UP TO ₹ [●] LAKHS BY AMI SANGHVI ("PROMOTER GROUP SELLING SHAREHOLDER") (TOGETHER WITH THE PROMOTER SELLING SHAREHOLDER, "SELLING SHAREHOLDER" AND SUCH EQUITY SHARES OFFERED BY THE SELLING SHAREHOLDERS, THE "OFFERED SHARES"). THE [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- FOR CASH AT A PRICE OF ₹ [●] EACH AGGREGATING ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH OF FACE VALUE OF ₹ 10 EACH FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE, AGGREGATING TO ₹ [●] LAKHS IS HERE IN AFTER REFERRED TO AS THE "NET OFFER". THE OFFER AND THE NET OFFER WILL CONSTITUTE [●] % AND [●] % RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF THE COMPANY. FOR FURTHER DETAILS, PLEASE REFER TO CHAPTER TITLED "TERMS OF THE OFFER" BEGINNING ON PAGE NO 287 OF THIS DRAFT RED HERRING PROSPECTUS.

\*SUBJECT TO FINALISATION OF BASIS OF ALLOTMENT

THE FACE VALUE OF THE EQUITY SHARE IS ₹ 10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLM AND WILL BE ADVERTISED IN ALL EDITIONS OF EDITION OF [●] (A WIDELY CIRCULATED ENGLISH NATIONAL DAILY NEWSPAPER), ALL EDITION OF [●] (A WIDELY CIRCULATED HINDI NATIONAL DAILY NEWSPAPER), AND THE MUMBAI EDITION OF [●] (A WIDELY CIRCULATED MARATHI DAILY NEWSPAPER, MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE AND SHALL BE MADE AVAILABLE TO THE EMERGE PLATFORM OF NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE EMERGE") FOR THE PURPOSES OF UPLOADING ON THEIR WEBSITE IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS").

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer 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/Offer Period for a minimum of one Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the Members of the Syndicate and by intimation to Designated Intermediaries and Sponsor Bank as applicable.

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) 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 Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs", the "QIB Portion"), and such portion, the "QIB Portion", provided that our Company in consultation with the BRLM, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("Anchor Investor Portion"). One-third of the Anchor Investor Portion shall be reserved for the domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion (other than the Anchor Investor Portion) (the "Net QIB Portion"). Further, 5.00% of the 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 Offer Price. However, if the aggregate demand from Mutual Funds is less than 5.00% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15 % of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35 % of the Net Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders (other than Anchor Investors), are required to participate in the Offer by mandatorily utilizing the Application Supported by Blocked Amount ("ASBA") process by providing details of their respective ASBA Account (as defined hereinafter) and UPI ID in case of UPI Bidders (as defined hereinafter), in which the corresponding Bid Amounts will be blocked by the Self Certified Syndicate Banks ("SCSBs") or by the Sponsor Bank(s) 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 Offer through the ASBA processor under the UPI Mechanism, as the case may be, to the extent of respective Bid Amounts. For details, please refer to chapter titled "Offer Procedure" beginning on page 298 of this Draft Red Herring Prospectus.

All potential investors shall participate in the Offer through an Application Supported by Blocked Amount ("ASBA") process including through UPI mode (as applicable) by providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, please refer to chapter titled "Offer Procedure" beginning on page 298 of this Draft Red Herring Prospectus. A copy of Red Herring Prospectus will be filed with the Registrar of Companies in accordance with Chapter 26 of the Companies Act, 2013.

<b>RISK IN RELATION TO THE FIRST OFFER</b>	
<p>This being the first Public Offer of Equity Shares of our Company, there has been no formal market for the securities of our Company. The face value of the shares is ₹ 10/- per Equity Shares. The Offer Price, Floor Price or the Price Band as determined by our Company in consultation with the Book Running Lead Manager, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated in the chapter titled on <b>“Basis for Offer Price”</b> beginning on page 114 of this Draft Red Herring Prospectus should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the equity shares of our Company or regarding the price at which the Equity Shares will be traded after listing.</p>	
<b>GENERAL RISKS</b>	
<p>Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have neither been recommended nor approved by Securities and Exchange Board of India nor does Securities and Exchange Board of India guarantee the accuracy or adequacy of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the chapter titled <b>“Risk Factors”</b> beginning on page 33 of this Draft Red Herring Prospectus.</p>	
<b>COMPANY’S ABSOLUTE RESPONSIBILITY</b>	
<p>Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regards to our Company and the Offer, which is material in the context of the Offer, 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 makes 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. The Selling Shareholders accepts responsibility for and confirms the statements made or confirmed by such Selling Shareholder in this Draft Red Herring Prospectus to the extent of information specifically pertaining to them and their portion of the Offered Shares, and assumes responsibility that such statements are true and correct in all material respects and are not misleading in any material respect</p>	
<b>LISTING</b>	
<p>The Equity Shares offered through this Draft Red Herring Prospectus are proposed to be listed on the EMERGE Platform of National Stock Exchange of India Limited (‘NSE EMERGE’), in terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. Our Company has received an In- Principle Approval letter dated [●] from NSE EMERGE for using its name in this Offer Document for listing of our shares on the NSE EMERGE. For the purpose of this Offer, the Designated Stock Exchange will be NSE Limited. A copy of the Red Herring Prospectus shall be filed with the RoC in accordance with Sections 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/Offer Closing Date, please refer to chapter titled <b>“Material Contracts and Documents for Inspection”</b> beginning on page 343 of this Draft Red Herring Prospectus.</p>	
BOOK RUNNING LEAD MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
	
<p><b>FEDEX SECURITIES PRIVATE LIMITED</b>            B 7, 3rd Floor, Jay Chambers, Dayaldas Road, Vile Parle – [East],            Mumbai - 400 057, Maharashtra, India  <b>Tel No.:</b> +91 81049 85249  <b>E-mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a>  <b>Website:</b> <a href="http://www.fedsec.in">www.fedsec.in</a>  <b>Contact Person:</b> Saipan Sanghvi  <b>SEBI Registration Number:</b> INM000010163  <b>Investor Grievance E-Mail:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a></p>	<p><b>KFIN TECHNOLOGIES LIMITED</b>            Selenium Tower-B, Plot 31 &amp; 32, Gachibowli, Financial District,            Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana, India  <b>Tel No.:</b> +91 40 6716 2222  <b>Toll Free No.:</b> 1800 309 4001  <b>Email Id:</b> <a href="mailto:rael.ipo@kfintech.com">rael.ipo@kfintech.com</a>  <b>Investor Grievance Email Id:</b> <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a>  <b>Contact Person:</b> M Murali Krishna  <b>Website:</b> <a href="http://www.kfintech.com">www.kfintech.com</a>  <b>SEBI Registration No.:</b> INR000000221</p>
<b>OFFER PROGRAMME</b>	
<b>ANCHOR INVESTOR BIDDING DATE ON <sup>(1)</sup></b>	[●]
<b>OFFER OPENED ON:</b>	[●]
<b>OFFER CLOSED ON <sup>(2) (3)</sup></b>	[●]

<sup>(1)</sup> The Company in consultation with the Book Running Lead Manager, considered participation by Anchor Investors in accordance with the SEBI ICDR regulations. The Anchor Investor Application/Offer Period was opened one Working Day prior to the Application/Offer Opening Date.

<sup>(2)</sup> Our Company may in consultation with the BRLM, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations

<sup>(3)</sup> UPI mandate end time and date were at 5:00 pm on the Bid/Offer Closing Date.

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## CHAPTER - I - GENERAL

### DEFINITION AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulations, rules, guidelines or policies shall be to such legislation, act, regulations, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision. Further, the Offer related terms used but not defined in this Draft Red Herring Prospectus shall have the meaning ascribed to such terms under the General Information Document. In case of any inconsistency between the definitions given below and the definitions contained in the General Information Document (as defined below), the definitions given below shall prevail.

The words and expressions used in this Draft Red Herring Prospectus, but not defined herein shall have, to the extent applicable, the meaning ascribed to such terms under SEBI ICDR Regulations 2018, the Companies Act 2013, the SCRA, the Depositories Act, and the rules and regulations made thereunder.

Notwithstanding the foregoing, the terms not defined but used in the chapters titled “*Statement of Possible Tax Benefits*”, “*Restated Financial Statement*”, “*Outstanding Litigations and Material Developments*”, “*Key Industry Regulations and Policies*” and “*Main Provision of Articles of Association*” beginning on pages 126, 205, 265, 171 and 331 respectively of this Draft Red Herring Prospectus, shall have the meanings ascribed to such terms in the respective chapters.

### CONVENTIONAL OR GENERAL TERMS

Term	Description
“Royal Arc Electrodes Limited”, “RAEL”, “We” or “us” or “Our Company” or “the Issuer”	Unless the context otherwise indicates or implies refers to Royal Arc Electrodes Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered Office at 72 B, Bombay Talkies Compound, S.V. Road Malad West, Mumbai City, Mumbai, Maharashtra, India, 400064
“Promoters”	Bipin Sanghvi, Tarulata Sanghvi, Hardik Sanghvi and Swagat Sanghvi
“Promoter Group”	Such persons, entities and companies constituting our Promoter group pursuant to Regulation 2(1) (pp) of SEBI ICDR Regulations as disclosed in the chapter titled “ <i>Our Promoter and Promoter Group</i> ” beginning on page 197 of this Draft Red Herring Prospectus.
“we”, or “us”, or “our”	Unless the context otherwise indicates or implies, refers to our Company
“you”, “your” or “yours”	Prospective Investors in this Offer

### CORPORATE RELATED TERMS

Term	Description
“AOA / Articles / Articles of Association”	The Articles of Association of Royal Arc Electrodes Limited, as amended from time to time
“Auditors / Statutory Auditors / Peer Review Auditor”	The Statutory Auditor of our Company, being Bagadia & Jain, Chartered Accountants (FRN: 128719W) and Peer Review Number: 016439
“Audit Committee”	The Audit Committee of our Board, as described in the chapter titled “ <i>Our Management – Corporate Governance – Board Committees</i> ” beginning on page 189 of this Draft Red Herring Prospectus.
“Board / Board of Directors / Our Board”	The Board of Directors of our Company, including all duly constituted from time to time including any Committees thereof as the context may please refer to chapter titled “ <i>Our Management- Board of Directors</i> ” beginning on page 182 of this Draft Red Herring Prospectus.
“Banker to our Company”	Hongkong and Shanghai Banking Corporation Limited (“HSBC Bank”) and State Bank of India (“SBI”)
“Chairman/ Chairperson”	The Chairman of our Company being Bipin Sanghvi, please refer to chapter titled “ <i>Our Management- Board of Directors</i> ” beginning on page 182 of this Draft Red Herring Prospectus.

Term	Description
“Chief Financial Officer/ CFO”	The Chief Financial Officer of our Company, being Hardik Sanghvi. Please refer to chapter titled <b>“Our Management – Key Managerial Personnel of our Company”</b> beginning on page 194 of this Draft Red Herring Prospectus.
“Company Secretary and Compliance Officer”	The Company Secretary and Compliance Officer of our Company, being Mansi Bagadiya. Please refer to chapter titled <b>“Our Management – Key Managerial Personnel of our Company”</b> beginning on page 194 of this Draft Red Herring Prospectus.
“Corporate Identification Number (CIN)”	U31100MH1996PLC096296
“Director(s)”	Director(s) on the Board of Royal Arc Electrodes Limited as appointed from time to time, unless otherwise specified. For further details, please refer to chapter titled <b>“Our Management- Board of Directors”</b> beginning on page 182 of this Draft Red Herring Prospectus
“Equity Shares/Shares”	Equity Shares of our Company having face value of ₹ 10.00/- each, fully paid up, unless otherwise specified in the context thereof
“Equity Shareholders / Shareholders”	Persons /entities holding Equity Shares of our Company
“Group Companies”	Companies (other than our Promoters and subsidiaries) with which there were Related Party Transactions as disclosed in the Restated Financial Statements as covered under the applicable accounting standards and also other companies as considered material by our Company, and as disclosed in the chapter titled <b>“Our Group Companies”</b> beginning on page 202 of this Draft Red Herring Prospectus
“Independent Director”	Independent directors on the Board, and eligible to be appointed as an independent director under the provisions of Companies Act. For further details, please refer to chapter titled <b>“Our Management- Board of Directors”</b> beginning on page 182 of this Draft Red Herring Prospectus.
“ISIN”	International Securities Identification Number is INE0EO401019.
“Key Management Personnel /KMP”	Key Management Personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI (ICDR) Regulations and Section 2(51) of the Companies Act, 2013. For details, please refer to chapter titled <b>“Our Management- Brief Profile of Key Managerial Personnel”</b> beginning on page 194 of this Draft Red Herring Prospectus.
“Managing Director “	Managing Director of our Company, Bipin Sanghvi. For details, please refer to the chapter titled <b>“Our Management-Board of Director ”</b> beginning on page 182 of this Draft Red Herring Prospectus.
“Market maker”	The market maker of our Company being [●].
Materiality Policy	The policy adopted by our Board of Directors on March 6, 2024, for identification of material:(a) outstanding litigation proceedings; (b) Group Companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus
“MoA / Memorandum of Association”	The Memorandum of Association of our Company, as amended from time to time.
“Nomination & Remuneration Committee”	The Nomination and Remuneration Committee of our Board described in the chapter titled <b>“Our Management – Corporate Governance –Board Committees”</b> beginning on page 189 of this Draft Red Herring Prospectus.
“NRIs / Non-Resident Indian”	A person resident outside India, as defined under FEMA Regulation and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
Non-Executive Director	The non-executive director(s) of our Company. For details, please refer to the chapter titled <b>“Our Management- Board of Directors”</b> beginning on page 182 of this Draft Red Herring Prospectus.

Term	Description
“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	The promoter of our Company are Bipin Sanghvi, Tarulata Sanghvi, Hardik Sanghvi and Swagat Sanghvi. For details, please refer to the chapter titled “ <b>Our Promoter and Promoter Group</b> ” beginning on page 197 of this Draft Red Herring Prospectus/
“Promoter Selling Shareholder	Bipin Sanghvi, Tarulata Sanghvi, Hardik Sanghvi and Swagat Sanghvi.
“Promoter Group Selling Shareholder	Ami Sanghvi and Pooja Sanghvi
Promoter Group	The entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as listed in chapter titled “ <b>Our Promoters and Promoter Group</b> ” beginning on page 197 of this Draft Red Herring Prospectus.
“Registered Office”	72 B, Bombay Talkies Compound, S.V. Road, Malad West, Mumbai City, Mumbai, Maharashtra, India, 400064
“Registrar of Companies / ROC / RoC”	Registrar of Companies, Maharashtra, Mumbai
“Restated Financial Statements”	The Restated Financial Statements of the Company for the financial year ended at March 31, 2024, March ,31, 2023, and March 31, 2022, comprising the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss, the Restated Statement of Cash flows and the Restated Statement of Changes in Equity and the significant accounting policies and other explanatory information prepared in terms of the Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations and the Guidance Note on Reports in Company Draft Red Herring Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended disclosed in the chapter titled “ <b>Restated Financial Statements</b> ” beginning on page 205 of this Draft Red Herring Prospectus.
Senior Management	Senior management of our Company in terms of Regulation 2(1) (bbbb) of the SEBI ICDR Regulations. For details, please refer to the chapter titled “ <b>Our Management-Key Managerial Personnel and Senior Management Personnel</b> ” beginning on page 194 of this Draft Red Herring Prospectus
Selling Shareholders	Together, the Promoter Selling Shareholders and the Promoter Group Selling Shareholders.
“Shareholders/ Members”	Holders of equity shares of our Company from time to time.
“Stakeholders Relationship Committee”	The Stakeholders Relationship 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 read with the Companies (Meetings of Board and its Powers) Rules, 2014 and described in the chapter titled “ <b>Our Management-Corporate Governance- Board Committees</b> ” beginning on page 189 of this Draft Red Herring Prospectus.
“Whole-time Director”	Whole-time director(s) of our Company

**OFFER RELATED TERMS**

<b>Term</b>	<b>Description</b>
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by SEBI in this behalf.
Acknowledgement Slip	The acknowledgement slips or document issued by the Designated Intermediary to the Bidder as proof of having accepted the Application Form.
Allot / Allotment / Allotted / Allotment of Equity Shares	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Offer of Equity Shares to the successful Bidders.
Allottee(s)	A successful Bidder to whom the Equity Shares are being allotted.
Allotment Advice	Note or advice or intimation of Allotment sent to each successful Bidder who have been or are to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange.
Allotment Date	Date on which the Allotment is made
Anchor Investor	A Qualified Institutional Buyer, who applied under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus, and who had Bid for an amount of at least ₹200 lakhs.
Anchor Investor Offer Price	₹ [●], being the price at which the Equity Shares were Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus. The Anchor Investor Offer Price was decided by our Company in consultation with the BRLM during the Anchor Investor Bidding Date.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLM, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. 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.
Anchor Investor Bidding Date or Anchor Investor Bid/ Offer Period	The date, being one Working Day prior to the Bid / Offer Opening Date, on which Bids by Anchor Investors were submitted and allocation to Anchor Investors was completed, being [●].
Anchor Investor Pay-in Date	With respect to Anchor Investor(s), it was the Anchor Investor Bidding Date, i.e., [●].
Anchor Investor Portion	60% of the QIB Portion consisting of [●] Equity Shares which were made available for allocation by our Company in consultation with the BRLM to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. Subject to finalisation of the Basis of Allotment
Applicant	Any prospective investor who makes an application for Equity Shares of our Company in terms of the Draft Red Herring Prospectus. All the applicants should make application through ASBA only.
Application Lot	[●] Equity Shares and in multiples thereof.
Application Amount	The amount at which the Bidder makes an application for Equity Shares of our Company in terms of the Draft Red Herring Prospectus.
Application Supported by Blocked Amount/ ASBA	An application, whether physical or electronic, used by Bidders to make an application and authorize an SCSB to block the application Amount in the ASBA Account.
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by Bidder for blocking the application Amount mentioned in the ASBA Form.
ASBA Bid	A Bid made by an ASBA Bidder.
ASBA Bidder	Any prospective investor who makes an application pursuant to the terms of the Prospectus and the Application Form including through UPI mode (as applicable)
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidder which will be considered as the application for Allotment in terms of the Prospectus.
Bankers to the Company	Hongkong and Shanghai Banking Corporation Limited (“HSBC Bank”) and State Bank of India (“SBI”).
Banker to the Offer / Refund Banker / Public Issue Bank	Collectively, Escrow Collection Bank, Public Issue Bank, Sponsor Bank and Refund Bank, as the case may be. In this case, being, [●].

Term	Description
Bankers to the Offer Agreement	Banker to the Offer Agreement entered on [●] amongst our Company, Selling Shareholders, Book Running Lead Manager, the Registrar to the Offer and Banker to the Offer / Sponsor Bank for collection of the Application Amount on the terms and conditions thereof
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, described in the chapter titled “ <i>Offer Procedure-</i> ” beginning on page 298 of this Draft Red Herring Prospectus
Bharat/India	Bharat that is India shall be a Union of States, as stated in the Article 1 of the Constitution of India
Bid	An indication to make an offer during the Bid/ Offer Period by a Bidder (other than an Anchor Investor) pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/ Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor 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 and in terms of the Prospectus and the Bid cum Application Form. The term “Bidding” shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Offer.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Bid/ Offer Closing Date	<p>Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries did not accept any Bids, being [●], which was published in all editions of the English national newspaper [●] (a widely circulated English national daily newspaper), all editions of Hindi national newspaper [●] (a widely circulated Hindi national daily newspaper) and Mumbai Edition of Regional newspaper [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra where our Registered Office is located where the registered office of the company is situated, each with wide circulation, and in case of any revision, the extended Bid/ Offer closing Date also to be notified on the website and terminals of the Syndicate, SCSB’s and Sponsor Bank, as required under the SEBI ICDR Regulations.</p> <p>In case of any revisions, the extended Bid/ Offer Closing Date will be widely disseminated by notification to the Stock Exchanges, by issuing a public notice, and also by indicating the change on the websites of the Book Running Lead Manager and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank(s), which shall also be notified in an advertisement in the same newspapers in which the Bid/ Offer Opening Date was published, as required under the SEBI ICDR Regulations</p> <p>Our Company, in consultation with the Book Running Lead Manager, may consider closing the Bid/ Offer Period for QIBs one Working Day prior to the Bid/ Offer Closing Date in accordance with the SEBI ICDR Regulations, which shall also be notified by advertisement in the same newspapers where the Bid/ Offer Opening Date was published, in accordance with the SEBI ICDR Regulations.</p>
Bid/ Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries started accept any Bids, being [●], 2024, which shall be notified in in all editions of the English national newspaper [●] (a widely circulated English national daily newspaper), all editions of Hindi national newspaper [●] (a widely circulated Hindi national daily newspaper), and Mumbai Edition of Regional newspaper [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra where our Registered Office is



Term	Description
	located) where the registered office of the company is situated, each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Offer Period	Except in relation to any Bids received from the Anchor Investors, the period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date or the QIB Bid/ Offer Closing Date, as the case may be, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof. Provided however that the Bidding/ Offer Period shall be kept open for a minimum of three Working Days for all categories of Bidders.
Bidder/ Applicant	Any prospective investor who makes a bid pursuant to the terms of the Draft Red Herring Prospectus and the Bid-Cum-Application Form and unless otherwise stated or implied, which includes an ASBA Bidder and an Anchor Investor.
Bidding	The process of making a Bid.
Bidding/ Collection Centers	Centers at which the Designated intermediaries shall accept the ASBA Forms, i.e. Designated SCSB Branches for SCSBs, specified locations for syndicates, broker centers for registered brokers, designated RTA Locations for RTAs and designated CDP locations for CDPs.
Book Building Process/ Book Building Method	Book building process, as provided in Part A of Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
Book Running Lead Manager/ BRLM	The Book Running Lead Manager to the Offer namely, Fedex Securities Private Limited.
Brokers Centers	Broker centers notified by the Stock Exchanges, where the Bidders can submit the Application Forms to a Registered Broker. The details of such broker centers, along with the name and contact details of the Registered Brokers, are available on the website of the NSE Limited.
Business Day	Any day on which commercial banks are open for the business in Mumbai.
CAN /Confirmation of Allocation Note	A note or advice or intimation sent to Investors, who have been allotted the Equity Shares, after approval of Basis of Allotment by the Designated Stock Exchange.
Cap Price	The higher end of the price band above which the Offer Price and the Anchor Investor Offer Price will not be finalized and above which no Bids will be accepted. The Cap Price shall not be more than 120% of the Floor Price, provided that the Cap Price shall be at least 105% of the Floor Price.
Client ID	Client Identification Number of the Beneficiary Account
Collection Centers	Broker Centers notified by National Stock Exchange of India Limited where Bidders 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 website of the <a href="http://www.nseindia.com">www.nseindia.com</a>
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Application Forms at the Designated CDP Locations in terms of circular no. GR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Controlling Branches/ Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate Application Forms by the ASBA Bidders with the Registrar to the Offer and <a href="http://www.nseindia.com">www.nseindia.com</a> and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time.
Covid-19	The novel coronavirus disease which was declared as a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020, by the World Health Organization.
Cut-off Price	The Offer Price, as finalized by our Company in consultation with the Book Running Lead Manager which shall be any price within the Price Band. Only Retail Individual Bidders Bidding in the Retail Portion, are entitled to Application at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Application at the Cut-off Price.

Term	Description
Cut-off time	For all pending UPI Mandate Requests, the Sponsor Bank(s) shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5:00 pm on after the Bid/Offer Closing Date.
Demographic Details	The demographic details of the Bidder such as their address, PAN, occupation, bank account details, and UPI ID (as applicable).
Depositories	National Securities Depositories Limited (NSDL) and Central Depository Services Limited (CDSL) or any other Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant/DP	A depository participant registered with SEBI under the Depositories Act.
Designated CDP Locations	Such centre of the CDPs where Bidder can submit the ASBA For The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the website of <a href="http://www.nseindia.com">www.nseindia.com</a>
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Account(s) to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of UPI Bidders using UPI Mechanism, instruction issued through the Sponsor Bank(s) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account, in terms of the Red Herring Prospectus and the Prospectus, following which the Equity Shares will be Allotted in the Offer.
Designated Intermediaries	The members of the Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are categorized to collect Application Forms from the Bidder, in relation to the Offer.
Designated Market Maker	[●] will act as the Market Maker and has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI ICDR Regulations.
Designated RTA Locations	Such locations of the RTAs where Bidder can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the <a href="http://www.kfintech.com">www.kfintech.com</a>
Designated SCSB Branches	Such Branches of the SCSBs which shall collect the ASBA Forms used by the Bidder, a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a>
DP ID	Depository Participant's Identity Number.
Designated Stock Exchange	EMERGE Platform of National Stock Exchange (NSE EMERGE).
Draft Red Herring Prospectus	The Draft Red Herring Prospectus dated August 2, 2024 issued in accordance with SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Electronic Transfer of Funds	Refunds through NACH, NEFT, Direct Credit or RTGS as applicable
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the ASBA Form and the Draft Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares and who have opened dematerialized accounts with SEBI registered qualified depository participants
Eligible QFIs	Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation to participate in the Offer and in relation to whom the Draft Red Herring Prospectus constitutes an invitation to subscribe to Equity Shares issued thereby, and who have opened dematerialized accounts with SEBI registered qualified depository participants, and are deemed as FPIs under SEBI FPI Regulations
EMERGE Platform of NSE / SME Exchange / Stock Exchange / NSE SME	The EMERGE Platform of National Stock Exchange of India Limited, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter IX of the SEBI (ICDR) Regulations

Term	Description
Escrow Account(s)	The 'no-lien' and 'non-interest bearing' account(s) opened with the Escrow Collection Bank and in whose favour the Bidders (excluding the ASBA Bidders) will transfer money through direct credit/NEFT/RTGS/NACH in respect of the Bid Amount when submitting a Bid
Escrow Agreement	An agreement to be entered among our Company, Selling Shareholder, the Registrar to the Offer, the Escrow Collection Bank(s)/Refund Bank(s)/Sponsor Bank and the Book Running Lead Manager for the collection of Application Amounts and where applicable, for remitting refunds, on the terms and conditions thereof
Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an Offer and with whom the Escrow Accounts will be opened, in this case being [●]
First Bidder/Sole Bidder	Bidder whose name appears first in the Application Form in case of a joint application form and whose name shall also appear as the first holder of the beneficiary account held in joint names or in any revisions thereof
Floor Price	The lower end of the Price Band i.e., ₹ [●] per Equity Share, subject to any revision thereto, not being less than the face value of the Equity Shares at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue component of the Offer comprising an issuance by our Company of upto 18,00,000 Equity Shares of face value ₹10 each at ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹[●] Lakhs  Subject to finalisation of the Basis of Allotment
Foreign Portfolio Investor / FPIs	Foreign Portfolio Investor as defined under SEBI FPI Regulations
Fraudulent Borrower	Fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulation
General Corporate Purpose	Include such identified purposes for which no specific amount is allocated or any amount so specified towards general corporate purpose or any such purpose by whatever name called, in the offer document. Provided that any Offer related expenses shall not be considered as a part of general corporate purpose merely because no specific amount has been allocated for such expenses in the offer document
General Information Document/ GID	The General Information Document for investing in public offers, prepared and issued in accordance with the circular (SEBI/HO/CFD/DIL1/CIR/P/2020/37) dated March 17, 2020 issued by SEBI and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLM
Listing Agreement	The Listing Agreement to be signed between our Company and NSE
KPI	Key Performance Indicator
Mandate Request	Mandate Request means a request initiated on the RII by sponsor bank to authorize the blocking of funds equivalent to the application amount and subsequent debit to funds in case of allotment
Market Making Agreement	The Market Making Agreement dated [●] between our Company, the Book Running Lead Manager and Market Maker
Market Maker Reservation Portion	The reserved portion of [●] Equity Shares of face value of ₹ 10.00/- each fully paid-up for cash at a price of ₹ [●]- per Equity Share aggregating to ₹ [●] Lakhs for the Market Maker in this Offer  Subject to finalization of the Basis of Allotment
MSME	Micro Small and Medium Enterprises
Mutual Fund(s)	Mutual fund(s) registered with SEBI pursuant to SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
Mutual Fund Portion	5% of the Net QIB Portion or [●] Equity Shares of face value ₹10 which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price

Term	Description
NSE	National Stock Exchange of India
Net Proceeds	Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further details, please refer to the chapter titled " <b>Objects of the Offer</b> " beginning on page 103 of this Draft Red Herring Prospectus
Net Offer	The offer less market maker reservation portion
Non-Institutional Bidders / Non-Institutional Investor / NIB/ NII	The portion of the Offer being not less than 15% of the Offer comprising [●] Equity Shares of face value ₹10 each which shall be available for allocation on a proportionate basis or any other manner as introduced in accordance with applicable laws, to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price. All Bidders (including Eligible NRIs), who are not QIBs or Retail Individual Bidders and who have applied for Equity Shares for an amount of more than ₹ 2,00,000
NPCI	National Payments Corporation of India
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, Eligible QFIs, FIIs registered with SEBI and FVCIs registered with SEBI
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Offer/ Offer Size / Public Offer / IPO	<p>The initial public offer of Equity Shares comprising the Fresh Issue and the Offer for Sale.</p> <p>Initial public offer of up to 30,00,000 Equity Shares of face value ₹10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per equity share) aggregating to ₹ [●] Lakhs. The Offer comprises of a Fresh Issue of up to 18,00,000 Equity Shares of face value ₹10 each aggregating to ₹ [●] Lakhs and an Offer for Sale of up to 12,00,000 Equity Shares of face value ₹10 aggregating to ₹ [●] Lakhs by the Selling Shareholders</p> <p>Subject to finalisation of the Basis of Allotment</p>
Offer Agreement	The agreement dated July 3, 2024, between our Company, Selling Shareholders and the Book Running Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Offer
Overseas Corporate Body/ OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Offer
Offer for Sale	The offer for sale component of the Offer of up to 1,71,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs by Bipin Sanghvi, up to 1,23,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs by Tarulata Sanghvi, up to 3,33,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs by Hardik Sanghvi, up to 3,33,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs by Swagat Sanghvi, up to 1,20,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs by Pooja Sanghvi and up to 1,20,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] Lakhs by Ami Sanghvi
Offer Period	The period between the Offer Opening Date and the Offer Closing Date (inclusive of such date and the Offer Opening Date) during which prospective Bidders can submit their Application Forms, inclusive of any revision thereof. Provided however that the applications shall be kept open for a minimum of three (3) Working Days for all categories of Bidders. Our Company in consultation with the Book Running Lead Manager, may decide to close applications by QIBs one (1) day prior to the Offer Closing Date which shall also be notified in an advertisement in same newspapers in which the Offer Opening Date was published

Term	Description
Offer Price	₹ [●] per Equity Share, being the final price at which Equity Shares will be Allotted to ASBA Bidders, in terms of the Red Herring Prospectus and Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus.  The Offer Price was decided by our Company in consultation with the BRLM on the Pricing Date, in accordance with the Book Building Process and in terms of the Red Herring Prospectus
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders
Offered Shares	up to 12,00,000 Equity Shares of face value of ₹10 each aggregating up to ₹ [●] lakhs by our Selling Shareholders
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership firm, limited liability partnership firm, 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 may require
Price Band	Price band ranging from a minimum price of ₹ [●] per Equity Share (Floor Price) to the maximum price of ₹ [●] per Equity Share (Cap Price). The Cap Price was at least 105% of the Floor Price. The Price Band and the minimum Bid Lot for the Offer were decided by our Company in consultation with the BRLM, and were advertised in all editions of [●] (a widely circulated Hindi national daily newspaper), and the Mumbai edition of [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra, where our Registered Office is located) at least two Working Days prior to the Bid / Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and were made available to the Stock Exchange for the purpose of uploading on their respective websites.
Pricing date	The date on which our Company in consultation with the BRLM, finalized the Offer Price, being [●]
Prospectus	Prospectus dated [●], to be filed with the RoC in accordance with the Companies Act, 2013, and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined in accordance with the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda hereto
Public Offer Account	The account to be opened with the Banker to the Offer under Section 40 of Companies Act, 2013 to received monies from the ASBA Accounts
QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2(1) (ss) of SEBI ICDR Regulations
QIB Portion	The portion of the Offer being not more than 50 % of the Offer or up to [●] 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 and Promoter Selling Shareholder in consultation with the BRLM, subject to valid Applications being received at or above the Offer Price  The Company in consultation with the Book Running Lead Manager, considered participation by Anchor Investors in accordance with the SEBI ICDR regulations
Refund Account	Account to which Application monies are to be refunded to the Bidders
Refund through electronic transfer of funds	Refunds through NECS, NEFT, direct credit, NACH or RTGS, as applicable
Refund Bank / Refund Banker	The 'no-lien' and 'non-interest bearing' account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made. Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Offer at which the Refund Account will be opened, in this case being [●] Bank



Term	Description
Red Herring Prospectus / RHP	The Red Herring Prospectus dated [●] issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, did not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC not less than three Working Days before the Bid / Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Registered Brokers	Stock brokers registered with SEBI as trading members (except Syndicate/sub-Syndicate Members) who hold valid membership of National Stock Exchange of India Limited having right to trade in stocks listed on Stock Exchange and eligible to procure Application Forms in terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012
Registrar Agreement	The agreement dated July 3, 2024, entered between our Company, Selling Shareholders and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar pertaining to the Offer
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
Registrar to the Offer/Registrar	Registrar to the Offer being KFin Technologies Limited
Resident Indian	A person resident in India, as defined under FEMA
Retail Individual Investors	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 Offer being not less than 35% of the Offer comprising [●] Equity Shares, which shall be available for allocation to RIBs in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	The form used by the Bidder, to modify the quantity of Equity Shares or the Application Amount in any of their Application Forms or any previous Revision Form(s) QIB Bidder and Non-Institutional Bidder are not allowed to lower their Application Forms (in terms of quantity of Equity Shares or the Application Amount) at any stage. Retail Individual Bidders can revise their Application Forms during the Offer Period and withdraw their Application Forms until Offer Closing Date
SME	Small and medium sized enterprises
Self-Certified Syndicate Bank(s) / SCSBs	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a> and <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> , as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a> , or such other website as may be prescribed by SEBI from time to time  In relation to Applications (other than Applications by Anchor Investor) 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 Application cum Application Forms from the members of the Syndicate is available on the website of the SEBI ( <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a> ) and updated from time to time. For more information on such branches collecting Application cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=35</a>

Term	Description
	<p>mId=35 as updated from time to time. 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, UPI Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a>) and (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a>) respectively, as updated from time to time.</p> <p>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/2019/8*5 dated July 26, 2019, UP Bidders Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a>) and (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a>) respectively, as updated from time to time</p>
Sponsor Bank	Sponsor Bank being [●] being a Banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and / or payment instructions of the RIIs using the UPI Mechanism and carry out other responsibilities, in terms of the UPI Circulars
Specified Locations	Collection centers where the SCSBs shall accept application form, a list of which is available on the website of SEBI ( <a href="https://www.sebi.gov.in/">https://www.sebi.gov.in/</a> ) and updated from time to time
Stock Exchange	EMERGE platform of National Stock Exchange of India Limited (NSE EMERGE)
Share Escrow Agent	Escrow agent to be appointed pursuant to the Share Escrow Agreement, namely [●]
Share Escrow Agreement	Agreement dated [●] to be entered into amongst our Company, the Selling Shareholders and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Syndicate Member	Intermediaries registered with the SEBI are eligible to act as syndicate members and who is permitted to carry on the activity as an underwriter
TRS / Transaction Registration Slip	The slip or document issued by the Designated Intermediary (only on demand), to the Bidder, as proof of registration of the Application Form
Underwriter	[●]
Underwriting Agreement	The Agreement dated [●] entered between the Underwriters, Selling Shareholders and our Company on or after the Pricing Date but prior to filing of the Red Herring Prospectus or the Prospectus, with the RoC as the case may be.
UPI	Unified payment Interface, which is an instant payment mechanism, developed by NPCI
UPI Bidder	<p>Collectively, individual investors applying as (i) Retail Individual Bidders, in the Retail Portion, and (ii) Non-Institutional Bidders with an application size of up to ₹500,000 in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents.</p> <p>Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹500,000 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 Offer and share transfer agent</p>

Term	Description
	(whose name is mentioned on the website of the stock exchange as eligible for such activity)
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020, SEBI circular number SEBI/HO/CFD/DIL-2/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 number SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022, SEBI circular number SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, SEBI master circular with circular number 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 number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, SEBI circular SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, and any subsequent circulars or notifications issued by SEBI in this regard, along with the circulars issued by the Stock Exchanges in this regard, including the circular issued by the NSE having reference no. 25/2022 dated August 3, 2022, and the circular issued by BSE having reference no. 20220803-40 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or Stock Exchanges in this regard.
UPI ID	ID Created on the UPI for single-window mobile payment system developed by NPCI
UPI PIN	Password to authenticate UPI transaction
UPI Mandate Request	<p>A request (intimating the RIIs by way of a notification on the UPI application and by way of a SMS directing the RIIs to such UPI mobile application) to the RIB initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to application Amount and subsequent debit of funds in case of Allotment</p> <p>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, Retail Individual Investors Bidding using the UPI Mechanism may apply through the SCSBs and mobile applications whose names appears on the website of the SEBI (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=40</a>) and (<a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=43</a>) respectively, as updated from time to time</p>
UPI Mechanism	The bidding mechanism that may be used by RIIs in accordance with the UPI Circulars to make an ASBA Application in the Offer
U.S Securities Act	U.S Securities Act of 1933, as amended
Wilful Defaulter or a fraudulent borrower	A company or person, as the case may be, categorized as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI
Working Days	In accordance with Regulation 2(1) (mmm) of SEBI (ICDR) Regulations, 2018, working days means, all days on which commercial banks in Mumbai are open for business. However, in respect of– (a) announcement of Price Band; and (b) Offer period, working days shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time

Term	Description
	period between the Bid/ Offer Closing Date and the listing of the Equity Shares on the Stock Exchange, working day shall mean all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI.

#### TECHNICAL /GENERAL AND INDUSTRY RELATED TERMS OR ABBREVIATIONS

Term	Description
BIS	Bureau of Industrial Standards
F & D	Forming & Drawing
ISO	International Organization for Standardization
MIG	Metal Inert Gas
MS	Mild Steel
MT	Metric Tones
OEMs	Original Equipment Manufacturers
PEB	Pre-Engineered Buildings
SAW	Submerged Arc Welding
SS	Stainless Steel
Sq. Ft.	Square Feet
TIG	Tungsten Inert Gas
FCAW	Flux Cored Arc Welding
SMAW	Shielded Metal Arc Welding
GTAW	Gas Tungsten Arc Welding
GMAW	Gas Metal Arc Welding

#### CONVENTIONAL TERMS & ABBREVIATIONS

Term	Description
A/c	Account
AGM	Annual General Meeting
AIF(s)	Alternative Investment Funds as defined in and registered with SEBI under SEBI AIF Regulations
AS / Accounting Standards	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
AY	Assessment Year
Bn	Billion
BRLM	Book Running Lead Manager
CAGR	Compounded Annual Growth Rate
CARO	Companies (Auditor's Report) Order, 2016, as amended
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CGST	Central GST
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
COPRA	The Consumer Protection Act, 1986
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from October 15, 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
Contract Act	The Indian Contract Act, 1872
CSR	Corporate Social Responsibility

Term	Description
CY	Calendar Year
Depositories Act	The Depositories Act, 1996
Depository	A depository registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP	Depository Participant
DP ID	Depository Participant's identity number
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
Electricity Act	The Electricity Act, 2003
EPFO	Employees' Provident Fund Organization
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ESI Act	The Employees' State Insurance Act, 1948
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
FCNR Account	Foreign Currency Non-Resident (Bank) account established in accordance with the FEMA
FDI	Foreign Direct Investment
FEMA Act/ FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI FPI Regulations
Financial Year / Fiscal Year / FY	Unless stated otherwise, the period of twelve (12) months ending March 31 of that particular year
FIPB	Foreign Investment Promotion Board
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI/Government	Government of India
Gratuity Act	The Payment of Gratuity Act, 1972
GST Act	The Central Goods and Services Tax Act, 2017
GST	Goods and Services Tax
GSTIN	GST Identification Number
HUF	Hindu Undivided Family
HNI	High Net Worth Individual
IBEF	India Brand Equity Foundation
ICAI	The Institute of Chartered Accountants of India
ICSI	The Institute of Company Secretaries of India
IEC	Import Export Code
IEM	Industrial Entrepreneurs Memorandum
IFRS	International Financial Reporting Standards
₹ / Rupees / INR / Rs.	Indian Rupees
IGST	Integrated GST
IT Act	Income-tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India



Term	Description
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.
IPO	Initial Public Offering
KMP	Key Managerial Personnel
Ltd.	Limited
IT Act	Income-tax Act, 1961
IT Rules	Income Tax Rules, 1962
Kms	Kilometres
LC	Letter of Credit
LIBOR	London Interbank Offered Rate
MCA	Ministry of Corporate Affairs, Government of India
MCLR	Marginal cost of funds-based lending rate
Mn	Million
Mutual Fund(s)	Mutual Fund(s) means mutual funds registered under SEBI (Mutual Funds) Regulations, 1996
MoU	Memorandum of Understanding
N.A. / NA	Not Applicable
NACH	National Automated Clearing House
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NR	Non-resident
NRE Account	Non-Resident External Account
NRI	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSE Emerge	EMERGE Platform of National Stock Exchange of India Limited
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
RONW	Return on Net Worth
RoCE	Return on Capital Employed
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEZ	Special Economic Zones
SEBI	The Securities and Exchange Board of India constituted under SEBI Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

Term	Description
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed pursuant to SEBI AIF Regulations
SEBI Takeover Regulations/ SEBI SAST Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Sq. metres	Square Metres
STT	Securities Transaction Tax
TAN	Tax Deduction Account Number
VCFs	Venture capital funds as defined in and registered with SEBI under SEBI VCF Regulations or SEBI AIF Regulations, as the case may be
WCTL	Working Capital Term Loan
WEO	World Economic Outlook
WHO	World Health Organization
YoY	Year on Year

### Key Performance Indicator (KPI)

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of our business and in turn helps assess the overall financial performance of the Company and size of the business
Growth in revenue from operations	Growth in Revenue from operations provides information regarding the growth of the business for the respective period.
Gross Profit	Gross Profit provides information regarding the profits from manufacturing of products by the Company.
Gross Profit Margin	Gross Profit Margin is an indicator of the profitability on sale of products manufactured sold by the Company.
EBITDA	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin	EBITDA Margin is an indicator of the operational profitability of the business before interest, depreciation, amortisation, and taxes and financial performance of the business.
Restated Profit after Tax (PAT)	Restated Profit after Tax is an indicator of the overall profitability and financial performance of the business.
PAT Margin	PAT Margin is an indicator of the overall profitability and financial performance of the business as a % to revenue from operations.
Return on Equity (“RoE”)	RoE provides how efficiently our Company generates profits from the shareholders’ funds.
Return on Capital Employed (“RoCE”)	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Net Debt / EBITDA Ratio	It represents how many years it would take for our Company to pay back its debt if net debt and EBITDA are held constant.
Debt Equity ratio	This gearing ratio compares shareholders’ equity to company debt to assess the company’s amount of leverage and financial stability.
Working Capital Days	Working capital days indicates the working capital requirements of our Company in relation to revenue generated from operations, it defines the number of days taken by the company for converting the purchase to collection.
Inventory Days	Inventory Days provides number of days in which inventory turnaround in particular period / year.
Trade Receivable Days	Trade Receivable Days is the number of days that a customer invoice is outstanding before it is collected.
Trade Payable Days	Trade Payable Days is the number of days that a company takes to pay its bills and invoices to its trade creditors.

## FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “propose”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also 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.

All statements contained in this Draft Red Herring Prospectus that are not statements of historical facts constitute “forward-looking statements”. All statements regarding our expected financial condition and results of operations, business, objectives, strategies, plans, goals and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, our revenue and profitability, planned projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. These forward-looking statements and any other projections contained in this Draft Red Herring Prospectus (whether made by us or any third party) are predictions and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

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, 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, regulations, taxes, changes in competition in our industry and incidents of any natural calamities and/or acts of violence.

All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- Any shortages, delay or disruption in the supply of the raw materials we use in our manufacturing process may have a material adverse effect on our business, financial condition, results of operations and cash flows.
- Any disruption, breakdown or shutdown of our manufacturing facilities may have a material adverse effect on our business, financial condition, results of operations and cash flows
- The costs of the raw materials that we use in our manufacturing process are subject to volatility. Increases or fluctuations in raw material prices, may have a material adverse effect on our business, financial condition, results of operations and cash flows
- We are dependent on the performance of the steel wires market. Any adverse changes in the conditions affecting the steel wires market can adversely impact our business, financial condition, results of operations, cash flows and prospects
- If we are unable to maintain and enhance our brands, including our ability to protect our brand through intellectual property, the sales of our products will suffer, which would have a material adverse effect on our results of operations.

For further discussion of factors that could cause the actual results to differ from the expectations, see the chapter titled “*Risk Factors*”, “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 33, 151 and 249 of this Draft Red Herring Prospectus, respectively. By their nature, certain market risk disclosures are only estimating and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

Forward-looking statements reflect the current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as the statements based on them could prove to be inaccurate.

We cannot assure 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 as a guarantee of future performance.

These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although our Company believes the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. None of our Company, the Directors, the Book Running Lead Manager, or any of their respective affiliates 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 requirements of SEBI and as prescribed under applicable law, our Company will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Shares forming part of the Offer from the date of this Draft Red Herring Prospectus until the date of Allotment. In accordance with the requirements of SEBI and as prescribed under the applicable law, our Selling Shareholder, in respect of statements made by them in this Draft Red Herring Prospectus, shall ensure (through our Company and the BRLM) that the investors are informed of material developments in relation to statements specifically confirmed or undertaken by them in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus until the date of Allotment, with respect to their Offered Shares pursuant to the Offer

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### 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 GoI, central or state, as applicable.

Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time ("IST").

Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Unless stated otherwise, throughout this Draft Red Herring Prospectus, all figures have been expressed in Rupees and Lakh.

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.

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.

### FINANCIAL DATA

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our Restated Financial Statements of our Company for Financial Year ended March 31, 2024, March 31, 2023, and March 31, 2022, comprising the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss (including other comprehensive income), the Restated Statement of Cash flows and the Restated Statement of Changes in Equity and the significant accounting policies and other explanatory information prepared in terms of the Section 26 of Part I of Chapter III of the Companies Act, 2013, SEBI ICDR Regulations and the Guidance Note on Reports in Company Draft Red Herring Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India, as amended disclosed in the chapter titled "**Restated Financial Statements**" beginning on page 205 of this Draft Red Herring Prospectus

Our Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year are to the twelve-month period ended March 31 of that year.

In this Draft Red Herring Prospectus, discrepancies in any table, graphs or charts between the total and the sums of the amounts listed are due to rounding-off. All figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Figures sourced from third-party industry sources may be expressed in denominations other than lakhs or may be rounded off other than to two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Unless stated otherwise or the context requires otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Financial Statements.

There are significant differences between Indian GAAP, IFRS Ind AS and U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the investors should consult their own advisors regarding such differences and their impact on the financial data. Accordingly, the degree to which the Restated Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in the chapters titled "**Risk Factors**", "**Business Overview**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" beginning on pages 33, 151 and 249 respectively, of this Draft Red Herring Prospectus and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our Restated Financial Statements prepared in accordance with Ind GAAP, the Companies Act and restated in accordance with the SEBI (ICDR) Regulations, 2018, as stated in the report of our Auditor, set out in chapter titled "**Restated Financial Statements**" beginning on page 205 of this Draft Red Herring Prospectus.

For additional definitions used in this Draft Red Herring Prospectus, see the chapter titled "**Definitions and**



**Abbreviations**” beginning on page 5 of this Draft Red Herring Prospectus. In the chapter titled **“Main Provisions of the Articles of Association”**, beginning on page 331 of this Draft Red Herring Prospectus defined terms have the meaning given to such terms in the Articles of Association of our Company.

## INDUSTRY AND MARKET DATA

Unless stated otherwise, industry data used throughout this Draft Red Herring Prospectus has been obtained or derived from industry and government publications, publicly available information and sources.

Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although our Company believes that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by the Book Running Lead Manager or any of their affiliates or advisors. Data from these sources may also not be comparable. 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 and assumptions that may prove to be incorrect. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in **“Risk Factors”** beginning on pages 33 of this Draft Red Herring Prospectus. Accordingly, investment decisions should not be based solely on such information.

Further, the extent to which the industry and market data presented in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of, the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## CURRENCY AND UNITS OF PRESENTATION

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to; ‘Rupees’ or ‘₹’ or ‘Rs.’ or ‘INR’ or “₹” are to Indian rupees, the official currency of the Republic of India.

‘US Dollars’ or ‘US\$’ or ‘USD’ or ‘\$’ are to United States Dollars, the official currency of the United States of America, EURO or “€” are Euro currency.

Currency	Financial Year ended March 31, 2024	Financial Year ended March 31, 2023	Financial Year ended March 31, 2022
1 US\$	83.37	82.23	75.81
1 EURO	105.29	101.87	99.55

(Source: [www.fbil.org.in](http://www.fbil.org.in))

*Note: In case March 31 of any of the respective years / period is a public holiday, the previous Working Day not being a public holiday has been considered.*

All references to the word ‘Lakh’ or ‘Lac’, means ‘One hundred thousand’ and the word ‘Million’ means ‘Ten Lakhs’ and the word ‘Crore’ means ‘Ten Million’ and the word ‘Billion’ means ‘One thousand Million’.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All figures derived from our Financial Statements in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

## SUMMARY OF OFFER DOCUMENT

This chapter is a general summary of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the chapters titled “*Risk Factors*”, “*The Offer*”, “*Capital Structure*”, “*Industry Overview*”, “*Business Overview*” and “*Outstanding Litigation and Other Material Developments*” beginning on pages 33, 73, 87, 131, 151 and 265 respectively of this Draft Red Herring Prospectus.

### SUMMARY OF BUSINESS

Incorporated in 1996, our Company is engaged in the business of manufacturing of welding electrodes, flux cored wires, MIG/TIG wires, strip cladding. We are capable of manufacturing both standardized as well as customized products. Further, our Company is also engaged in the business of trading of ancillary/incidental products like abrasive wheels, welding flux, saw wire, saw flux, and special TIG /MIG. We supply our products to domestic customers and export customers. For more details, please refer to chapters titled “*Business Overview*” beginning on page 151 of this Draft Red Herring Prospectus.

### SUMMARY OF INDUSTRY

India’s Capital Goods manufacturing industry serves as a strong base for its engagement across sectors such as Engineering, Construction, Infrastructure and Consumer goods, amongst others. The engineering sector is the largest of the industrial sectors in India. It accounts for 27% of the total factories in the industrial sector and represents 63% of the overall foreign collaborations. Demand for engineering sector services is being driven by capacity expansion in industries like infrastructure, electricity, mining, oil and gas, refinery, steel, automobiles, and consumer durables. For more details, please refer to chapter titled “*Industry Overview*” beginning on page 131 of this Draft Red Herring Prospectus.

### PROMOTERS

As on date of this Draft Red Herring Prospectus, Bipin Sanghvi, Tarulata Sanghvi, Hardik Sanghvi and Swagat Sanghvi are the Promoters of our Company. For further details, please refer to the chapter titled “*Our Promoters and Promoter Group*” beginning on page 197 of this Draft Red Herring Prospectus.

### OFFER SIZE

The following table summarizes the details of the Offer. For further details, please refer chapter titled “*The Offer*” and “*Offer Structure*” beginning on pages 73 and 295 respectively of this Draft Red Herring Prospectus.

<b>Offer <sup>(1)</sup></b>	Up to 30,00,000 Equity Shares of face value ₹10 each for cash at price of ₹ [●] per Equity Share (including a premium of [●] per Equity Share), aggregating up to ₹ [●] Lakhs
<b>of which</b>	
<b>i) Fresh Issue <sup>(1)</sup></b>	Up to 18,00,000 Equity Shares of face value of ₹10 each for cash at price of ₹ [●]/- per Equity Share (including premium of ₹ [●]/- per share) aggregating to ₹ [●] Lakhs
<b>ii) Offer for sale <sup>(2)</sup></b>	Up to 12,00,000 Equity Shares of face value ₹10 each for cash at a price of ₹ [●] per Equity shares aggregating up to ₹ [●] Lakhs being offered by the Selling Shareholders as part of the Offer for Sale comprising of an aggregate of up to 12,00,000 Equity Shares out of which up to 1,71,000 Equity Shares of face value ₹10 each by Bipin Sanghvi, up to 1,23,000 Equity Shares of face value ₹10 each by Tarulata Sanghvi, up to 3,30,000 Equity Shares of face value ₹10 each by Hardik Sanghvi, up to 3,30,000 Equity Shares of face value ₹10 each by Swagat Sanghvi, up to 1,20,000 Equity Shares of face value ₹10 each by Ami Sanghvi and up to 1,20,000 Equity Shares of face value ₹10 each by Pooja Sanghvi

1) The Offer has been authorized by the Board of Directors vide a resolution passed at its meeting held on July 3, 2024 and approved by the shareholders of our Company vide a special resolution at the Annual General Meeting held on July 6, 2024 pursuant to section 62(1)(c) of the Companies Act.

2) Each of the Selling Shareholders, severally and not jointly, confirm that their respective portion of the Offered Shares are eligible for being offered for sale in terms of the SEBI ICDR Regulations. Each Selling Shareholders has, severally and not jointly, consented for the sale of their respective portion of the Offered Shares in the Offer for Sale. The Selling Shareholders confirms that its portion of the Offered Shares have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI in accordance with the SEBI ICDR Regulations or are otherwise eligible for being offered for sale in the Offer in accordance with the provisions of the SEBI ICDR Regulations. The Selling Shareholders, through its letter dated July 3, 2024, has authorised the sale of up to 12,00,000 Equity Shares of face value of ₹ 10 each. For

details on the authorization of the Selling Shareholders in relation to the Offered Shares, please refer to chapter titled “The Offer” and “Offer Structure” beginning on page 73 and 295 respectively of this Draft Red Herring Prospectus.

The Offer shall constitute [●]% of the post Offer paid up Equity Share capital of our Company.

## OBJECTS OF THE OFFER

Our Company intends to utilize the Net Proceeds for the following objects (“Objects of the Offer”):

(₹ in Lakhs)

Particulars	Amount to be funded from Net Proceeds	Estimated utilisation of Net Proceeds	
		FY 2025	FY 2026
Funding towards the expansion of the existing manufacturing facility situated at Village Zaroli, Umbergaon Valsad, Gujarat, Bharat	488.66	244.33	244.33
To meet the working Capital requirements	1,650.00	1,245.00	405.00
General Corporate Purposes*	[●]	[●]	[●]
<b>Net Proceeds</b>	[●]	[●]	[●]

\* To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purpose shall not exceed 25% of the gross proceeds of the Offer

## PRE-OFFER SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP

Particulars	Pre-Offer Equity Share capital		Number of Equity Shares Offered	Post-Offer Equity Share capital <sup>^</sup>	
	Number of Shares	Percentage (%) holding		Number of Shares	Percentage (%) holding
<b>Promoters # (A)</b>					
Bipin Sanghvi	8,92,717	9.60%	1,71,000	[●]	[●]
Hardik Sanghvi	26,82,750	28.85%	3,33,000	[●]	[●]
Tarulata Sanghvi	17,63,461	18.96%	1,23,000	[●]	[●]
Swagat Sanghvi	26,82,750	28.85%	3,33,000	[●]	[●]
<b>Total (A)</b>	<b>8,021,678</b>	<b>86.25%</b>	<b>9,60,000</b>	[●]	[●]
<b>Promoter Group<sup>+</sup> (B)</b>					
Ami Sanghvi	6,38,750	6.87%	1,20,000	[●]	[●]
Pooja Sanghvi	6,38,750	6.87%	1,20,000	[●]	[●]
<b>Total (B)</b>	<b>12,77,500</b>	<b>13.74%</b>	<b>2,40,000</b>	[●]	[●]
<b>Total (A+B)</b>	<b>92,99,178</b>	<b>99.99%</b>	<b>12,00,000</b>	[●]	[●]

#Also, Promoter Selling Shareholders.

+ Also, Promoter Group Selling Shareholders

<sup>^</sup> To be updated in the Red Herring Prospectus. Subject to finalisation of Basis of Allotment

## SUMMARY OF RESTATED FINANCIAL STATEMENT

(₹ in Lakhs except share data)

Particulars	For the Financial Year ended		
	March 31, 2024	March 31, 2023	March 31, 2022
Share Capital	930.02	182.00	182.00
Net worth <sup>(1)</sup>	4,227.18	3,034.56	2,077.74
Revenue from operations <sup>(2)</sup>	9,978.75	9,694.02	6,290.97
Profit after Tax	1,192.63	956.82	212.13
Earnings per share (Basic & diluted) <sup>(3)</sup>	12.82	10.29	2.28
Net Asset Value per Equity Share (₹) <sup>(4)</sup>	45.45	32.63	22.34
Total borrowing <sup>(5)</sup>	19.71	141.71	781.25

(1) Net Worth amounts are calculated as sum of equity share capital and other equity

(2) Revenue from operations means the revenue from operations as appearing in the Restated Financial Statements

(3) Earnings per Equity Share (Basic and Diluted) = Restated profit for the period/year attributable to the equity holders of our Company/weighted average number of equities shares outstanding during the period/year. The number of Equity Shares outstanding during the year is adjusted for bonus issue.

(4) Net Asset Value per Equity Share = Net worth as per the Restated Financial Statements/ weighted average number of Equity Shares. The weighted average number of Equity Shares outstanding during the year is adjusted for bonus issue.

(5) Total borrowings are computed as current borrowings plus non-current borrowings

## QUALIFICATIONS OF AUDITOR

There are no qualifications of the Statutory Auditor in the examination report which have not been given effect to in the Restated Financial Statement

## SUMMARY OF OUTSTANDING LITIGATIONS & MATERIAL DEVELOPEMENTS

A summary of pending legal proceedings and other material litigations involving our Company is provided below:

(₹ in Lakhs)

Nature of Cases	Number of Cases	Total Amount Involved
<b>Proceedings against our Company</b>		
Criminal	Nil	Nil
Civil	1	Not Ascertainable
Outstanding actions by Regulatory and Statutory Authorities	2	Not Ascertainable
Tax	5	187.67
<b>Proceedings by our Company</b>		
Criminal	Nil	Nil
Civil	2	6.60
<b>Proceedings against our Director (other than Promoter)</b>		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	Nil	Nil
<b>Proceedings by our Director (other than Promoter)</b>		
Criminal	Nil	Nil
Civil	Nil	Nil
<b>Proceedings against our Promoter</b>		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	12	51.61
<b>Proceedings by our Promoter</b>		
Criminal	Nil	Nil
Civil	Nil	Nil

For further details, please refer chapter titled “*Outstanding Litigations & Material Developments*” beginning on page 265 of this Draft Red Herring Prospectus.

## RISK FACTORS

For details relating to risk factors, please refer chapter titled “*Risk Factors*” beginning on page 33 of this Draft Red Herring Prospectus.

## SUMMARY OF CONTINGENT LIABILITIES OF OUR COMPANY

The following table sets forth our contingent liabilities for the financial Year ended on March 31, 2024, for the Financial Year ended on March 31, 2023 and for the Financial Year ended on March 31, 2022 as per the Restated Financial Statements:

(₹ in Lakhs)

Particulars	For the Financial year ended March 31, 2024	For the Financial year ended March 31, 2023	For the Financial year ended March 31, 2022
Contingent liabilities on account of pending litigations	130.25	130.25	141.42
<b>Total</b>	<b>130.25</b>	<b>130.25</b>	<b>141.42</b>

Note:

- The Company has received a notice under clause (b) of Section 148A of the Income Tax Act, 1961, for AY 2020-21 with the liability amount not being ascertainable.
- The Company has received a show cause under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2019-20 involving ₹ 33.46 lakhs. The proceedings are currently on-going and the liability amount has not been ascertained till date.
- The Company has received intimation under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2020-21 involving ₹ 17.96. The proceedings are currently on-going and the liability amount has not been ascertained till date.
- The Company has received notice for completing the Tax Assessment of Local Body Taxes of the past years. The proceedings are currently on-going and the liability amount has not been ascertained till date.

For further details of our contingent liabilities as per Note AD, please refer chapter titled “*Restated Financial Statements*” beginning on page 205 of this Draft Red Herring Prospectus.

#### SUMMARY OF RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by our Company in Fiscals 2024, 2023 and 2022– Related Party Disclosures, read with SEBI ICDR Regulations derived from the Restated Financial Statement on page 205, is detailed below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>Salary / Remuneration (incl. Bonus)</b>			
Bipin Sanghvi	125.77	100.07	30.85
Hardik Sanghvi	125.77	100.07	30.85
Ami Sanghvi	-	13.17	5.54
Swagat Sanghvi	125.77	100.07	30.85
Pooja Sanghvi	-	13.17	5.54
	<b>377.31</b>	<b>326.55</b>	<b>103.63</b>
<b>Loan given during the year</b>			
Bipin Sanghvi	-	727.62	547.10
	-	<b>727.62</b>	<b>547.10</b>
<b>Loan received back during the year</b>			
Bipin Sanghvi	-	727.62	630.98
	-	<b>727.62</b>	<b>630.98</b>
<b>Loan taken during the year</b>			
Bipin Sanghvi	33.03	4.04	24.29
Hardik Sanghvi	4.95	76.88	152.50
Swagat Sanghvi	6.01	155.10	375.30
	<b>43.99</b>	<b>236.02</b>	<b>552.09</b>
<b>Loan repaid during the year</b>			
Bipin Sanghvi	28.01	22.88	24.29

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Hardik Sanghvi	9.90	67.33	202.48
Swagat Sanghvi	1.19	155.28	545.04
	<b>39.10</b>	<b>245.49</b>	<b>771.81</b>
<b>Rent Expense</b>			
Bipin Sanghvi	11.40	6.80	6.00
	<b>11.40</b>	<b>6.80</b>	<b>6.00</b>
<b>Investment in Property</b>			-
Royal Arc Infrastructure Private Limited	12.17	127.88	
	<b>12.17</b>	<b>127.88</b>	-
<b>Trademark Purchase</b>			
Tarulata Bipin Sanghvi	-	-	0.10
	-	-	<b>0.10</b>
<b>Purchase of Goods</b>			
Star Impex	793.86	360.76	301.32
	<b>793.86</b>	<b>360.76</b>	<b>301.32</b>
<b>Sales of Goods</b>			
Star Impex	36.34	139.98	-
Pee Kay Enterprises	-	-	3.99
	<b>36.34</b>	<b>139.98</b>	<b>3.99</b>

#### Related Party balances

(₹ in Lakhs)

Particulars	As at 31 March, 2024	As at 31 March, 2023	As at 31 March, 2022
<b>Loans Outstanding</b>			
Bipin Sanghvi	3.07	4.04	24.29
Hardik Sanghvi	5.06	10.01	0.46
Swagat Sanghvi	4.91	0.09	0.27
	<b>13.04</b>	<b>14.14</b>	<b>25.03</b>
<b>Advance to supplier</b>			
Star Impex	-	-	42.48
	-	-	<b>42.48</b>
<b>Dues From Supplier</b>			
Star Impex	4.59	-	-
	<b>4.59</b>		
<b>Rent Outstanding</b>			
Bipin Sanghvi	0.86	0.81	-
	<b>0.86</b>	<b>0.81</b>	-
<b>Salary Outstanding</b>			
Bipin Sanghvi	3.61	2.84	1.81
Hardik Sanghvi	3.71	2.84	1.78
Ami Sanghvi	-	0.90	0.43
Swagat Sanghvi	3.71	2.84	1.78

Pooja Sanghvi	-	0.90	0.43
	<b>11.03</b>	<b>10.32</b>	<b>6.23</b>

## 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.

## WEIGHTED AVERAGE PRICE AT WHICH THE EQUITY SHARES WERE ACQUIRED BY OUR PROMOTER, PROMOTER SELLING SHAREHOLDER AND PROMOTER GROUP SELLING SHAREHOLDERS IN THE ONE YEAR PRECEDING THE DATE OF THIS DRAFT RED HERRING PROSPECTUS

The weighted average price at which the equity shares were acquired by our Promoters and member of Promoter Group in the one year preceding the date of this Draft Red Herring Prospectus.

Name	Number of Equity Shares (Face value of ₹ 10)	Weighted Average Cost of Acquisition per Equity Share (in ₹) *
Bipin Sanghvi <sup>#</sup>	7,18,017	NIL <sup>^</sup>
Tarulata Sanghvi <sup>#</sup>	14,18,361	NIL <sup>^</sup>
Hardik Sanghvi <sup>#</sup>	21,57,750	NIL <sup>^</sup>
Swagat Sanghvi <sup>#</sup>	21,57,750	NIL <sup>^</sup>
Ami Sanghvi <sup>+</sup>	5,13,750	NIL <sup>^</sup>
Pooja Sanghvi <sup>+</sup>	5,13,750	NIL <sup>^</sup>

<sup>#</sup> Also, Promoter Selling Shareholders.

<sup>+</sup> Also, Promoter Group Selling Shareholders

<sup>\*</sup>As certified by our Statutory Bagadiya & Jain, Chartered Accountants, pursuant to their certificate dated August 2, 2024

<sup>^</sup> There is no acquisition price per Equity Share for these transactions, as these Equity Shares were acquired pursuant to bonus issue

## Weighted average cost of acquisition of all shares transacted in the three months, 18 months and one year preceding the date of this Draft Red Herring Prospectus:

Period	Weighted average cost of acquisition per Equity Share (in ₹) *	Cap Price is "x" times the weighted average cost of acquisition**	Range of acquisition price per equity share: lowest price-highest price (in ₹) <sup>^</sup>
Last one year preceding the date of Draft Red Herring Prospectus	NIL <sup>^</sup>	[•]	NA
Last 18 months preceding the date of Draft Red Herring Prospectus	NIL <sup>^</sup>	[•]	NA
Last 3 years preceding the date of Draft Red Herring Prospectus	NIL <sup>^</sup>	[•]	NA

<sup>^</sup>There is no acquisition price per Equity Share for these transactions, as these Equity Shares were acquired pursuant to bonus issue

<sup>\*</sup>As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountants, pursuant to their certificate dated August 2, 2024

<sup>\*\*</sup> To be updated upon finalization of the Price Band

## AVERAGE COST OF ACQUISITION

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

Name	Number of Shares (Face value of ₹ 10)	Average Cost of Acquisition per Equity Share (in ₹) *
Bipin Sanghvi <sup>#</sup>	8,92,717	1.67
Hardik Sanghvi <sup>#</sup>	26,82,750	13.56
Tarulata Sanghvi <sup>#</sup>	17,63,461	18.93
Swagat Sanghvi <sup>#</sup>	26,82,750	8.58
Ami Sanghvi <sup>+</sup>	6,38,750	1.28
Pooja Sanghvi <sup>+</sup>	6,38,750	22.50



# Also, Promoter Selling Shareholders.

+ Also, Promoter Group Selling Shareholders

\*As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountants, pursuant to their certificate dated August 2, 2024

For further details of the average cost of acquisition of our Promoters, please refer chapter titled “**Capital Structure – Build-up of the Promoters’ shareholding in our Company**” beginning on page 94 of this Draft Red Herring Prospectus.

#### **DETAILS OF PRE-OFFER PLACEMENT**

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

#### **ISSUE OF EQUITY SHARES FOR CONSIDERATION OTHER THAN CASH IN THE LAST ONE (1) YEAR**

<b>Date of Issue/ Allotment</b>	<b>No. of Equity Shares Allotted</b>	<b>Face Value (₹)</b>	<b>Issue Price (₹)</b>	<b>Reason for Allotment</b>	<b>Name of Allottees</b>	<b>No. of Equity Shares Allotted</b>	<b>Benefits Accrued</b>
February 1, 2024	74,80,200	10	N.A.	Bonus Issue	Bipin Sanghvi	7,18,017	Capitalization of Reserves & Surplus
					Hardik Sanghvi	21,57,750	
					Tarulata Sanghvi	14,18,361	
					Rashmikant Kamdar	411	
					Samir Sanghavi	411	
					Swagat Sanghvi	21,57,750	
					Ami Sanghvi	5,13,750	
					Pooja Sanghvi	5,13,750	

For details, please refer to chapter titled “**Capital Structure**” beginning on page 87 of this Draft Red Herring Prospectus.

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

Our Company has not undertaken a split or consolidation of the Equity Shares in the one (1) year preceding the date of this Draft Red Herring Prospectus.

#### **EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS GRANTED BY SEBI**

Our Company has not undertaken any exemption with related to provision of securities law granted by SEBI.

## CHAPTER – II – RISK FACTORS

*An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. To the extent the COVID-19 pandemic adversely affects our business and financial results, it may also have the effect of heightening many of the other risks described in this section. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with chapter titled “Our Business”, “Industry Overview”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Restated Financial Statements” beginning on pages 151, 131, 249 and 205, respectively, of this Draft Red Herring Prospectus, as well as the other financial and statistical and other information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of our Company and our business and the terms of the Offer including the merits and risks involved.*

*Prospective investors should consult their tax, financial and legal counsel about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.*

*This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further information, see “Forward-Looking Statements” on page 22 of this Draft Red Herring Prospectus.*

*Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on or derived from our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, please refer to chapter titled “Restated Financial Statements” beginning on page 205 of this Draft Red Herring Prospectus. Unless the context otherwise requires, in this section, references to “we”, “us”, “our”, “our Company”, or “the Company” refers to Royal Arc Electrodes Limited.*

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 found material collectively.
2. Some events may have material impact qualitatively instead of quantitatively.
3. Some events may not be material at present but may be having material impact in future.

### **RISKS RELATING TO OUR BUSINESS**

- 1. *Our revenue is dependent on the domestic market since, it contributes significantly to our total revenue from operations. Any adverse changes in the conditions affecting domestic market could adversely affect our business, results of operations and financial condition.***

While our products have wide geographical reach, our revenue is significantly dependent on sales of products and services within the domestic market i.e. in India. We export our products to markets across Asian, APEC, Africa, Middle East and European regions. In the event of any slowdown in domestic market, or any developments that make our products or services less attractive in domestic market, we may experience more pronounced effects on our business, results of operations, and financial condition than if we had further diversified revenue across different geographical locations. Details for the revenue generated from the domestic market and through export as per restated financials are as follows:

Particulars	Domestic sales		Export Sales	
	Total Revenue (₹ in lakhs)	% of revenue from operations	Total Revenue (₹ in lakhs)	% of revenue from operations
Fiscal 2024	8,537.45	85.56	1,441.30	14.44
Fiscal 2023	7,981.66	82.34	1,712.36	17.66
Fiscal 2022	4,606.27	73.22	1,684.71	26.78

For further information of countries that we export our products, please refer to chapter titled “*Our Business*” beginning on page 151 of this Draft Red Herring Prospectus.

Our business, results of operations and financial condition have been and will continue to be largely dependent on the prevailing domestic market conditions and any adverse changes in the conditions affecting domestic market related to our business operation, may adversely affect our business, results of operations and financial condition

2. *We operate only one manufacturing facility and therefore, any localized social unrest, natural disaster, or breakdown of services, in and around our manufacturing facility or any disruption in production at, or shutdown of our manufacturing facility could have a material adverse effect on our business and financial condition.*

Our sole manufacturing facility is located in Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village-Zaroli, Umbergaon, District Valsad, Gujarat. Further, the expansion will be constructed on the land where our existing manufacturing facility is situated. Any material adverse social, political or economic development, natural calamities, civil disruptions, or changes in the policies of the state government or local governments in this region could adversely affect our manufacturing operations, and require a modification of our business strategy, or require us to incur significant capital expenditure or suspend our operations. Our business is dependent upon our ability to manage our manufacturing activities, which are subject to various operating risks, including political instability, productivity of our workforce, compliance with regulatory requirements, difficulties with production costs and yields, product quality and those beyond our control, such as the breakdown and failure of equipment or industrial accidents, disruption in electrical power or water resources, severe weather conditions, natural disasters and an outbreak of pandemic such as COVID-19. We have taken initiative to mitigate some of this risk by introducing Layout automation XRF machine for automations of the process and installation of 450.00 KWp peak of solar plant with a further expansion of approx. 400.14 KWp peak. Any significant malfunction or breakdown of our machinery may entail significant repair and maintenance costs and cause delays in our operations. Moreover, some of our products are permitted to be manufactured only if specific approvals are received or are valid, and any failure to obtain such approval or their renewal will unable us to manufacture the said products for the duration until the said approval is obtained or renewed. For instance, the approvals issued by Gujarat Pollution Control Board (“GPCB”) in respect of our manufacturing facility permits us to manufacture welding electrodes, manufacture of various types of flux cored wires, metal cored wire, cutting wheels, grinding wheels papdi wheels and segment wheels. Our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to delays in the entire production cycle and an inability to comply with our customers’ requirements and lead to loss of revenue to us and our customers.

Although we have not experienced any strikes or labor unrest in the past 5 years, we cannot assure you that we will not experience disruptions in work in the future due to disputes or other problems with our workforce. Any labor unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations, which in turn could adversely affect our business, results of operations, financial condition and cash flows.

3. *We may face several risks associated with the proposed expansion in our existing manufacturing facility, which could hamper our growth, prospects, cash flows and business and financial condition.*

We intend to utilize a portion of the Net Proceeds of the Fresh Issue for financing the proposed expansion of our manufacturing facility. For additional details in respect of the foregoing, please refer to chapter titled “*Objects of the Offer*” beginning on page 103 of this Draft Red Herring Prospectus.

We are in the process of undertaking Proposed Expansion of our existing manufacturing facility at Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Umbergaon, District Valsad, Gujarat (“Proposed Expansion”), all of which would require substantial capital expenditure.

Out of the Net Proceeds of Fresh Issue, ₹ 488.66 Lakhs is proposed to be utilized towards funding capital expenditure requirements at the Proposed Expansion. The completion of the setting up of the Proposed Expansion is dependent on our ability to arrange finance through Net Proceeds of Fresh Issue or otherwise, the performance of vendors which are responsible for inter alia construction of factory shed, plinth & cementing, footing work, road work and solar rooftop. We cannot assure you that we will be able to arrange for such finance on time. Further, we cannot assure you that the performance of vendors will meet the required specifications or performance parameters. In expansion of our existing manufacturing facility, we may encounter cost overruns or delays for various reasons, including, but not limited to, our financial condition, changes in business strategy and external factors such as market conditions, government restriction on import from countries sharing land borders with India, competitive environment and interest or exchange rate fluctuations, changes in design and configuration of the projects, increase in input costs of construction materials and labour costs, incremental preoperative expenses, taxes and duties, start-up costs, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. If any of the proposed expansion that we propose to set up at our existing manufacturing facility, are not completed in a timely manner, or at all, our business, prospects and results of operations may be adversely affected. Further, the budgeted cost may prove insufficient to meet the requirements of the proposed capital expenditure due to, among other things, cost escalation, which could drain our internal cash flows or compel us to raise additional capital, which may not be available on terms favourable to us or at all.

We cannot assure that we will be able to complete the aforementioned expansion of our manufacturing facility in accordance with the proposed schedule of implementation and any delay in expansion in a timely manner, or at all, could have an adverse impact on our growth, prospects, cash flows and business and financial condition.

**4. *We depend on outside parties for adequate and timely supply of raw materials at commercially acceptable prices. Any disruptions, delay or increase in prices of such material may have a material adverse effect on our business.***

Our ability to remain competitive, maintain costs and profitability depend, in part, on our ability to source and maintain a stable supply of raw materials at acceptable prices. We procure some of our primary raw materials, such as copper coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder and other raw materials required in manufacturing process on a purchase order basis and have not entered into long term contracts for the supply of such raw materials. Our raw materials consumed for the FY 2024, FY 2023 and FY 2022 was ₹ 6,383.68 lakhs ₹ 6,468.15 lakhs, and ₹ 4,837.61 lakhs which, constituted 63.97%, 66.72%, and 76.90% of our revenue from operations for such periods. While we are not dependent on any single raw material supplier, raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, transportation and labour costs, labour unrest, natural disasters, competition, import duties, tariffs and currency exchange rates, and any unanticipated variation in any of these factors could have a material adverse effect on our operations. As a result, the success of our business is significantly dependent on maintaining good relationships with our raw material suppliers. While we have not faced any disruption in supply of raw material from our suppliers in past, we cannot assure you that we will continue to enjoy undisrupted relationships with our suppliers in the future. If we are unable to obtain adequate supplies of raw material in a timely manner or on commercially acceptable terms, or if there are significant increases in the prices of the raw materials, our business and results of operations may be materially and adversely affected.

Any increase in prices of raw materials could have an impact on our working capital as we would require additional funds to procure the necessary raw materials at higher prices. As a result, we may be required to allocate a larger portion of our working capital towards purchasing raw materials to maintain our production levels. This increased allocation towards purchase can potentially strain our working capital availability.

**5. *Our inability to collect receivables and default in payment from our customers could result in the reduction of our profits and affect our cash flows.***

We sell at our standard credit terms with payments ranging generally between 30 to 90 days to our domestic customers depending on the relationship, market reputation, risk associated with such customer. Further in case of export we offer credit period between 30 to 120 days depending on the country where our customer is located. The amount of advance received from our customers is generally in the range of 20% to 30% and the outstanding advance from our customers was ₹ 7.53 lakhs, ₹ 23.88 lakhs, and ₹ 19.44 lakhs for the FY 2024, FY 2023 and FY 2022 respectively. We generally monitor the ability of our customers to pay these credit arrangements and limit the credit, we extend to what is reasonable based on an evaluation of each customer's financial condition and payment history, we may still experience losses because of a

customer being unable to pay. As a result, while we maintain a reasonable allowance for doubtful receivables for potential credit losses based upon our historical trends and other available information, there is a risk that our estimates may not be accurate.

The table set forth below sets forth our trade receivables and receivable turnover days in the periods indicated as well as bad debts written off and disputed trade receivables – which have significant increase in credit risk.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations
Trade Receivables	2,067.72	20.72	1,643.72	16.96	1,308.69	20.80
Provision for bad and doubtful debts	(8.73)	(0.09)	-	-	-	-
Bad debts written off	18.74	0.19	-	-	12.46	0.20

Any increase in our receivable turnover days may negatively affect our business. If we are unable to collect customer receivables or if the provisions for doubtful receivables are inadequate, it could have a material adverse effect on our business, results of operations and financial condition.

Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our customers, and as a result could cause customers to delay payments to us, request modifications to their payment arrangements, that could increase our receivables or affect our working capital requirements, or default on their payment obligations to us. An increase in bad debts or in defaults by our customer, may compel us to utilize greater amounts of our operating working capital and result in increased interest costs, thereby adversely affecting our results of operations and cash flows.

6. *We have significant working capital requirements. If we are unable to borrow or raise additional financing or furnish bank guarantees or performance bank guarantees in future, it would adversely impact our business, cash flows and results of operations.*

Our business requires significant working capital in connection with manufacturing of our products, financing inventory, day-to-day operations, amongst other purposes which may be adversely affected in case there is any change in terms of credit or payment. The table below shows the net working capital requirements of our Company for the FY 2024, FY 2023 and FY 2022 respectively

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Net Working Capital Requirements (₹ in lakhs)	2,280.09	1,481.70	1,509.30
Net Working Capital as a % of revenue from operation	22.85	15.28	23.99

Delays in payment from our existing customers or any increase in inventory and work in progress and/or accelerated payments to suppliers, could adversely affect our working capital, lower our cash flows and materially increase the amount of working capital requirements. Accordingly, we may require additional capital or financing from time to time to meet our working capital requirements.

As on March 31, 2024, our borrowings were ₹ 19.71 lakhs as per the restated financial statement. While we have the capacity to take on financial leverage, our ability to obtain financing is subject to a variety of uncertainties, including our financial condition, results of operations, cash flows and liquidity of the domestic and international capital and lending markets. In addition, our loan agreements may contain financial covenants that restrict our ability to incur additional indebtedness without our lender consent. Any indebtedness that we may incur in the future may also contain operating and financing covenants that could be restrictive. Further, financing may not be available in a timely manner or in amounts or on terms acceptable to us, or at all. If we are required to raise equity financing, this could result in dilution to our Shareholders. Our Company has availed unsecured loans, there is a possibility that such loans could be recalled by the lender at any time. If any lender seeks a repayment of any such loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all.

While we have not defaulted in the payment of any of our borrowings including bank guarantees and performance bank guarantee as on the date of this DRHP, we cannot assure you that we will not default in future. Further, our Promoters, Bipin Sanghvi, Hardik Sanghvi and Swagat Sanghvi have provided personal guarantees to secure our existing borrowings which are continuing and are in force as on the date of Draft Red Herring Prospectus. If any of these guarantees are revoked, our lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. Accordingly, our business, financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal or corporate guarantees provided by our Promoters. Further, continued increase in our working capital requirements may have an adverse effect on our financial condition and results of operations. Management of our working capital requirements involves the timely payment of, or rolling over of, our short-term indebtedness and securing new and additional loans on acceptable terms, or re-negotiation of our payment terms for, our trade payables, collection of trade receivables and preparing and following accurate and feasible budgets for our business operations. If we are unable to manage our working capital requirements, our business, results of operations and financial condition could be materially and adversely affected.

7. *We are dependent on limited number of suppliers for our raw materials required in our operations. Further, our top 10 (ten) suppliers constituted 71.81%, 64.36%, and 57.08%, respectively of total purchases during Fiscal 2024, Fiscal 2023, and Fiscal 2022 respectively. Our business is dependent on our continuing relationships with our suppliers and any deterioration in our relations with any of them could materially and adversely affect our business, results of operations, cash flows and financial condition.*

The following table sets forth details of our supplier concentration (by value of raw materials purchased) during Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively:

(₹ in Lakhs unless otherwise stated)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
<b>Top 1 supplier</b>	1089.03	1034.40	841.01
% to the Purchase for the year	15.81	16.65	17.14
<b>Top 5 suppliers</b>	3,703.71	3,003.36	2,076.56
% to the Purchase for the year	53.76	48.35	42.32
<b>Top 10 suppliers</b>	4,948.28	3,998.30	2,800.64
% to the Purchase for the year	71.81	64.36	57.08

*The supplier's names have not been disclosed due to non-receipt of consent.*

Our ability to remain competitive, maintain costs and profitability depends, in part, on our ability to source and maintain a stable and sufficient supply of raw materials at acceptable prices. Our major raw materials include copper-coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro-alloy powder, etc. For further information, to please refer chapter titled **“Our Business”** beginning on page 151 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 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. While we purchase majority of our raw materials from the domestic market we also import some of our raw materials from countries such as China, Australia, Sri Lanka etc. 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. The details of our raw material consumption for indigenous and imported raw material are as detailed herein below:



Raw material/Components Consumables	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	% of revenue from operation	Amount (₹ in lakhs)	% of revenue from operation	Amount (₹ in lakhs)	% of revenue from operation
Indigenous	6,319.05	63.33	6,333.72	65.34	4,646.37	73.86
Imported	64.63	0.65	134.43	1.39	191.24	3.04
<b>Total</b>	<b>6,383.68</b>	<b>63.97</b>	<b>6,468.15</b>	<b>66.72</b>	<b>4,837.61</b>	<b>76.90</b>

We do not have any long-term contracts with these suppliers and conduct our business with these suppliers on the basis of our general experience of their (i) competitive pricing, (ii) favourable delivery terms, and (iii) long standing business relations. There is no assurance that, in future we will be able to broaden our supplier base or be able to conduct business with our suppliers on favourable terms to procure raw materials. 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. 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. 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.

Further, as we generally receive purchase orders for the 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. 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.

8. *We derive a significant portion of our revenue from a few customers and the loss of one or more such customers, the deterioration of their financial condition or prospects, or a reduction in their demand for our products may adversely affect our business, results of operations, financial condition and cash flows.*

We are dependent on a limited number of customers for a significant portion of our revenues. We typically do not have firm commitment in the form of long-term supply agreements with most of our key customers and instead rely on purchase and other terms of our sales of products. We do not typically have exclusivity arrangements with most of our customers. While we have developed long-term relationships with certain of our customers, there is no commitment on the part of our key customers to continue to place new purchase orders with us and as a result, our cash flow and consequent revenue may fluctuate significantly from time to time. Further, we may not find any other customers for the surplus or excess capacity, in which case we may be forced to incur a loss. The loss of one or more of these significant customers or a significant decrease in business from any such key customer may materially and adversely affect our business, results of operations and financial condition.

The table below sets forth the revenue derived from our top 1, top 5 and top 10 customers for the fiscals indicated:

(₹ in lakhs unless otherwise stated)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
<b>Top 1 customer</b>	872.94	1,094.33	732.71
% of revenue from operation	8.75	11.29	11.65
<b>Top 5 customers</b>	2,858.27	2,867.65	2,313.51

% of revenue from operation	28.64	29.58	36.77
<b>Top 10 customers</b>	4,409.79	4,331.19	3,359.94
% of revenue from operation	44.19	44.68	53.40

*Our Company has requested our customers to provide their consent to disclose their name in the DRHP through an email. Thus name of the customers is not disclose due to non-receipt of the consent.*

The deterioration of the financial condition or business prospects of our significant customers could reduce their requirement of our products and result in a significant decrease in the revenues we derive from these customers. We cannot assure you that we will be able to maintain historic levels of business from our significant customers, or that we will be able to significantly reduce customer concentration in the future. The loss of one or more of our significant customers or a reduction in the amount of business we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows

**9. Commercialization and market development of new products may take longer time than expected and / or may involve unforeseen business risks. Our inability to successfully diversify our product offerings of may adversely affect our growth and negatively impact our profitability.**

We manufacture of welding consumables such as, welding electrodes, flux cored wire, MIG/TIG wires, which finds its application in the welding of tanks, boilers, heavy structures, beams, pipes, cylinders, pressure vessels, etc. which are used in industries like railways, roadways, airport infrastructure, refineries, shipyards, mines, sugar industries, telecom industries, thermal power stations, PEB sectors, etc. Further, our Company is also engaged in the business of trading of ancillary/incidental products like wheels, electro slag, welding flux cored wire, electro slag strip cladding, saw flux and TIG /MIG wires.

We believe that we share a good client relationship with our customers and we receive the majority of our business from repetitive clients. The key factor in our business is the client/consultant certification given the critical application in which our products are used. For instances our products are certified by the American Bureau of Shipping (“ABS”), Indian Boilers Regulation (“IBR”), Bureau of Indian Standard (“BIS”) etc. Further, based on client requirements, the inspection and testing of the quality of our products are also outsourced to inspection agencies that are NABL-accredited laboratories.

We firmly believe that our industry is dependent on innovation and development and hence, as our business strategy we focus on research and development. Our future results of operations depend, to a significant degree, on our ability to successfully develop new products and continue our product portfolio expansion in a timely and cost-effective manner. Further, as part of our business strategies, we intend to further diversify our product portfolio by entering into new product value chains. In addition, we intend to expand our capacities in existing products as well as expanding and strengthening our research capabilities in order to ensure rapid product innovation. Innovation continues to be the key determinant for our success. The development and commercialisation of new products are complex, time-consuming, costly and involves a high degree of business risk. We may be unable to successfully create these new products or encounter unexpected delays in the launch of these products and even if launched as planned, such products may not perform as we expect or address changing consumer trends or emerging industry standards. Our Company has not introduced any new products in the preceding three fiscals.

Any rapid change in the expectations of our dealers and end customers in our business on account of changes in technology or introduction of new alternate products could adversely affect our business, results of operations and financial condition. Further, there can be no assurance that our newly developed products will achieve commercial success. Even if such products can be successfully commercialized, there is no guarantee that they will be accepted widely by the market. In addition, we cannot assure you that our existing or potential competitors will not develop products which are similar or superior to our products. It is often difficult to project the time frame for developing new products and the duration of market demand for these products, 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 research and development of such product. Venturing into a new product line may require methods of operations and marketing and financial strategies, different from those currently employed in our Company. We cannot assure you that we will be able to successfully develop our new product lines. Further, we will be subject to the risks generally associated with new product introductions and applications, including unproven know-how, unreliable technology, inexperienced staff, and delays in product development and possible defects in products.

**10. If we fail to manage our growth effectively, we may be unable to execute our business plan or maintain high levels of service and satisfaction, and our business, results of operations, cash flows and financial condition could be adversely affected.**

We have experienced significant growth in our revenue from operations and profitability in the last three Fiscals and anticipate that we will continue to potentially grow, expand into new geographies and take advantage of market opportunities. Our revenue from operations has grown from ₹6,920.97 lakhs in Fiscal 2022 to ₹ 9,978.75 lakhs in Fiscal 2024. Our PAT has grown from ₹ 212.13 lakhs in Fiscal 2022 to ₹ 1,192.63 lakhs in Fiscal 2024.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth strategy includes growing our product portfolio, strengthening our brand, deepening our penetration in existing markets and expanding our presence in select new territories and expanding our manufacturing capacities. For further information, see “*Our Business*” on page 151 of this Draft Red Herring Prospectus.

Many factors may contribute to a decline in our revenue growth rates, including increased competition, slowing demand for our product from existing and new customers, reduced market acceptance, inability to attract new customers, general economic conditions, government actions and policies, a failure by us to continue capitalizing on growth opportunities, changes in the regulatory framework, availability of an alternate to our product, non-availability of raw materials at competitive pricing, inability to procure raw materials from new sources and the maturation of our business, among others. We cannot assure you that our current and planned systems, policies, procedures and controls, personnel and third-party relationships will be adequate to support our future operations. Our inability to effectively manage any of these issues may adversely affect our business growth and, as a result, impact our business, financial condition, results of operations and prospects.

To manage operations and personnel growth, we will need to continue to grow and improve our operational, financial, and management controls and our reporting systems and procedures. Failure to manage our anticipated growth and organizational changes in a manner that preserves the key aspects of our culture could reduce our ability to recruit and retain personnel, innovate, operate effectively, and execute on our business strategy, potentially adversely affecting our business, results of operations, cash flows and financial condition.

We will need to adapt and upgrade our controls, policies, procedures and overall operations to accommodate our growing operations and supporting personnel. Moreover, the speed with which our internal controls and procedures are implemented or adapted to changing regulatory or commercial requirements may be inadequate to ensure full and immediate compliance, leaving us vulnerable to inconsistencies and failures that may have a material adverse effect on our business, results of operations, cash flows and financial condition.

In addition, there may be delays in the anticipated timing of activities related to such growth initiatives, strategies and operating plans; increased difficulty and cost in implementing these efforts; and the incurrence of other unexpected costs associated with operating the business. Any of these factors could adversely impact our results of operations. If, for any reason, the benefits we realize are less than our estimates or the implementation of these growth initiatives, strategies and operating plans adversely affect our operations or cost more or take longer to effectuate than we expect, or if our assumptions prove inaccurate, our results of operations may be materially adversely affected.

**11. A significant portion of our domestic revenues are derived from the western and central zone and any adverse developments in this market could adversely affect our business.**

Set forth below is certain information on our geography-wise domestic revenue from operations on the Restated Financial Statement for the periods indicated:

Zone	March 31, 2024		March 31, 2023		March 31, 2022	
	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from Operations	Amount (₹ in lakhs)	% of revenue from operations
West	4,518.40	45.28	4,265.45	44.00	2,849.42	45.29
South	745.40	7.47	436.52	4.50	550.05	8.74
North	659.35	6.61	603.61	6.23	85.20	1.35
East	864.32	8.66	845.28	8.72	183.68	2.92

Central	1,749.98	17.54	1,830.80	18.89	937.92	14.91
<b>Total</b>	<b>8,537.45</b>	<b>85.56</b>	<b>7,981.66</b>	<b>82.34</b>	<b>4,606.27</b>	<b>73.21</b>

For further information, please refer to chapter titled **“Our Business”** beginning on page 151 of this Draft Red Herring Prospectus. We have historically derived a significant portion of our revenue from sales in the western zone. For the Fiscal 2024, 2023, and 2022 the revenue generated from sales in the western and central zone cumulatively represented 62.82%, 62.89% and 60.29% respectively of our revenue from operations. Accordingly, any materially adverse social, political or economic development, natural calamities, civil disruptions, regulatory developments or changes in the policies of the state or local government in this region could adversely affect our manufacturing and distribution activities, result in modification of our business strategy or require us to incur significant capital expenditure, which will in turn have a material adverse effect on our business, financial condition, results of operations, and cash flows. Further, our sales from this region may decline as a result of increased competition, regulatory action, pricing pressures, fluctuations in the demand for or supply of our products or services, or the outbreak of an infectious disease such as COVID-19. Our failure to effectively react to these situations or to successfully introduce new products or services in these markets could adversely affect our business, prospects, results of operations, financial condition, and cash flows. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

**12. Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.**

The success of any capacity expansion and expected return on investment on capital expenditure is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise. Our ability to maintain our profitability depends on our ability to optimize the product mix to support high-margin products and products with consistent long-term demand and the demand and supply balance of our products in the principal and target markets. In particular, the level of our capacity utilization can impact our operating results. Capacity utilization is also affected by our product mix and the demand and supply balance.

Our overall capacity utilization for Welding Electrodes and Flux Cored wire are as follows:

For the Financial Year Ended March 31, 2024 *					
Product	Location	Total Installed Capacity	Units	Qty Produced	Utilization %
Welding Electrodes	Bhilad	10800	MT	3459	32.02
Flux Cored Wire	Bhilad	7200	MT	2879	39.99

For the Financial Year Ended March 31, 2023*					
Product	Location	Total Installed Capacity	Units	Qty Produced	Utilization %
Welding Electrodes	Bhilad	10800	MT	2944	27.26
Flux Cored Wire	Bhilad	6480	MT	2624	40.49

For the Financial Year Ended March 31, 2022*					
Product	Location	Total Installed Capacity	Units	Qty Produced	Utilization %
Welding Electrodes	Bhilad	10800	MT	3522	32.61
Flux Cored Wire	Bhilad	6480	MT	1477	22.79

*\*As certified by Shivabhai Patel, Independent Chartered Engineers vide their certificate dated April 30, 2024*

For further information, please refer to chapter titled **“Our Business-capacity and capacity utilization ”** beginning on page 151 of this Draft Red Herring Prospectus. As regards the above, there has been an overall increase in capacity utilization has increased but due to restrictions we are unable to utilize the full capacity which is and shall hamper our ability to generate revenue.

Our capacity utilization levels are dependent on our ability to carry out uninterrupted operations at our manufacturing facility, the availability of raw materials, industry/ market conditions, as well as by the product requirements of, and procurement practice followed by, our distributors. In the event we face prolonged disruptions at our facilities including due to interruptions in the supply of water, electricity 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 manufacturing facility, resulting in operational inefficiencies which could have a material adverse effect on our business and financial condition. Our proposed expansion plans are based on demand forecasts that are subject to various assumptions including product trends in the industry and management estimates that are based on prevailing economic conditions. Adequate utilization of our expanded capacities is therefore subject to various factors beyond our control and in case of oversupply in the industry or lack of demand, we may not be able to utilize our expanded capacities efficiently. The success of any capacity expansion and expected return on investment on capital invested is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise and utilize the expanded capacities as anticipated. Please also refer to chapter titled **“Risk Factor no. 3. We may face several risks associated with the proposed expansion in our manufacturing facility, which could hamper our growth, prospects, cash flows and business and financial condition”** beginning on page 33 of this Draft Red Herring Prospectus.

**13. None of our Directors have any prior experience of being a director in any other listed company in India.**

Our current Board comprises of six directors which includes Chairman and Managing Director, three Non-Executive Independent Directors, and two Executive Directors. We are not a publicly listed company and have not historically been subject to increased scrutiny by shareholders, regulators and the public at large that is associated with being a listed company. None of our board of directors have any prior experience of being a director in any other listed company in India. While our Board members are qualified and have relevant experience in their respective field, not having any prior experience as being a director in any other listed company in India may present some potential challenges to our Company in effectively meeting with good corporate governance norms and practices. Additionally, having lack of such experience amongst the board of directors may impact our Company's credibility and reputation among the investors and other stakeholders. For further details, please see chapter titled **“Our Management-Brief Profiles of our Director”** beginning on page 182 of this Draft Red Herring Prospectus.

**14. Our Promoter has extended personal guarantee in connection with some of our debt facilities to our company. There can be no assurance that such personal guarantee will be continued to be provided by our Promoters in future or can be called at any time, affecting the financial arrangements.**

Our Promoters, Bipin Sanghvi, Hardik Sanghvi and Swagat Sanghvi have provided personal guarantee to secure our existing borrowings which are continuing and are in force as on the date of this Draft Red Herring Prospectus. As on this date, following are the personal guarantees extended by our Promoters as a security for borrowings availed by our Company:

(₹ in lakhs)

Sr. No.	Lender	Name of the Borrower	Nature of facility Sanction	Amount Guaranteed (₹)	Outstanding as on May 31, 2024
1.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Overdraft	1,150.00	1.67
2.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Working Capital Loan	1,150.00	Nil
3.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Export Line (Control Limit)	400.00	Nil

4.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Export/Seller Facility: Pre-Shipment Seller Loan (Export/Domestic)	400.00	Nil
5.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Export/Seller Facility: Post Shipment Seller Loan (Open Account)	400.00	Nil
6.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Letter of Credit Bill Discounting (LCBD) Post acceptance from issuing Bank	100.00	Nil
7.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import Line (Controlling Limit)	300.00	Nil
8.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import/Buyer Facility: Import Documentary Credit Facility – Import documentary credit Issuance	300.00	Nil
9.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Guarantee/Bond Facility	300.00	Nil
10.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import Line (Controlling Limit)	300.00	Nil
11.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import/Buyer Facility: Post- shipment buyer loan- Loan Against Import	300.00	Nil
12.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Working Capital Term Loan	110.00	Nil

Further, our Company has also mortgaged its immovable properties including its factory land and building to secure our credit facilities. As on March 31, 2024 the total outstanding was 19.71 lakhs. Further, if we fail to service our debt obligations, the lenders have the right to enforce the security created in respect of our secured borrowings. If the lenders choose to enforce security and dispose our assets to recover the amounts due from us, our business, results of operations and financial condition may be adversely affected.

In the event any of default under any of the aforesaid facilities, there is a risk that the relevant lender for such facilities may invoke our Promoters' guarantee(s) or require additional guarantees or collateral or may enforce its rights against our Promoters in case of default. If we are unable to procure alternative guarantees satisfactory to our lenders, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. In addition, our Promoters may be required to liquidate their respective shareholding in our Company to settle the claims of the lenders, thereby diluting their shareholding in our Company. Accordingly, our business, the financial condition, results of operations, cash flows and prospects may be adversely affected by the revocation of all or any of the personal guarantees provided by our Promoters in connection with our Company's borrowings.

**15. Our Company had negative cash flows during certain fiscal years in relation to our investing and financing activities. Sustained negative cash flows in the future would adversely affect our results of**



**operations and financial condition.**

While we do not have negative operating cash flow in the three preceding Fiscal Years, we have experienced negative cash flows from investing and financing activities. The following table summarizes our cash flow data for the periods indicated:

(₹ in lakhs)

Particulars	For the year ended March 31,		
	2024	2023	2022
Net Cash generated from Operating Activities	562.54	1,258.59	240.43
Net Cash Used in Investing Activities	(579.58)	(246.61)	(111.12)
Net Cash Used in Financing Activities	(189.17)	(715.27)	(154.55)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(206.21)</b>	<b>296.71</b>	<b>(25.24)</b>
Cash and Cash Equivalents at the beginning of the year	301.83	5.12	30.36
<b>Cash and Cash Equivalents at the end of the year</b>	<b>95.62</b>	<b>301.83</b>	<b>5.12</b>

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet its capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flow, it may adversely affect our business and financial operations.

We cannot assure you that our net cash flows will be positive in the future. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, prospects, results of operations and financial condition may be materially and adversely affected. For further details, please refer to chapter titled “*Restated Financial Statements*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 205 and 249 of this Draft Red Herring Prospectus respectively.

**16. Certain of our corporate records and filings and instruments of transfer are not traceable. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies.**

We are unable to trace certain corporate filings made by our Company such as list of shareholders as per Annexure A to Schedule V Part II for the period 1999-2002. Additionally, we are unable to trace share transfer forms in relation to transfers made to and by our Promoter of the equity shares of our Company is not traced as the relevant information was not available in the records maintained by our Company, at the MCA Portal maintained by the Ministry of Corporate Affairs and the RoC, despite conducting internal searches and engaging an independent practicing company secretary to conduct the search. We have conducted an extensive search of our records with the RoC, both physically and on the MCA portal, and in this regard have obtained a certificate dated July 17, 2024 from Riddhi Shah, Practicing Company Secretary. However, we have not been able to retrieve the form filing, and accordingly, have relied on documents we have relied on alternative documents such as board resolutions and share transfer registers maintained by our Company for transfers made to and by our Promoters. Further, we have also intimated the RoC with respect to the untraceable attachment by way of our letter dated July 31, 2024. Although no actions have been initiated or pending against us in relation to such untraceable record, as on the date of this Draft Red Herring Prospectus, if we are subject to any such liability, it may have an adverse effect on our reputation, and results of operations

For further details, please refer to chapter titled “*Capital Structure*” beginning on page 87 of this Draft Red Herring Prospectus. We cannot assure you that we will not be subject to legal proceedings, regulatory action or penalties imposed by statutory or regulatory authorities in this respect, which may adversely affect our business, financial condition, results of operations and reputation.

**17. There have been some instances of incorrect filings with the Registrar of Companies and other non-compliances under the Companies Act in the past which may attract penalties.**

There have been certain discrepancies in relation to statutory filings required to be made by us with the RoC under applicable laws, as well as certain other non-compliances incurred by us under the Companies Act details of which are provided hereunder:

- There has been a typography error in the memorandum of association filed with the RoC at the time of incorporation where in the face value of the
- There was inadvertent error in Form 2 filed with the RoC for allotment dated March 31, 2006 and January 5, 2006 wherein the effect of post issue paid up capital was interchange provided in the both resolution and Form 2.
- There has been a typography error in the return of allotment filed by our Company with the RoC with regard to the date of allotment which has been erroneously stated in the Form 2 as March 31, 2012 instead of July 24, 2012.
- Our Company has wrongly report the registered office address as 72 B, Bombay Talkies Compound, S. V. Road Malad West, Mumbai, Maharashtra, India, 400064 instead of 203-205, Business Classic, Chincholi Bunder Road, Malad west Mumbai- 400064 in the form during digitization of the records in the Financial year 2006-07. However our Company has updated our registered office while filing necessary form with the RoC.



There have delays in filing forms with the RoC For instance 1) Form No 20B for Annual Return 2005-06, 2007-08, 2008-09, 2009-10 2) Form 23AC and Form 23ACA for Financial year 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 3) Form 66 for FY 2005-06, 2006-07, 2007-08, 2008-09, 2009-10 3) Form 2 Return of allotment dated January 05, 2006 and March 31, 2006 4) Form 23 and Form25C for appointing managing director and whole time director and many more were filed by payment of additional fees.

Further during the Financial year 2014-15, our Directors has not disclosed their interest in first board meeting as per provision of the section 184 of the Companies Act, 2013.



Furthermore, during the Financial year 2021-22 and Financial 2022-23, our Company has granted loans to our director i.e., Bipin Sanghvi in contravention of Section 185 of the Companies Act. Although no actions have been initiated or pending against us in relation to such non-compliance, as on the date of this Draft Red Herring Prospectus, if we are subject to any such liability, it may have an adverse effect on our reputation, and results of operations. Further, there can be no assurance that there will be no non-compliances in the future and our Company will not be subject to adverse actions by the authorities

Although, no regulatory action, fine or penalty has been taken/ levied on our Company for the abovementioned purported default / non-compliance, however, it cannot be assured that no such regulatory action, fine 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. Any such proceeding or action which may be initiated in the future may divert management time and attention and may subject us to further regulatory consequences (including penalty or action) which may have an adverse effect on our business, finance and results of operations.

**18. We may be unable to sufficiently obtain, maintain, protect, or enforce our intellectual property and other proprietary rights.**

The logo ‘’ and the word ‘ROYALARC’ registered under class 9 which we use has been transferred to our Company by our Promoter, Bipin Sanghvi. Further, the logo , under classes 7 and 8 under the Trade Marks Act, 1999 has been assigned to our Company by our Promoter Tarulata Bipinbhai Sanghvi vide deed of assignment, however the same is not been reflection on the trademarks site. Any failure to register or renew registration of our registered trademark may affect our right to use such trademark in future. Further, our efforts to protect our intellectual property in India and abroad may not be adequate and any third-party claim on any of our unprotected intellectual property may lead to erosion of our business value and our reputation, which could adversely affect our operations. Third parties may also infringe or copy our registered trade name in India and abroad which has been registered by us in India. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our trademarks in India and abroad.

Further, if do not maintain our trade name and identity, which we believe is one of the factors that differentiates us from our competitors, we may not be able to maintain our competitive edge. Moreover, our ability to protect, enforce or utilize our trade name is subject to risks, including general litigation risks. Furthermore, we cannot assure you that such trade name will not be adversely affected in the future by actions that are beyond our control, including customer complaints or adverse publicity from any other source. Any damage to our brand name, if not immediately and sufficiently remedied, could have an adverse effect on our business and competitive position in India and abroad.

Further, the logo , under classes 6, under the Trade Marks Act, 1999 has been assigned to our Company by our Promoter Tarulata Bipinbhai Sanghvi. However, logo  under class 6 is opposed as on date. Pending the registration of the trademark, any other vendor in the similar line of business as ours may use the above-mentioned trademarks and we may have a lesser recourse to initiate legal proceedings to protect our intellectual property. Further, the applications for the registration of these trademarks may be opposed by third parties, and we may have to incur significant cost in relation to these oppositions. In the event, we are not able to obtain registrations due to opposition by third parties or if any injunctive or other adverse order is issued against us in respect of the trademark may amount to our inability to use such trademarks and / or avail the legal protection or prevent unauthorized use of such trademarks by third parties. Any such event may adversely affect our goodwill and business. For further details, please refer to chapter titled **“Our Business - Intellectual Property”** and **“Government and Other Statutory Approvals-VI. Intellectual Property”** beginning on pages 46 and 273 of this Draft Red Herring Prospectus respectively.

**19. Our operations are labour intensive and our manufacturing operations may be subject to unionization, work stoppages or increased labour costs, which could adversely affect our business and results of operations.**

Our manufacturing activities are labour intensive and expose us to the risk of various labour related issues. Whilst we have not faced any strike by our workforce, we cannot assure you that we will not be subject to work stoppages, strikes, lockouts or other types of conflicts with our employees or contract workers in the future. The success of our operations depends on availability of labor and maintaining a good relationship with our workforce. As of May 31, 2024, we employed of 134 permanent employees.

We do not have any trade union registered under the Trade Unions Act, 1926. In the past three years, we have not experienced any labour dispute except the ongoing dispute with labour, details whereof have been disclosed in chapter titled **“Outstanding Litigations and Material Developments”** beginning on page 265 of this Draft Red Herring Prospectus. We do not have any formal policy for redressal of labour disputes. Shortage of skilled/ unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations. There can be no assurance that we will not experience labour unrest in the future, which may delay or disrupt our operations. In the event of any prolonged delay or disruption of our business, results of operations and financial condition could be materially and adversely affected.

Our country has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits.

**20. Our Registered office and other office are on leave and license basis. Our failure to renew the licenses, or obtain a renewed licenses or pay higher license fees under this license agreement could negatively impact our operations.**

Our Registered and other office are on a leave and license basis. Such licenses comes up for renewal for time to time, and a non-renewal of such licenses could disrupt our functioning of both of our offices. The leave and license agreement of our Registered Office is valid till March 31, 2027 and of other office is valid upto January 31, 2026. The non-renewal of any of the leave and license agreements may result in temporary disruption in the functioning of our offices. Where the licenses are not renewed, or renegotiated on terms that are less advantageous to us, no leases are made available to us, lease amount is increased, we may be forced to pay higher rental fees or relocate. For further details, please refer to chapter titled **“Business Overview-Our Properties”** beginning on page 167 of this Draft Red Herring Prospectus.

**21. Our operations are subject to environmental and health and safety laws and other government regulations which could result in increased liabilities and increased capital expenditures.**

We are subject to environmental, health and safety and other regulatory and/ or statutory requirements in the jurisdictions in which we operate. Our manufacturing processes and products are subject to stringent quality, environmental and occupational health and safety standards. We are subject to various national, state, municipal and local laws and regulations concerning environmental protection in India. In India, these include the Factories Act, 1948, Contract Labour (Regulation and Abolition) Act, 1970, Payment of Wages Act, 1936, etc. A failure by us or our contractors to comply with the relevant labour regulations, could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding

or delay in receipt of regulatory approvals for our new products. We may be involved in future litigation or other proceedings or be held liable in any litigation or proceedings including in relation to labour, safety, health and environmental matters, the costs of which may be significant. Environmental laws and regulations in India are becoming more stringent and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment and emissions management.

As a consequence of unanticipated regulatory or other developments, future environmental and regulatory related expenditures may vary substantially from those currently anticipated. A risk of environmental liability is inherent in our manufacturing activities, and we are subject to numerous environmental laws and regulations in the countries in which we operate. We have availed public liability industrial risks insurance policy, we cannot assure you that our costs of complying with current and future environmental laws and other regulations will not adversely affect our business, results of operations, financial condition, or cash flows. In addition, we could incur substantial costs, our products could be restricted from entering certain markets and we could face other sanctions, if we were to violate or become liable under environmental laws or if our products become non-compliant with applicable regulations. Our potential exposure includes fines and civil or criminal sanctions, third-party property damage or personal injury claims and clean-up costs. The amount and timing of costs under environmental laws are difficult to predict.

**22. *While certain of our trademarks used by us for our business are registered, any inability to protect our intellectual property from third party infringement may adversely affect our business and prospects.***

As of the date of this Draft Red Herring Prospectus, our Company has 5 registered trademarks in India under the Trade Marks Act, 1999. These include registrations in respect of certain of our key brands and logos, including, but not limited to “Royal Arc”. For further information, please refer to chapter titled “**Government and Other Approvals – Intellectual Property Rights**” beginning on page 269 of this Draft Red Herring Prospectus. Our brand can be adversely affected by negative publicity or any claims concerning other businesses using the name “Royal Arc” or similar trade names, whether or not they are part of the Promoter Group and such usage can be very deceptive in nature and can have a negative impact on our brand. While we own various trademarks, we cannot guarantee that a third party may not use such names and we may have no control over such usage. As on the date of filing of this Draft Red Herring Prospectus the Company has not made any royalty payments to any other parties nor are there any conflicts, to the best of our knowledge with respect to our brand. In the absence of trademark registrations, we may not be able to initiate an infringement action against any third party who may be infringing our trademarks. With respect to our trademarks that have been applied for and/or objected or opposed, we cannot assure you that we will be successful in such a challenge nor can we assure that eventually our trademark applications will be approved, which in turn could result in monetary loss or prevent us from selling our products under these trademarks.

We may not be able to safeguard our intellectual property from infringement or passing off, both domestically and internationally, since we have operations in several countries and may not be able to respond to infringement or passing off activity occurring without our knowledge in a timely manner, or at all. Any improper use or infringement by any party may damage our business prospects, reputation and goodwill and reduce our revenue. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. There has not been any instances unauthorized use of our intellectual property by third parties in the last 3 years. We cannot assure you that any instances will not arise in future. In addition, any adverse outcome in relation to any future proceedings, may have an adverse effect on our business, results of operations, financial condition and cash flows. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may infringe on our rights, which may have an adverse effect on our business, results of operations, financial condition and cash flows.

**23. *We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with our Shareholders.***

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties. For further information on our related party transactions, please see “**Note AI– Related Party Transactions**” in the chapter titled “**Restated Financial Statements**” beginning on page 205 of this Draft Red Herring Prospectus. While we confirm all such related party transactions that we have entered into are conducted on an arms’ length basis and in accordance with the Companies Act and other applicable regulations if any, but there can be no assurance that we could not have achieved more favorable terms had

such transactions not been entered into with related parties. Further, it is likely that we will enter into related party transactions in the future.

Furthermore, pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter into post-listing, will be subject to board or shareholder approval, as necessary under the Companies Act and the Listing Regulations, in the interest of our Company and its minority shareholders and in compliance with the Listing Regulations, we cannot assure you these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects

**24. Our Company, its Directors and its Promoters are party to certain litigation and claims. These legal proceedings are pending at different levels of adjudication before various forums and regulatory authorities. Any adverse decision may make us liable to liabilities/penalties and may adversely affect our reputation, business and financial status.**

There are outstanding legal proceedings involving the Promoters, Directors and the Company. These proceedings are pending at different levels of adjudication before various courts. The details of such outstanding litigations as at the date of this Draft Red Herring Prospectus are as follows:

A classification of these outstanding proceedings is given in the following table:

(₹ in Lakhs)

Nature of Cases	Number of Cases	Total Amount Involved
<b>Proceedings against our Company</b>		
Criminal	Nil	Nil
Civil	1	Not Ascertainable
Outstanding actions by Regulatory and Statutory Authorities	2	Not Ascertainable
Tax	5	187.67
<b>Proceedings by our Company</b>		
Criminal	Nil	Nil
Civil	2	6.60
<b>Proceedings against our Director (other than Promoter)</b>		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	Nil	Nil
<b>Proceedings by our Director (other than Promoter)</b>		
Criminal	Nil	Nil
Civil	Nil	Nil
<b>Proceedings against our Promoter</b>		
Criminal	Nil	Nil
Civil	Nil	Nil
Outstanding actions by Regulatory and Statutory Authorities	Nil	Nil
Tax	12	51.61
<b>Proceedings by our Promoter</b>		
Criminal	Nil	Nil
Civil	Nil	Nil

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. Should any new developments arise, including a change in Indian laws or rulings against us by the appellate courts or tribunals, we may face losses and we may have to make further provisions in our financial statements, which could increase our expenses and our liabilities. Decisions in such proceedings, adverse to our interests, may have a material adverse effect on our business, cash flows, financial condition, and results of operations. Failure to successfully defend these or other claims, or if our current provisions prove to be inadequate, our business and results of operations could be adversely affected. Even if we are



successful in defending such cases, we will be subject to legal and other costs relating to defending such litigation, and such costs could be substantial. In addition, we cannot assure you that similar proceedings will not be initiated in the future. Any adverse order or direction in these cases by the concerned authorities, even though not quantifiable, may have an adverse effect on our reputation, brand, business, results of operations and financial condition. For further details, please refer to chapter titled "**Outstanding Litigation and Material Developments**" beginning on page 265 of this Draft Red Herring Prospectus.

**25. The average cost of acquisition of Equity Shares for our Selling Shareholders may be lower than the Offer Price.**

The average cost of acquisition of Equity Shares for our Selling Shareholders may be lower than the Offer Price. The details of the average cost of acquisition of Equity Shares held by our Promoters, Promoter Selling Shareholders and Promoter Group Selling Shareholders as at the date of the Draft Red Herring Prospectus is set out below.

Name	Number of Shares (Face value of ₹ 10)	Average Cost of Acquisition per Equity Share (in ₹) *
Bipin Sanghvi	8,92,717	1.67
Hardik Sanghvi <sup>#</sup>	26,82,750	13.56
Tarulata Sanghvi	17,63,461	18.93
Swagat Sanghvi <sup>#</sup>	26,82,750	8.58
Ami Sanghvi <sup>+</sup>	6,38,750	1.28
Pooja Sanghvi <sup>+</sup>	6,38,750	22.50

<sup>#</sup> Also, Promoter Selling Shareholders.

<sup>+</sup> Also, Promoter Group Selling Shareholders

\* As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountants by way of their certificate dated August 2, 2024.

For more details regarding weighted average cost of acquisition of Equity Shares by our Promoters and Promoter Selling Shareholders and build-up of Equity Shares by our Promoters and Promoter Selling Shareholders in our Company, please refer to chapter titled "**Summary of the Offer Document – Average cost of acquisition**" beginning on page 31 of this Draft Red Herring Prospectus.

**26. Restrictions on import of raw materials may impact our business and results of operations.**

We currently import some portion of our raw materials from China. The raw material imports are regulated by certain specific laws and regulations that permit concerned authorities to stop any import if it is deemed that the goods proposed to be imported may be hazardous. While the raw materials we import may not be hazardous in nature, we cannot assure you that such regulations will not be made applicable to us or that such regulations will not evolve into more stringent regulations, which would place onerous requirements on us and consequently restrict our ability to import raw materials. While we have not in the recent past experienced any challenges in importing such materials, we cannot assure you that we will not experience any such challenges in the future. For the period ended Fiscal 2024, Fiscal 2023 and Fiscals 2022 our purchase of imported raw materials on CIF basis amounts to ₹ 46.70 lakhs, ₹ 129.12 lakhs and ₹ 193.99 lakhs, representing 0.68%, 2.08% and 3.95% respectively, of our total purchase on restated financial statement. If the available supply of such parts is insufficient to meet the needs of our business or if there is an interruption in supply from our international suppliers, including due to any unanticipated outage, shutdown and/or suspension of production at their facilities, change in political relationship or implementation of laws and policies impacting our relationship with our international suppliers, our ability to manufacture and sell our products could be limited due to such sudden shortage of parts in the market which could result in order cancellations for our products and have an adverse effect on our business and results of operations. We are unable to assure you that such regulations would not be made more stringent which would consequently restrict our ability to import raw materials from other jurisdictions. Any restriction on import of raw materials could have an adverse effect on our ability to deliver products to our customers, business and results of operations.

**27. Any defect in our products may result in our orders being cancelled and we could become liable to customers, suffer adverse publicity and incur substantial costs which in turn could affect us adversely.**

Any defect in our products could result in cancellation of our orders for manufacturing and selling the products. In case our products are found to be defective, the same could result in a claim against us for damages. Although, we attempt to maintain quality standards, and although there have not been any instances of cancellation of our orders due to defects, we cannot assure that all our products would be of



uniform quality. Any defect in our products and claims by our customers against our products could adversely affect the value of our brand, and our sales could diminish. Further, our business is dependent on the trust of our customers in the quality of our products and delivery of services. Any negative publicity regarding our Company, brand, or products, including those arising from a drop in quality of materials from our vendors, mishaps resulting from the use of our products could affect our reputation and our results from operations. In the event the products sold by us are defective or substandard for any reason, including due to human errors at any stage of manufacturing, our customers may pursue claims or actions against us within the warranty period, which could materially and adversely affect our business, financial conditions and results of operations.

**28. *We operate in a competitive and fragmented industry with low barriers to entry and may be unable to compete with a range of unorganized sector.***

In the dynamic landscape of the engineering business, one of the formidable challenges arises from competition in the unorganized sector. We operate in the copper coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder, etc which is competitive and fragmented and we compete with a range of unorganized players, at the national and regional level. Further, while we have an expanding portfolio of products, our competitors may have the advantage of focusing on concentrated products. Further, we compete against established players also, which may have greater access to financial, technical and marketing resources and expertise available to them than us in the products and services in which we compete against them.

Further, industry consolidation may affect competition by creating larger, more homogeneous and potentially stronger competitors in the markets in which we compete. Our competitors may further affect our business by entering into exclusive arrangements with our existing or potential clients. There can be no assurance that we will be able to compete successfully against such competitors or that we will not lose our key core employees, associates or clients to such competitors. Additionally, our ability to compete also depends in part on factors outside our control, such as the availability of skilled resources, pricing pressures in the staffing industry and the extent of our competitors' responsiveness to their client's needs. Our continued success depends on our ability to compete effectively against our existing and future competitors. While our products are subject to quality check by our customers and empanelment as their vendor, which results in some entry barriers, the potential entry of new competitors, given the relatively low entry barriers in the industry where we operate, our ability to retain our existing clients and to attract new clients is critical to our continued success. As a result, there can be no assurance that we will, in light of competitive pressures, be able to effectively compete with our competition in the various product and service segments we operate in, whether on the basis of pricing, quality or range of services or otherwise, which could have material adverse effect on our business, results of operations and financial condition.

**29. *We are dependent on third-party transportation providers for the supply of raw materials and delivery of our finished products and any failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations.***

As a Manufacturing business, our success depends on the smooth supply and transport of the various raw materials required for our manufacturing facility and of our products from our manufacturing facility to our customers, or delivery points if any, which are subject to various uncertainties and risks. We transport our raw materials and our finished products by road and sea. We use third-party freight and transportation providers for the delivery of our products. The below table provides details of the transport cost incurred by our Company:

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations
Transport Charges	152.40	1.53	203.34	2.10	295.00	4.69

We do not have formal contractual relationships with such logistic companies and freight forwarders, particularly in the export markets. We also have a marine open insurance policy to cover any damage to our products during transit. Transportation strikes, if any, could have an adverse effect on supplies and deliveries to and from our customer and suppliers. Further, on account of the COVID-19 pandemic, our manufacturing operations were shut down and our third-party transportation providers' operations were also closed during the lockdown imposed by the Government.

Further, 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. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations. 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. 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.

**30. *Our overall margins may fluctuate as a result of the product manufactured by us.***

Our overall margins may fluctuate depending on the product manufactured. For example, the gross margin of any given product could depend on the total volume manufactured, complexity of manufacturing processes, technology deployed, and other factors. As a result, a change in product mix may decrease the gross margins and operating margins of our Company, which could have a material adverse effect on our business, financial condition and results of operations. Our ability to maintain our profitability depends on our ability to optimize the product mix to support high-margin products and products with consistent long-term demand and the demand and supply balance of our products in the principal and target markets.

Furthermore, our different lines of business present different levels of profitability and opportunity for growth. If we fail to increase or maintain the proportion of certain products that are profitable in our portfolio this may lead to a reduction in our profitability. If we are not able to attract a sufficient market share of products in growing sectors we may also not be able to continue to grow our business which may lead to a loss of our market position and therefore a reduction in GDPI.

**31. *Unplanned slowdowns or shutdowns of our manufacturing operations could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects.***

Our business is dependent upon our ability to efficiently manage our manufacturing facility, which is subject to various operating risks, including the productivity of our workforce, increase in employee costs, compliance with regulatory requirements, and circumstances beyond our control, such as the breakdown and failure of equipment or industrial accidents, severe weather conditions, natural disasters and infectious disease outbreaks such as the COVID- 19 pandemic. Any malfunction or breakdown of our machinery may require significant repair costs and consequently cause delays in our operations. We may also face protests from local citizens at our existing manufacturing facilities or while setting up new facilities, which may delay or halt our operations. There are no instances of unplanned slowdowns or shutdowns in the manufacturing operations of our Company in the last three Fiscals and in the current Fiscal until the date of this Draft Red Herring Prospectus, except for instance due to COVID-19.

Our operations also require a significant amount and continuous supply of electricity, and any shortage or non-availability of such utilities may adversely affect our operations. We have significant power requirements and any disruption to power sources could increase our production costs and adversely affect our results of operations. Any interruption in the continuous supply electricity may negatively impact the quality of the final product manufactured by us, which may result in delays in delivery of our products or non-delivery, resulting in loss of revenue and adversely affecting our reputation or customer relationships. A prolonged interruption of electricity supply can also result in manufacturing slowdown or shutdowns, increased costs associated with restarting manufacturing and the loss of manufacturing in progress. The occurrence of any such event in the future could have an adverse effect on our business, results of operations, financial condition, cash flows and future prospects. Our inability to effectively respond to any shutdown or slowdown and rectify any disruption, in a timely manner and at an acceptable cost, could lead to an inability to comply with our customers' requirements and result in us breaching our contractual obligations.

**32. *Our funding requirements and the proposed deployment of Net Proceeds are based on management***

*estimates and have not been appraised by any bank or financial institution or any other independent agency and may be subject to change based on various factors, some of which may be beyond our control. We have not entered into any definitive agreements to utilise certain portions of the Net Proceeds of the Offer.*

We intend to use the Net Proceeds for the purposes described in chapter titled “*Objects of the Offer*” beginning on page 103 of this Draft Red Herring Prospectus. As on the date of this Draft Red Herring Prospectus, our funding requirements are based on management estimates, current circumstances of our business, the prevailing market condition and other commercial and technical factors and have not been appraised by any bank or financial institution. They are based on current conditions and are subject to change in light of financial condition, business strategy and external factors such as government policies, market conditions, competitive environment and interest or exchange rate fluctuations and other external factors which may not be within the control of our management. While we will use the Net Proceeds for purposes such as part expansion of the manufacturing facility, Funding of working capital requirements of the Company in the manner specified in chapter titled “*Objects of the Offer*” beginning on page 103 of this Draft Red Herring Prospectus.

Our internal management estimates may exceed fair market value which may require us to reschedule or reallocate our expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. We may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, and other financial and operational factors. Accordingly, prospective investors in the Offer will need to rely upon our management’s judgment with respect to the use of Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and the results of operations.

In accordance with sections 13(8) and 27 of the Companies Act, we cannot change the utilization of the Net Proceeds or the terms of any contract as disclosed in this Draft Red Herring Prospectus without obtaining the Shareholders’ approval through a special resolution. We may not be able to obtain the Shareholders’ approval in a timely manner, or at all, in the event we need to make such changes. Any delay or inability in obtaining such Shareholders’ approval may adversely affect our business or operations. Further, as required under Section 27 of the Companies Act, our Promoters would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to change the objects of the Offer or vary the terms of such contracts, at a price and manner as prescribed by SEBI. The requirement to provide an exit opportunity to such dissenting shareholders may deter our Promoters from agreeing to any changes made to the proposed utilization of the Net Proceeds, even if such change is in our interest. Further, we cannot assure you that our Promoters will have adequate resources to provide an exit opportunity at the price prescribed by SEBI. For further details on exit opportunity to dissenting shareholders, please see chapter titled “*Objects of the Offer*” on page 103 of this Draft Red Herring Prospectus. In light of these factors, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, or vary the terms of any contract referred to in this Draft Red Herring Prospectus, even if such variation is in our interest. This may restrict our ability to respond to any change in our business or financial condition by redeploying the unutilized portion of the Net Proceeds, if any, or varying the terms of any contract, which may adversely affect our business, financial condition, results of operations, cash flows and prospects.

**33. *Our insurance coverage may not be sufficient or adequate to protect us against all material hazards, which may adversely affect our business, results of operations, financial condition and cash flows.***

Our operations are subject to various risks inherent in the manufacturing industry including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. The occurrence of any one of these events may result in our being named as a defendant in lawsuits asserting claims for substantial damages, including for cleanup costs, personal injury and property damage and fines and/ or penalties. We generally perform scheduled and unscheduled maintenance and operating and other asset management services. The manufacturing of products involves handling of certain risky materials which, if not handled properly, can be dangerous. Our insurance may not be adequate to completely cover any or all of our risks and liabilities. There have been no instances in the last three years.

We maintain an amount of insurance protection that we consider adequate including insurance policy covering fire, damage to buildings, plant and machinery, stocks (raw materials and finished goods), vehicles and policy covering damage to goods in transit. We may not have identified every risk and further may not be insured against every risk because such risks are either uninsurable or not insurable on commercially acceptable terms, including operational risk that may occur and the occurrence of an event that causes losses in excess of the limits specified in our policies, or losses arising from events or risks not covered by insurance policies such as COVID-19 and other pandemics, or due to the same being inadequate, could

materially harm our cash flows, financial condition and future results of operations. Further, while there has been no past instance of inadequate insurance coverage for any loss, we cannot assure that we will continue to accurately ascertain and maintain adequate insurance for losses that may be incurred in the future. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. Any claim brought against us, with or without merit, could result in reputational damage, and even unsuccessful claims could result in substantial costs and diversion of management resources. A successful claim not fully covered by our insurance could have a negative impact on our reputation, financial condition, and results of operations. For further information on our insurance arrangements, please refer to chapter titled “*Our Business – Insurance*” beginning on page 165 of this Draft Red Herring Prospectus.

**34. *Our Promoters will continue to retain significant shareholding in our Company after the Offer, which will allow it to exercise control over us.***

After the completion of the Offer, our Promoters will hold [●]% of our post paid-up equity shares on a fully diluted basis. Accordingly, post completion of the Offer, our Promoters is expected to retain majority shareholding in our Company will continue to exercise control over our business and all matters requiring shareholders’ approval, including the composition of our Board of Directors, the adoption of amendments to our charter documents, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. There can be no assurance that our Promoters will exercise its rights as a Shareholder to the benefit and best interests of our Company. The interests of our Promoters, as our Company’s significant Shareholder and exercising control over our Company, could be different from the interests of our other Shareholders and their influence may result in change of management or control of our Company, even if such a transaction may not be beneficial to our other Shareholders.

**35. *Our ability to pay dividends in the future will depend on our earnings, financial condition, working capital requirements, capital expenditures and restrictive covenants of our financing arrangements.***

We have not declared dividend in the past. For further information, please refer to chapter titled “*Dividend Policy*” on page 204 beginning of this Draft Red Herring Prospectus. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends 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. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board in accordance with the dividend distribution policy as may be adopted by our Board from time to time and will depend on factors that our Board deems relevant, including among others, our Company’s profitability, capital requirements, financial commitments and requirements, including business and expansions plans, applicable legal restrictions and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders’ investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

**36. *In addition to normal remuneration or benefits and reimbursement of expenses, some of our Directors and key managerial personnel are interested in our Company to the extent of their shareholding in our Company.***

Our Promoter and Directors may be deemed to be interested in addition to regular remuneration or benefits and reimbursement of expenses from our Company, and such interests are to the extent of the Equity Shares held by them, or their relatives or our Group Entities, and benefits deriving from their directorship and shareholding in our Company. Our Promoter are interested in the transactions entered into between our Company and themselves as well as between our Company and our Group Entities. For the payments that are made by our Company to related parties including remuneration to our Directors, please refer to chapter titled “*Summary of the Offer Document – Summary of Related Party Transactions*”, “*Our Management*” “*Our Promoter and Promoter Group*” on page 29, 182 and 197 of this Draft Red Herring Prospectus respectively. Additionally, our Promoters have provided personal guarantee for certain of our borrowings and our business, financial condition, results of operations and prospects may be adversely affected by the revocation of all or any of the guarantees provided by our Promoters in connection with our Company’s

borrowings. For more information, please refer to chapter titled “*Financial Indebtedness*” beginning on page 264 of this Draft Red Herring Prospectus

**37. *There is no guarantee that our Equity Shares will be listed on the Stock Exchanges in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued of SEBI, our Equity Shares are required to be listed on the stock exchanges within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

**38. *We are exposed to foreign currency exchange rate fluctuations, which may adversely affect our results of operations and cause our quarterly results to fluctuate significantly.***

Our financial statements are prepared in Indian Rupees. However, our sales from exports and a portion of our raw materials expenditures are denominated in foreign currencies. Accordingly, we have currency exposures relating to buying and selling in currencies other than in Indian Rupees.

Our revenues from exports, cost of imported raw materials and foreign exchange gain /(loss) for the relevant periods was as below

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations
Revenue from exports	1,441.30	14.44	1,712.36	17.66	1,684.71	26.78
Cost of raw materials imported	46.70	0.68	129.12	2.08	193.99	3.95
Net Foreign Exchange Gain / (Loss)	20.12	0.20	60.73	0.63	25.64	0.41

Therefore, changes in the relevant exchange rates could also affect sales, operating results and assets and liabilities reported in Indian Rupees as part of our financial statements. We face foreign exchange rate risk as certain portion of our revenues are denominated in a currency other than the Indian Rupee. Because of our foreign currency exposure, exchange rate fluctuations between the Indian Rupee and foreign currencies, can have a material impact on our results of operations, cash flows and financial condition. These gains/losses were related to instances where the market exchange rate at the time of transaction was in our favour or against us as compared to the rates we had applied when the transactions were accounted. Our company currently does not engage in any kind of hedging contracts for exchange rate fluctuations, we may enter into the same in future which may or may not adequately cover the potential loss that may arise as a result of such foreign exchange transactions. Moreover, the hedges may not cover all such exposures and are in any event subject to their own risks, including counterparty credit risk. Adverse moves in exchange rates may adversely impact our profitability and financial condition. We cannot guarantee that we will not experience losses, on account of fluctuations in currencies going forward, and such losses may have an adverse effect on our business, results of operations and financial condition.

We face foreign exchange rate risk as certain portion of our revenues are denominated in a currency other than the Indian Rupee Because of our foreign currency exposure, exchange rate fluctuations between the Indian Rupee and foreign currencies, can have a material impact on our results of operations, cash flows and financial condition.

**39. *Our employees may engage in misconduct or other improper activities, including non- compliance with regulatory standards and requirements.***

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional failures to comply with any regulations applicable to us, to provide accurate information to regulatory authorities, to comply with manufacturing standards we have established, or to report financial information or data accurately or disclose unauthorized activities to us. In particular, sales, marketing and business arrangements in our industry are subject to laws and regulations intended to prevent fraud, misconduct, kickbacks, self-dealing and other abusive practices. These laws and regulations may restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. While we have not faced such instances in Fiscal 2024, Fiscal 2023, and Fiscal 2022, there can be no assurance that we will be able to identify and deter such misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risk. If our employees engage in any such misconduct, we could face criminal penalties, fines, revocation of regulatory approvals and harm to our reputation, any of which could form a material adverse effect on our business.

**40. We have incurred borrowings from commercial banks and any non-compliance with repayment and other covenants in our financing agreements could adversely affect our business and financial condition.**

We have entered into agreements with banks for short-term and long-term borrowings. The table below sets out the details of borrowings incurred by our Company for the period mentioned below:

(₹in lakhs)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Long Term Borrowing	-	43.03	152.07
Short Term Borrowing	19.71	98.68	629.18

Our ability to pay interest and repay the principal for our indebtedness is dependent upon our ability to manage our business operations and generate sufficient cash flows to service such debt. Certain agreements that we have entered into contain restrictive covenants, including requirements that we obtain consent from the lenders prior to undertaking certain matters such as availing any changes in capital structure, formulate any scheme of amalgamation or reconstruction, fresh credit facility, giving fresh loans and advances, opening/ maintaining new bank accounts issuing corporate guarantee etc. Any failure to service such indebtedness, or otherwise perform any obligations under such financing agreements may lead to a termination of one or more of our credit facilities or incur penalties and acceleration of payments under such credit facilities, which may adversely affect our business and financial condition. Further, any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain the necessary consent to take the actions that we are required to operate and grow our business. Any fluctuations in the interest rates may directly impact the interest costs of such loans, and affect our business, financial condition, results of operations and prospects. Our ability to make repayments and refinance our indebtedness will depend on our continued ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt.

For more information, please refer to chapter titled “*Financial Indebtedness*” beginning on page 264 of this Draft Red Herring Prospectus.

**41. If there are delays in setting up the Proposed Expansion and cost overruns related to the Proposed Expansion or installation of Solar Power project are higher than expected, it could have a material adverse effect on our financial condition, results of operations and growth prospects.**

We are in the process of undertaking Proposed Expansion of our existing manufacturing facility at Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Umbergaon, District Valsad, Gujarat (“Proposed Expansion”), all of which would require substantial capital expenditure. Out of the Net Proceeds from fresh issue of ₹488.66 lakhs are proposed to be utilized towards funding capital expenditure requirements at Proposed Expansion and installation of solar power plant. For further information in relation to the Proposed Expansion please see “*Objects of the Issue*” beginning on page 103 of this Draft Red Herring Prospectus. The Proposed Expansion are expected to commence by January, 2025. The completion of the setting up of the Proposed Expansion is dependent on our ability to arrange finance through Net Proceeds of Fresh Issue or otherwise, the performance of vendors which are responsible for inter alia construction of factory shed, plinth & cementing, footing work, road work and solar rooftop. We cannot assure you that we will be able to arrange for such finance on time. We cannot assure you that we will be able to arrange for such finance on time. Further, we cannot assure you that the performance of vendors will meet the required specifications or performance parameters. We may not be able to identify suitable replacement external vendors in a timely manner. If the performance of these vendors is inadequate



in terms of the requirements, this may result in incremental cost and time overruns. However, if we decide to raise additional funds through the issuance of equity or equity-linked instruments, the interests of our shareholders may be diluted. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business prospects could be adversely affected.

There could be delays in setting up the Proposed Expansion as a result of, amongst other things, requirement of obtaining approvals from statutory or regulatory authorities, contractors' or external agencies' failure to perform, exchange rate fluctuations, unforeseen problems, disputes with workers, increase in input costs of construction materials and labour costs, incremental preoperative expenses, taxes and duties, interest and finance charges, cost escalation and/ or force majeure events (including the continuing impact of the COVID-19 pandemic, geopolitical tensions, etc.), any of which could give rise to cost overruns and delays in our implementation schedules.

In expansion of our existing manufacturing facility, we may encounter cost overruns or delays for various reasons, including, but not limited to, our financial condition, changes in business strategy and external factors such as market conditions, government restriction on import from countries sharing land borders with India, competitive environment and interest or exchange rate fluctuations, changes in design and configuration of the projects, increase in input costs of construction materials and labour costs, incremental preoperative expenses, taxes and duties, start-up costs, interest and finance charges, working capital margin, environment and ecology costs and other external factors which may not be within the control of our management. If any of the proposed expansion that we propose to set up at our existing manufacturing facility, are not completed in a timely manner, or at all, our business, prospects and results of operations may be adversely affected. Further, the budgeted cost may prove insufficient to meet the requirements of the proposed capital expenditure due to, among other things, cost escalation, which could drain our internal cash flows or compel us to raise additional capital, which may not be available on terms favourable to us or at all. There can be no assurance that we will be able to complete the aforementioned expansion or commissioning of our plants and additions in accordance with the proposed schedule of implementation and any delay could have an adverse impact on our growth, prospects, cash flows and financial condition.

**42. *Any material deviation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior approval of the shareholders of our Company.***

We propose to utilize the Net Proceeds for funding capital expenditure towards expansion of our existing manufacturing facility and funding of Working Capital requirement of the Company. Such objects have not been appraised by any bank or financial institution, for further details of the proposed objects of the Offer, please refer to chapter titled "*Objects of the Offer*" beginning on page 103 of this Draft Red Herring Prospectus. At this juncture, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and Schedules XI and XX of the SEBI ICDR Regulation, any material deviation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus requires the Company to obtain the approval of shareholders of our Company through a special resolution. In such event, we may not be able to obtain the approval of the shareholders of our Company in a timely manner, or at all. Any delay or inability in obtaining such approval of the shareholders of our Company may adversely affect our business or operations.

Further, our Company and Promoters would be required to provide an exit opportunity to the shareholders of our Company who do not agree with the material deviation of the proposed utilization of Net Proceeds, at a price and manner as prescribed by SEBI. Additionally, the requirement on Promoters to provide an exit opportunity to such dissenting shareholders of our Company may deter the Promoters from agreeing to the material deviation of the proposed utilization of the Net Proceeds, even if such material deviation is in the interest of our Company. Further, we cannot assure you that the Promoters will have adequate resources at their disposal at all times to enable them to provide an exit opportunity.

In light of these factors, we may not be able to undertake material deviation of the proposed utilization of the Net Proceeds to use any unutilized proceeds of the Offer, if any, even if such material deviation is in the interest of our Company. This may restrict our Company's ability to respond to any change in our business or financial condition by re-deploying the unutilized portion of Offer Proceeds, if any, which may adversely affect our business and results of operations.

**43. *The audit reports for our audited financial statements for the certain Financial Years include references to certain emphasis of matter paragraphs.***

The audit report issued by our Statutory Auditor for our audited financial statements for the Financial Years 2023 2022, and 2021 had the following emphasis of matter paragraphs:

For Fiscal 2023

During the period under review the company has granted loans to directors in contravention of Section 185 of the act and the maximum amount outstanding thereof is Rs.4,74, 63,102/- at the end of year loans were repaid.

For Fiscal 2022

- a) No liability in respect of present liability or future payment of Gratuity has been ascertained and provided in books of accounts. (Previous year -not ascertained and provided for). This is in contravention to with the Accounting standard 15 issued by the Institute of Chartered Accountants of India in respect of accounting for retirement benefits
- b) During the period under review the company has granted loans to directors in contravention of Section 185 of the act and the maximum amount outstanding thereof is Rs.4,45, 79,560 /- at the end of the year loans were repaid

For Fiscal 2021, Fiscal 2020 and Fiscal 2019

Company has not ascertained and provided gratuity liability in accordance with Accounting Standard 15- accounting for retirement benefits.

We cannot assure you that our Statutory Auditors' observations for any future financial period will not contain similar remarks, emphasis of matters or other matters prescribed under the Companies (Auditor's Report) Order, 2020, and that such matters will not otherwise affect our results of operations

***44. The success of our business depends substantially on a number of key management personnel, management team, and on our operational workforce. Our inability to retain them or to recruit highly skilled technical personnel that are necessary for our business could adversely affect our businesses.***

Our success substantially depends on the continued service and performance of the members of our management team and other key personnel in our business for the management and running of our daily operations and the planning and execution of our business strategy. Our Key Managerial Personnel are experienced in managing our businesses and are difficult to replace. They provide expertise which enables us to make well informed decisions in relation to our businesses and our future prospects. For details of our senior management team and other key personnel, please refer to chapter titled "***Our Management***" beginning on page 149 of this Draft Red Herring Prospectus. We cannot assure that we shall continue to retain any or all of the key members of our management. The loss of one or more members of our senior management team could severely impact our ability to execute our growth strategy and grow our revenues.

While we believe that our future success depends largely on our continued ability to hire, assimilate, retain and leverage the skills of qualified and skilled personnel, we may not be as successful as our competitors at recruiting, assimilating, retaining and utilizing the skills of such personnel which may adversely affect our ability to realise our growth strategy. Further, our ability to sustain our growth depends significantly upon training these employees effectively. If we are unable to recruit and retain personnel with the requisite experience, our growth and competitive position maybe adversely affected.

***45. There are certain discrepancies and non-compliances noticed in some of our financial reporting and/or records relating to filing of returns and deposit of statutory dues with the taxation and other statutory authorities.***

In the past, our company has on very few instances, delayed in filing our GST & PF returns for which, we have been required to pay the late filing fees along with interest on delayed deposit of due taxes and statutory dues. Although the late filing fees levied are small but if we continue this practice, the accumulated amounts of each delay may adversely affect our cash flows. Further no-show cause notice has been issued against our Company, in respect of above. In the event of any cognizance being taken by the concerned authorities in respect of above, actions may be taken against our Company and its directors, in which event the financials of our Company and our Directors may be affected. the following are the reason for delays filing by the company with payment of late fees.

**Goods & Service Tax**

For the Financial Year Ended	Return Type	Return Filled	Delayed Filings
FY-2021-22	GSTR – 3B	24	6
FY 2022-23	GSTR – 3B	24	1
FY 2023-24	GSTR – 3B	24	-
FY-2021-22	GSTR – 1	24	7
FY 2022-23	GSTR – 1	24	1
FY 2023-24	GSTR – 1	24	-
FY-2021-22	GSTR – 6	12	7
FY 2022-23	GSTR – 6	12	8
FY 2023-24	GSTR – 6	12	2

#### Employees Provident Fund

(₹ In Lakhs)

For the Financial Year	Total Amount Paid	Amount Paid within Due Date	Delayed Payment
FY-2021-22	18.62	18.62	1
FY 2022-23	20.68	20.68	3
FY 2023-24	21.41	21.41	-

#### Employees State Insurance

(₹ In Lakhs)

For the Financial Year	Total Amount Paid	Amount Paid within Due Date	Delayed Payment
FY-2021-22	0.17	0.17	-
FY 2022-23	0.15	0.15	-
FY 2023-24	3.99	3.99	2

46. *If we do not continue to invest in new technologies and equipment, our technologies and equipment may become obsolete and our cost of processing may increase relative to our competitors, which may have an adverse impact on our business, results of operations and financial condition.*

We have over time, improved our technology by improvising on various aspects of the manufacturing methods including material handling, quality enhancement, inventory management, reducing wastage and loss and implementing efficient software to improve operational efficiency. For instance, company has improved quality assurance systems by installing latest machines like XRF machines. We believe that going forward, our profitability and competitiveness will depend in large part on our ability to maintain low cost of operations, including our ability to process and supply sufficient quantities of our products as per the agreed specifications. While we believe that we have achieved technological advancements, if we are unable to respond or adapt to changing trends and standards in technologies and equipment, or otherwise adapt our technologies and equipment to changes in market conditions or requirements, in a timely manner and at a reasonable cost, we may not be able to compete effectively and our business, financial condition and results of operations may be adversely affected.

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

We are governed by various laws and regulations for our business and operations. We are required, and will continue to be required, to obtain and hold relevant licenses, approvals and permits at state and central government levels for doing our business. Further, our Company is unable to trace original copies of its Professional Tax - Enrolment Certificate and ESIC Registration Certificate for Maharashtra; however,

Company has made applications dated March 14, 2024 for both the certificates. The approvals, licenses, registrations and permits obtained by us may contain conditions, some of which could be onerous. If we are unable to renew any of the approvals, licenses, registrations and permits in a timely manner, it will damage our business prospects.

These laws and regulations governing us are increasingly becoming stringent and may in the future create substantial compliance or liabilities and costs. While we endeavor to comply with applicable regulatory requirements, it is possible that such compliance measures may restrict our business and operations, result in increased cost and onerous compliance measures, and an inability to comply with such regulatory requirements may attract penalty. For further details regarding the material approvals, licenses, registrations and permits, please refer to chapter titled "**Government and Other Statutory Approvals**" on page 269 of this Draft Red Herring Prospectus.

Furthermore, we cannot assure you that the approvals, licenses, registrations and permits issued to us will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Any suspension or revocation of any of the approvals, licenses, registrations and permits that has been or may be issued to us may affect our business and results of operations

**48. Any adverse change in regulations governing our products and the products of our customers, may adversely impact our business, prospects and results of operations.**

Regulatory requirements with respect to our products and the products of our customers are subject to change. An adverse change in the regulations governing the development of our products and their usage by our customers, including the development of licensing requirements and technical standards and specifications or the imposition of onerous requirements, may have an adverse impact on our operations. Our Company may be required to alter our manufacturing process and target markets and incur capital expenditure to achieve compliance with such new regulatory requirements applicable to us and our customers. We cannot assure you that we will be able to comply with the regulatory requirements. If we fail to comply with new statutory or regulatory requirements, there could be a delay in the submission or grant of approval for manufacturing or we may be required to withdraw existing products from the market. Moreover, if we fail to comply with the various conditions attached to such approvals, licenses, registrations and permissions once received, the relevant regulatory body may suspend, curtail or revoke our ability to market such products and/or we may be deemed to be in breach of our arrangements with our customers. Consequently, there is an inherent risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities, as well as the withholding or delay in receipt of regulatory approvals for our new products, which may adversely impact our business, results of operations and financial condition.

**49. In the twelve months prior to the date of filing the Prospectus, the Company had Offered Equity Shares at a price, which may be lower than the Offer Price.**

In the twelve months prior to the date of filing of this Draft Red Herring Prospectus, the Company had allotted 74,80,200 Equity Shares on February 1, 2024 as bonus shares to its existing shareholders. For further details on the issuance of Bonus shares, please refer to the chapter titled "**Capital Structure-Equity Share capital history of our Company-(viii) Bonus Issue on February 1, 2024 of 74,80,200 Equity Shares of face value of ₹10 each fully paid-up**" beginning on page 90 of this Draft Red Herring Prospectus.

**50. Any failure on our part to effectively manage our inventory may result in an adverse effect on our business, revenue from manufacturing operations and financial condition.**

We are a manufacturing entity and, at all points of time, a certain portion of assets comprise inventory of raw materials and finished products. Maintaining sufficient inventory of raw materials is critical for our operations. Any failure on our part to effectively manage our inventory of raw materials and finished products in response to changing market scenario may have an adverse effect on our financial condition and may even lead to loss of materials and increase the costs of our operations. In the event, we overestimate our requirements for raw materials as compared to the demand for our products, it may lead to wastage and increase our operating costs and further restrict our ability to service our customers in a timely and cost-efficient manner. Additionally, if our inventory of finished products is not dispatched on time or if there is an unanticipated delay in the delivery of our finished products or if the finished products are not properly maintained or are damaged or destroyed, we could lose such inventory which could have an adverse impact on our production cycle, results of operation and financial condition.

**51. Our Company may not be successful in penetrating new export markets.**

Expansion into new export markets subjects us to various challenges, including those relating to our lack of familiarity with the culture and economic conditions of these new regions, language barriers, difficulties in staffing and managing such operations. In addition, the risks involved in entering new geographic markets, may be higher than expected, and we may face significant competition in such markets. By expanding into new geographical regions, we could be subject to additional risks associated such as compliance with a wide range of laws, regulations and practices; exposure to expropriation or other government actions; and political, economic and social instability.

**52. The shortage or non-availability of power facilities may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.**

We require substantial power for our manufacturing facilities. The following tables set forth below our power expenses in the years/ periods indicated;

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in Lakhs)	As a percent of Revenue from Operations (%)	Amount (₹ in Lakhs)	As a percent of Revenue from Operations (%)	Amount (₹ in Lakhs)	As a percent of Revenue from Operations (%)
Electricity Expenses – Factory	187.42	1.88	169.88	1.75	124.94	1.99

Our manufacturing processes require substantial amount of power facilities. We have arrangements for regular power supply at our manufacturing facility. The total sanctioned and connected power load of our Manufacturing facility is 1000 KVAH from Dakshin Gujarat Vij Company Limited and 450 KWp of solar plant respectively. We rely upon diesel generator sets for certain units to ensure continuity of operations in case of power outage. The requirement of power is met by supply from the local state power grid and solar power plant. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented / augmented by alternative/ independent sources of power supply since it involves significant capital expenditure and per unit cost of electricity produced is very high in view of oil prices and other constraints. Our Company is mainly dependent on the State Governments for meeting its electricity requirements. Any disruption / non-availability of power shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company. There have been no major instances of power failure in the last three years.

There can be no assurance that the electricity supplied to our existing manufacturing facility will be sufficient to meet our requirements or that we will be able to procure adequate and uninterrupted power supply in the future at a reasonable cost. If the per unit cost of electricity is increased by the state electricity board our power cost will increase. Any changes in government policies or local power and water shortages could adversely affect our production facility and ultimately our operations or financial condition may be adversely affected. A prolonged suspension in production could materially and adversely affect our business, financial condition, results of operations or cash flows.

**53. Information relating to the current and historical installed capacity of the plants in our Manufacturing Facility included in this Draft Red Herring Prospectus are based on various assumptions and estimates.**

Information relating to the current and historical installed capacity of the plants currently in our manufacturing facility are based on certain technical assumptions. Such assumptions include assumptions for arriving at production capacity like number of shifts and the duration of each shift. Prospective investors should not place undue reliance on the historical installed capacity information in our Manufacturing facility. Our capacity utilization levels are dependent on our ability to carry out uninterrupted operations at manufacturing facility, the availability of 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 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 manufacturing facility, resulting in operational inefficiencies which could have a material adverse effect on our business and financial condition.

While we have obtained a certificate from S.K. Patel, dated April 30, 2024, actual capacities and utilization rates may differ significantly from the estimated installed capacities or estimated capacity utilization information of our facilities. Undue reliance should therefore not be placed on our installed capacity or estimated capacity utilization information for our existing facility included in this Draft Red Herring Prospectus. For further details, please refer to the chapter titled **“Business Overview-Capacity and Capacity Utilization”** beginning on page 158 of this Draft Red Herring Prospectus.

**54. Any failure of our information technology systems could adversely affect our business and our operations.**

Our business is dependent upon information technology systems, including internet-based systems, to support business processes. Our IT infrastructure enables us with various functions to track procurement of raw materials, sale of finished goods, inventory management, taxation management, payments to vendors and receivables from customers. Our computer systems may be potentially vulnerable to breakdown, malicious intrusion and computer viruses and these systems may be susceptible to outages due to fire, power loss, telecommunications failures, natural disasters, break-ins and similar events. We cannot assure you that we will not encounter disruptions to our information technology systems in the future and any such disruption may result in the loss of key information or disruption of our business processes, which could adversely affect our business and results of operations.

**55. We have certain contingent liabilities that have been disclosed in our financial statements, which if they materialize, may adversely affect our results of operations, cash flows and financial condition.**

Our contingent liabilities as that have been disclosed in our Restated Financial Statements, were as follows:-

(₹ in Lakhs)

Particulars	For the Financial year ended March 31, 2024	For the Financial year ended March 31, 2023	For the Financial year ended March 31, 2022
Contingent liabilities on account of pending litigations	130.25	130.25	141.42
<b>Total</b>	<b>130.25</b>	<b>130.25</b>	<b>141.42</b>

Note:

- The Company has received a notice under clause (b) of Section 148A of the Income Tax Act, 1961, for AY 2020-21 with the liability amount not being ascertainable.
- The Company has received a show cause under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2019-20 involving ₹ 33.46 lakhs. The proceedings are currently on-going and the liability amount has not been ascertained till date.
- The Company has received an intimation under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2020-21 involving ₹ 17.96. The proceedings are currently on-going and the liability amount has not been ascertained till date.
- The Company has received notice for completing the Tax Assessment of Local Body Taxes of the past years. The proceedings are currently on-going and the liability amount has not been ascertained till date.

If a significant portion of these liabilities materialize, it could have an adverse effect on our business, cash flows, financial condition and results of operations. For further information of contingent liability, please refer to chapter titled **“Restated Financial Statements –Note AD. Contingent liabilities and commitments”** beginning on page 205 of this Draft Red Herring Prospectus.

**56. Our Company has availed ₹13.04 lakhs as unsecured loan, which are repayable on demand. Any demand for repayment of such unsecured loans may affect our cash flows and financial condition.**

As per the Restated Financial Statements as on March 31, 2024, our Company has availed a sum of ₹ 13.04 lakhs as short-term unsecured loans which are repayable on demand. Such loans may not be repayable at the time of demand by such related parties. In the event that any lender seeks repayment of any such unsecured loan, our Company would need to find alternative sources of financing, which may not be available on commercially reasonable terms, or at all. A sudden recall may disrupt our operations. This would result in shortage of working capital fund. For further details, please see **“Financial Indebtedness”** on page 264 of this Draft Red Herring Prospectus. Any demand for the repayment of such unsecured loans, may adversely affect our cash flow and financial condition.

**57. In the event there is any delay in the completion of the Offer, there would be a corresponding delay in the**



***completion of the objects / schedule of implementation of this Offer which would in turn affect our revenues and results of operations.***

The funds that we receive would be utilized for the Objects of the Offer as has been stated in the chapter “***Objects of the Offer***” beginning on page 103 of this Draft Red Herring Prospectus. The proposed schedule of implementation of the objects of the Offer is based on our management’s estimates. If the schedule of implementation is delayed for any other reason whatsoever, including any delay in the completion of the Offer, we may have to revise our business, development and working capital plans resulting in unprecedented financial mismatch and this may adversely affect our revenues and results of operations.

***58. Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us and any sale of Equity Shares by Our Promoters may dilute your shareholding and adversely affect the trading price of the Equity Shares.***

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us may lead to a dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares. The disposal of Equity Shares by any of our significant shareholders, or the perception that such sales may occur, may significantly affect the trading price of the Equity Shares. We cannot assure you that we will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

***59. Industry information included in this Draft Red Herring Prospectus has been derived from industry sources. There can be no assurance that such third-party statistical, financial and other industry information is complete, reliable or accurate.***

Statistical and industry data used throughout this Draft Red Herring Prospectus has been obtained from various government and industry publications. We believe the information contained herein has been obtained from sources that are reliable, but we have not independently verified it and the accuracy and completeness of this information is not guaranteed and its reliability cannot be assured. The extent to which the market and industry data presented in this Draft Red Herring Prospectus is meaningful will depend upon the reader’s familiarity with and understanding of the methodologies used in compiling such data. The data used in these sources may have been reclassified by us for the purposes of presentation and may also not be comparable. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. 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.

Further, this market and industry data has not been prepared or independently verified by us or the Book Running Lead Manager or any of their respective affiliates or advisors. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based on such information.

***60. There is no monitoring agency appointed by our Company to monitor the utilization of the Offer proceeds***

As per SEBI (ICDR) Regulations, 2018 appointment of monitoring agency is required only for fresh size is above ₹100.00 Crores. Hence, we have not appointed a monitoring agency to monitor the utilization of Offer proceeds. However, the audit committee of our Board will monitor the utilization of Offer proceeds.

Further, our Company shall inform about material deviations in the utilization of Offer proceeds to the NSE and shall also simultaneously make the material deviations / adverse comments of the audit committee public.

Further, we propose to utilize the Net Proceeds for purposes identified in the chapter titled “***Objects of the Offer***” and we propose to utilize the ₹ 488.66 Lakhs of the Net Proceeds towards funding capital expenditure towards expansion of our existing manufacturing facility at Zaroli, Umbergaon Valsad, Gujarat, Bharat. and ₹1,650 Lakhs of the Net Proceeds towards funding our funding working capital requirements. The manner of deployment and allocation of such funds is entirely at the discretion of our management and our Board, subject to compliance with the necessary provisions of the Companies Act.

Our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Additionally, the Audit Committee shall review the report submitted by the Management and

make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full.

**61. *Our Industry is sensitive to general economic downturn***

Our Industry is inherently sensitive to general economic downturns. Any adverse developments affecting the industry can have a significant impact on our business, prospects, financial condition, and results of operations. Our business is highly vulnerable to regional conditions and economic downturns, making it susceptible to unforeseen events or circumstances that negatively affect the industry, leading to material adverse effects on our sales and profitability. These factors encompass a range of elements, including changes in demographics, population, and income levels. Moreover, our business is exposed to risks associated with regional natural disasters and other catastrophic events, such as telecommunications failures, cyber-attacks, fires, riots, and political unrest. Any materially adverse social, political, or economic development, natural calamities, civil disruptions, or changes in the policies of local governments within the industry could adversely affect operations at our manufacturing facility. Specifically, natural disasters such as earthquakes, extreme weather conditions like floods, droughts, or region-specific diseases, may disrupt the supply chain, affecting the availability of raw materials, end-products, and local transportation. These disruptions would have a significant and adverse impact on our business, profitability, and overall reputation

**External Risk Factors**

**62. *Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.***

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in India as well as other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located elsewhere, including India. Adverse economic developments, such as rising fiscal or trade deficit, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

In addition to the above, our Company is incorporated in India and its assets are located in India. Consequently, our performance and the market price of the Equity Shares may be affected by interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India.

Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- the macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- epidemic, pandemic or any other public health in India or in countries in the region or globally, including in India's various neighboring countries, such as the highly pathogenic H7N9, H5N1 and H1N1 strains of influenza in birds and swine and more recently, the COVID- 19 pandemic;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring countries;
- occurrence of natural or man-made disasters (such as typhoons, flooding, earthquakes and fires) which may cause us to suspend our operations;
- prevailing regional or global economic conditions, including in India's principal export markets;
- other significant regulatory or economic developments in or affecting India or its consumption sector;

- international business practices that may conflict with other customs or legal requirements
- to which we are subject, including anti-bribery and anti-corruption laws;
- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;
- logistical and communications challenges;
- downgrading of India's sovereign debt rating by rating agencies;
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms or on a timely basis; and
- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or
- incurring additional costs to do so.

Any slowdown or perceived slowdown due to these factors could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

**63. Any changes in the regulatory framework could adversely affect our operations and growth prospects.**

Our Company is subject to various regulations and policies. For details please refer chapter titled "**Key Industry Regulations and Policies**" beginning on page 171 of this Draft Red Herring Prospectus. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations.

The governmental and regulatory bodies may notify new regulations and/or policies, which may require us to obtain approvals and licenses from the government and other regulatory bodies, impose onerous requirements and conditions on our operations, in addition to those which we are undertaking currently. Any such changes and the related uncertainties with respect to the implementation of new regulations may have a material adverse effect on our business, results of operations and financial condition

In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations, including foreign investment laws governing our business, operations and investments in our Company by non-residents, could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals.

The Government of India has notified four labour codes which are yet to completely come into force as on the date of this Draft Red Herring Prospectus, namely, (i) The Code on Wages, 2019, (ii) The Industrial Relations Code, 2020, (iii) The Code on Social Security, 2020 and (iv) The Occupational Safety, Health and Working Conditions Code, 2020. Such codes will replace the existing legal framework governing rights of workers and labour relations.

There can be no assurance that the Government of India will not implement new regulations and policies requiring us to obtain approvals and licenses from the Government of India or other regulatory bodies or impose onerous requirements and conditions on our operations. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and financial condition.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time-consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future

**64. Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition.**

The Restated Financial Statements for the Financial years ended 2024, 2023 and 2022 included in this Draft Red Herring Prospectus have been prepared under Ind GAAP notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable.

Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. As a result, the financial statements prepared under Ind GAAP may not be comparable to our historical financial statements. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind GAAP. Persons not familiar with Ind GAAP should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus. In addition, our Restated Financial Statements may be subject to change if new or amended Ind GAAP accounting standards are issued in the future or if we revise our elections or selected exemptions in respect of the relevant regulations for the implementation of Ind GAAP. Accordingly, the degree to which the Financial Statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Persons not familiar with Indian accounting practices should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus.

**65. *If there is any change in tax laws or regulations, or their interpretation, such changes may significantly affect our financial statements for the current and future years, which may have a material adverse effect on our financial position, business and results of operations***

The Government of India may implement new laws or other regulations that could affect the industry, which could lead to new compliance requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations. To the extent that we are entitled to certain tax benefits in India which are available for a limited period of time, our profitability will be affected if such benefits will no longer be available, or are reduced or withdrawn prematurely or if we are subject to any dispute with the tax authorities in relation to these benefits or in the event we are unable to comply with the conditions required to be complied with in order to avail ourselves of each of these benefits. Please refer to chapter titled "**Statement of Tax Benefits**" beginning on page 126 of this Draft Red Herring Prospectus. In the event that any adverse development in the law or the manner of its implementation affects our ability to benefit from these tax incentives, our business, results of operations, financial condition and prospects may be adversely affected.

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

Indian law has restrictions that could delay, dissuade, or prevent a future takeover or change of control of our Company. An acquirer is defined under the Takeover Regulations as anyone who, directly or indirectly, acquires or agrees to acquire shares, voting rights, or control over a firm, whether acting alone or in collaboration with others. Although these measures have been drafted to safeguard the interests of investors and shareholders, they may also deter 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 our shareholders, such a takeover may not be attempted or consummated because of Takeover Regulations.

**67. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.***

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, impede travel and other services and ultimately adversely affect our business. In addition, any deterioration in relations between India and any other country might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares. India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the value of share prices generally as well as the price of our Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares

**68. *Any increase in regional hostilities between India and neighbouring countries, could adversely affect Indian economy and cause our business to suffer.***

India has from time-to-time experienced instances of social and civil unrest and hostilities with neighboring countries. Any escalation in regional tension and conflicts in the future could influence the Indian economy and have an adverse effect on our business, our future financial performance and the market for securities of Indian companies, including our equity shares.

**69. *Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, including conditions in the United States, Europe and certain emerging economies in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has adversely affected the Indian economy. Although economic conditions vary across markets, loss of investor confidence in one emerging economy may cause increased volatility across other economies, including India. Any worldwide financial instability may cause increased volatility in the Indian financial markets and, directly or indirectly, adversely affect the Indian economy and financial sector and us. Financial instability in other parts of the world could have a global influence and thereby negatively affect the Indian economy. Financial disruptions could materially and adversely affect our business, prospects, financial condition, results of operations and cash flows.

Furthermore, economic developments globally can have a significant impact on India. Concerns related to a trade war between large economies may lead to increased risk aversion and volatility in global capital markets and consequently have an impact on the Indian economy.

**70. *If inflation rises in India, increased costs may result in a decline in profits.***

Inflation rates in India have been volatile in recent years, and such volatility may continue. India has experienced high inflation relative to developed countries in the recent past. Increasing inflation in India could cause a rise in the costs of rent, wages, raw materials and other expenses. 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 adequately pass on to our consumers, whether entirely or in part, and may adversely affect our business and financial condition. If we are unable to increase our revenues sufficiently to offset our increased costs due to inflation, it could have an adverse effect on our business, prospects, financial condition, results of operations and cash flows. Furthermore, 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.

**71. *Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares. Accordingly, our ability to raise foreign capital may be constrained.***

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Furthermore, under applicable foreign exchange regulations in India, transfer of shares between non-residents and residents are freely permitted (subject to compliance with sectoral norms and certain other restrictions), if they comply with the pricing guidelines and reporting requirements specified under applicable law. If a transfer of shares is not in compliance with such requirements and does not fall under any of the permissible exceptions, then prior approval of the relevant regulatory authority is required. Such regulatory restrictions limit our financing sources and could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness.

Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Furthermore, this conversion is subject to the shares having been held on a repatriation basis and, either the security having been sold in compliance with the pricing guidelines or, the relevant regulatory approval having been obtained for the sale of shares and corresponding remittance of the sale proceeds. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. We cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

**72. *Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our Company's business.***

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely affect our Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could harm our Company's business and financial performance and ability to obtain financing for capital expenditures.

**73. *Our business is mainly dependent on the stability of policies and economic condition of the countries with which we do business.***

The performance and growth of our business is necessarily dependent on the stability of policies and economic conditions of the countries in which we operate, which may be materially and adversely affected by political instability or regional conflicts, a general rise in interest rates, inflation, change in government policies, taxation, and economic slowdown elsewhere in the world or otherwise. Economic growth is affected by various factors including movements in key imports global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall which affects agricultural production. Any continued or future slowdown in the economy of such countries or a further increase in inflation could have a material adverse effect on our services and, as a result, on our business and financial results. Financial turmoil in USA and elsewhere in the world in recent years has affected the Indian economy. Any worldwide financial instability, including the financial crisis and deterioration of credit conditions in these countries, could also have a negative impact on our business.

**74. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act prohibits any anti competition agreement or arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India.

The Competition Act also prohibits abuse of a dominant position by any enterprise. The combination regulation (merger control) provisions under the Competition Act require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the Competition Commission of India, or CCI. Any breach of the provisions of Competition Act, may attract substantial monetary penalties.

The Competition Act aims to, among other things, prohibit all agreements and transactions, which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. We are not currently party to any outstanding proceedings, nor have we ever received any notice in relation to non-compliance with the Competition Act. Any enforcement proceedings initiated by the CCI in future, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI may affect our business, financial condition and results of operations.

**75. *Changes or uncertainty in international trade policies or tariffs could disrupt our export sales outside India or negatively impact our financial results.***

Our export sales outside India expose us to number of risks related to trade protection laws, tariffs, excise or other border taxes on products exported to certain countries. Changes or uncertainty in international trade policies or tariffs could impact our global operations, as well as our customers. We may be required to incur additional costs to manufacture and distribute certain of our products. This could adversely impact our business and results of operations.

**76. *An investment in the Equity Shares is subject to general risk related to investments in Indian Companies.***

Our Company is incorporated in India and all of our assets and employees are located in India. Consequently, our business, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

**77. *Fluctuations in the exchange rate of the Rupee and other currencies could have a material adverse effect on the value of the Equity Shares, independent of our operating results.***

The Equity Shares are quoted in Rupees on the EMERGE Platform of NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into appropriate foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders. The exchange rate of the Rupee has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

**78. *If inflation were to rise in India, we might not be able to increase the prices of our services at a***



***proportional rate in order to pass costs on to our customers and our profits might decline.***

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.

#### **RISKS RELATING TO THE EQUITY SHARES AND THE OFFER**

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

The Price Band and Offer Price of our Equity Shares will be determined before filing of Red Herring Prospectus with RoC by our Company in consultation with Book Running Lead Manager. The price will be based on numerous factors (For further information, please refer chapter titled “***Basis for Offer Price***” beginning on page 114 of this Draft Red Herring Prospectus and may not be indicative of the market price of our Equity Shares after the Offer. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price. Among the factors that could affect our share price include without limitation. The market price of the Equity Shares may fluctuate as a result of, among other things, the following factors, some of which are beyond our control;

- 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;
- new laws and governmental regulations applicable to our industry;
- additions or departures of key management personnel;
- failure of securities analysts to cover the Equity Shares after the Offer;
- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

Changes in relation to any of the factors listed above could adversely affect the price of the Equity Shares.

***80. Our Equity Shares have not been publicly traded prior to this Offer. After this Offer, our Equity Shares may experience price and volume fluctuations and an active trading market for our Equity Shares may not develop. Further, the price of our Equity Shares may be volatile, and you may be unable to resell your Equity Shares at or above the Offer Price, or at all.***

Prior to this Offer, there has been no public market for our Equity Shares. An active trading market on the Stock Exchanges may not develop or be sustained after this Offer.

The trading price of our Equity Shares after this Offer may be subject to significant fluctuations in response to factors including general economic, political and social factors, developments in India's fiscal regime, variations in our operating results, volatility in Indian and global securities markets, developments in our business as well as our industry and market perception regarding investments in our business, 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. The trading price of our Equity Shares may also decline in reaction to events that affect the entire market and/or other

companies in our industry even if these events do not directly affect us and/or are unrelated to our business or operating results.

Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

On listing, our Equity Shares will be quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on our Equity Shares, independent of our operating results.

**81. *QIBs and Non-Institutional Investors are not permitted to withdraw or lower their applications (in terms of quantity of Equity Shares or the Application Amount) at any stage after submitting an Application and Retail Individual Investors are not permitted to withdraw their Applications after Application/Offer Closing Date.***

Pursuant to the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While we are required to complete Allotment, listing and commencement of trading pursuant to the Offer within three (3) Working Days from the Bid/ Issue Closing Date, events affecting the Bidders' decision to invest in our Equity Shares, including adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations, cash flows and financial condition may arise between the date of submission of the Bid and Allotment, listing and commencement of trading. We may complete the Allotment, listing and commencement of trading of our Equity Shares even if such events occur and such events may limit the Bidders' ability to sell our Equity Shares Allotted pursuant to the Offer or may cause the trading price of our Equity Shares to decline on listing.

Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete all necessary formalities for listing and commencement of trading of the Equity Shares on all Stock Exchanges where such Equity Shares are proposed to be listed including Allotment pursuant to the Offer within three (3) Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operations or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

**82. *You will not be able to immediately sell any of the Equity Shares you purchase in this Offer on the Stock Exchanges***

The Equity Shares will be listed on the Stock Exchange. Pursuant to the applicable Indian laws and practice, permission for listing of the Equity Shares will not be granted till the Equity Shares in this Offer have been issued and allotted and all relevant documents are submitted to the Stock Exchanges. Further, certain actions must be completed prior to the commencement of listing and trading of the Equity Shares such as the Investor's book entry or 'demat' accounts with the depository participants in India, expected to be credited within one (1) Working Day of the date on which the Basis of Allotment is finalized with the Designated Stock Exchange. In addition, the Allotment of Equity Shares in the Offer and the credit of such Equity Shares to the applicant's demat account with the depository participant could take approximately five Working Days from the Bid/Offer Closing Date and trading in Equity Shares upon receipt of listing and trading approval from the Stock Exchanges, trading of Equity Shares is expected to commence within three Working Days from Bid/ Offer Closing Date. Any failure or delay in obtaining the approval or otherwise commence trading in Equity Shares would restrict your ability to dispose of your Equity Shares. We cannot assure you that the Equity Shares will be credited to investors' demat accounts or that trading in the Equity Shares will commence in a timely manner (as specified herein) or at all. We could also be required to pay interest at the applicable rates if the allotment is not made, refund orders are not dispatched or demat credits are not made to investors within the prescribed time periods

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

Capital gains arising from the sale of equity shares within 12 months in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (“STT”) is paid on the transaction. STT is levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, is subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of equity shares is 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

**84. *Any future issuance of Equity Shares by us may dilute your shareholding and sales of the equity shares by our Promoter, Promoter Group or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by us may dilute your shareholding in us. In addition, any sales of substantial amounts of the Equity Shares in the public market after the completion of the Offer, including by our Promoter or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could materially impair future ability of us to raise capital through offerings of the Equity Shares. After the completion of the Offer, our Promoters will continue to hold [●] % of the Post-Paid Equity Shares. As such, there can be no assurance that our Company will not issue additional Equity Shares after the lock-in period expires or that our Promoter will not sell, pledge or encumber his Equity Shares after the lock-in periods expire. Future issuances of Equity Shares or convertible securities and the sale of the underlying Equity Shares could dilute the holdings of our Shareholders and adversely affect the trading price of our Equity Shares. Such securities may also be issued at prices below the then trading price of our Equity Shares or the Offer Price. Sales of Equity Shares by the Promoter could also adversely affect the trading price of our Equity Shares. We cannot predict the effect, if any, that the sale of the Equity Shares held by our Promoters or other major shareholders or the availability of these Equity Shares for future sale will have on the market price of the Equity Shares.

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

A public company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equities shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offer document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company would be diluted.

**86. *There is no guarantee that our Equity Shares will be listed on the EMERGE platform of NSE Limited in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued by SEBI, our Equity Shares are required to be listed on the stock exchange within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

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

We are not a listed company and have historically not been subjected to the compliance requirements and increased scrutiny of our affairs by shareholders, regulators and the public at large 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 SEBI Listing Regulations which will require us to file audited annual and unaudited half-yearly 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 or cash flows as promptly as other listed companies.

Further, as a listed company, we will be required 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. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, financial condition, results of operations and cash flows. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

**88. *Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.***

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and widespread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder in an Indian company than as shareholders of an entity in another jurisdiction.

**89. *The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Our Equity Shares have never been publicly traded, and after the Offer, the Equity Shares may experience price and volume fluctuations, and an active trading market for the Equity Shares may not develop.***

The determination of the Price Band is based on various factors and assumptions and will be determined by our Company in consultation with the Book Running Lead Manager. Furthermore, the Offer Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Manager through the Book Building Process. These will be based on numerous factors, including factors as described under chapter titled "***Basis for the Offer Price***" beginning on page 114 and may not be indicative of the market price for the Equity Shares after the Offer. Additionally, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Manager is below their respective Offer price. For further details, please refer to chapter titled "***Other Regulatory and Statutory Disclosures – Price information of past issues handled by the Book Running Lead Manager***" beginning on page 281 of this Draft Red Herring Prospectus.

The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of our Company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

**90. *There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.***

Our listed Equity Shares will be subject to a daily "circuit breaker" imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

**91. *There may be less information available about the Company in Indian securities markets than in securities markets in other more developed countries.***

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, shareholders may have access to less information about our business, results of operations and financial condition than those of our competitors that are listed on the Stock Exchanges and other stock exchanges in India on an ongoing basis than shareholders may have in the case of companies' subject to the reporting requirements of other more developed countries.

**92. *We may be subject to surveillance measures, such as the Additional Surveillance Measures and the Graded Surveillance Measures by the Stock Exchanges which may adversely affect trading price of our Equity Shares.***

SEBI and Stock Exchanges in order to enhance market integrity and safeguard interest of investors, have been introducing various enhanced pre-emptive surveillance measures. The main objective of these measures is to alert and advice investors to be extra cautious while dealing in these securities and advice market participants to carry out necessary due diligence while dealing in these securities. Accordingly, SEBI and Stock Exchanges have provided for (a) GSM on securities where such trading price of such securities does not commensurate with financial health and fundamentals such as earnings, book value, fixed assets, net worth, price per equity multiple and market capitalization; and (b) ASM on securities with surveillance concerns based on objective parameters such as price and volume variation and volatility.

On listing, we may be subject to general market conditions which may include significant price and volume fluctuations. The price of our Equity Shares may also fluctuate after the Offer due to several factors such as volatility in the Indian and global securities market, our profitability and performance, performance of our competitors, changes in the estimates of our performance or any other political or economic factor. The occurrence of any of the abovementioned factors may trigger the parameters identified by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework such as net worth and net fixed assets of securities, high low variation in securities, client concentration and close to close price variation.

In the event our Equity Shares are subject to such pre-emptive surveillance measures implemented by any of the Stock Exchanges, we may be subject to certain additional restrictions in connection with trading of our Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of our Equity Shares or may in general cause disruptions in the development of an active trading market for our Equity Shares

## CHAPTER - III - INTRODUCTION

### THE OFFER

The following table summarizes the Offer details:

PARTICULARS	DETAILS OF EQUITY SHARES
<b>Offer of Equity Shares by our Company</b>	Up to 30,00,000 Equity Shares* of face value of ₹ 10.00/- each for cash at price of ₹ [●] /- per Equity Share aggregating to ₹ [●] Lakhs.
<i>Consisting of</i>	
<b>Fresh Issue of Equity Shares by our Company<sup>(i)</sup></b>	Up to 18,00,000 Equity Shares of face value of ₹ 10.00/- each each at a price of ₹ [●] /- per Equity Share (including a share premium of ₹ [●] per Equity share) aggregating to ₹ [●] Lakhs.
<b>Offer for sale<sup>(ii)</sup></b>	Up to 12,00,000 Equity Shares of face value of ₹ 10.00/- each aggregating to ₹ [●] Lakhs.
<i>Consisting of</i>	
<b>Market Maker Reservation Portion</b>	[●] Equity Shares of face value of ₹ 10.00/- each for cash at price of ₹ [●] /- per Equity Share aggregating to ₹ [●] Lakhs.
<b>Net Offer to The Public*</b>	[●] Equity Shares of face value of ₹ 10.00/- each for cash at price of ₹ [●] /- per Equity Share aggregating to ₹ [●] Lakhs.
<i>Out of which*</i>	
<b>(A) QIB Portion<sup>(3)(4)</sup></b>	Not more than upto [●] Equity Shares of face value of ₹ 10.00/- each aggregating up to ₹ [●] lakhs.
<i>of which</i>	
Anchor Investor Portion	[●] Equity Shares of face value of ₹ 10.00/- each aggregating to ₹ [●] lakhs.
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	[●] Equity Shares of face value of ₹ 10.00/- each aggregating up to ₹ [●] lakhs.
<i>of which</i>	
- Balance of Net QIB Portion for all QIBs including Mutual Funds	[●] Equity Shares of face value of ₹ 10.00/- each aggregating up to ₹ [●] lakhs.
<b>(B) Non – Institutional Portion</b>	[●] Equity Shares of face value of ₹10.00/- each for cash at price of ₹ [●] /- per Equity Share aggregating to ₹ [●] Lakhs
<b>(C) Retail Portion</b>	Not less than [●] Equity Shares of face value of ₹10.00/- each for cash at price of ₹ [●] - per Equity Share aggregating to ₹ [●] Lakhs i.e..
<b>Pre- and Post-Offer Equity Shares</b>	
<b>Equity Shares outstanding prior to the Offer</b>	93,00,200 Equity Shares of face value of ₹ 10.00/- each.
<b>Equity Shares outstanding after the Offer</b>	[●] Equity Shares of face value of ₹10.00/- each.
<b>Use of Offer Proceeds</b>	For details, please refer chapter titled “ <i>Objects of the Offer</i> ” beginning on page 103 of this Draft Red Herring Prospectus.

\*Subject to finalisation of the Basis of Allotment, Number of shares may need to be adjusted for lot size upon determination of Offer price

Notes:

(i) This Offer 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 chapter “*Offer Structure*” beginning on page 295 of this Draft Red Herring Prospectus. The Offer has been authorized by a resolution of our Board dated July 3, 2024, and the Fresh Issue has been authorized by a special resolution of our Shareholders dated July, 6, 2024. Further, our Board has taken on record the consents of the Selling Shareholders by a resolution of our Board dated July 09, 2024.

(ii) The Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time. This Offer 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 – Offer paid up equity share capital of our company are being offered to the public for subscription.



(iii) The Selling Shareholders has confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations, 2018 and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third-party rights. The Promoter Selling Shareholders have also severally confirmed that they are the legal and beneficial owners of the Equity Shares being offered by them under the Offer for Sale.s. The Selling Shareholder have consented to participate in the Offer for Sale in the following manner:

Sr. No.	Name of the Selling Shareholder	Date of Consent Letter	No. of Equity Shares	Amount (₹ in Lakhs)	Date of Board Resolution
1	Bipin Sanghvi	July 3, 2024	Upto 1,71,000	●	July 9, 2024
2	Tarulata Sanghvi	July 3, 2024	Upto 1,23,000	●	July 9, 2024
3	Hardik Sanghvi	July 3, 2024	Upto 3,33,000	●	July 9, 2024
4	Swagat Sanghvi	July 3, 2024	Upto 3,33,000	●	July 9, 2024
5	Pooja Sanghvi	July 3, 2024	Upto 1,20,000	●	July 9, 2024
6	Ami Sanghvi	July 3, 2024	Upto 1,20,000	●	July 9, 2024

(iv) The SEBI ICDR Regulations permit the issue of securities to the public through the Book Building Process, which states that, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders and not more than 50% of the Net Offer shall be allotted on a proportionate basis to QIBs, subject to valid Applications being received at or above the Offer Price. Accordingly, we have allocated the Net Offer i.e. not more than 50% of the Net Offer to QIB and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Investors and not less than 15% of the Net Offer shall be available for allocation to Non-institutional bidders. Our Company in consultation with the BRLM, 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. Subject to finalisation of the Basis of Allotment, number of shares may need to be adjusted for lot size as per SEBI Circular No CIR/MRD/DSA/06/2012 dated February 21, 2012

(v) Subject to valid applications being received at or above the Offer 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 Manager and the Designated Stock Exchange, subject to applicable laws.

(vi) Allocation to all categories, except Anchor Investors, if any, Non-Institutional Bidders and Retail Individual Bidders, shall be made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis

Our Company may, in consultation with the Book Running Lead Manager, allocate up to 50 % of the 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 QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Applications being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, 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 in proportion to their Bids. For further details, please refer chapter titled “**Offer Procedure**” beginning on page 298 of this Draft Red Herring Prospectus.

## SUMMARY OF FINANCIAL STATEMENTS

The following table set forth a summary financial statement derived from the Restated Financial Statements. The summary financial information presented below should be read in conjunction with chapter titled “***Restated Financial Statements***” and “***Management’s Discussion and Analysis of Financial Condition and Results of Operations***” beginning on pages 205 and 249 respectively of this Draft Red Herring Prospectus.

*[The Remainder of this Page has intentionally been left blank]*

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure I - Restated Statement of Assets and Liabilities**  
**(Amounts in INR Lakh, unless otherwise stated)**

Particulars	Schedule	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' funds</b>				
(a) Share Capital	A	930.02	182.00	182.00
(b) Reserves and Surplus	B	3,297.17	2,852.56	1,895.74
<b>Total</b>		<b>4,227.19</b>	<b>3,034.56</b>	<b>2,077.74</b>
<b>(2) Non-current liabilities</b>				
(a) Long-term Borrowings	C	-	43.03	152.07
(b) Deferred Tax Liabilities	D	75.96	73.26	94.71
(c) Other Long-term Liabilities	E	26.65	83.94	98.83
(d) Long-term Provisions	F	44.45	36.92	29.58
<b>Total</b>		<b>147.06</b>	<b>237.15</b>	<b>375.19</b>
<b>(3) Current liabilities</b>				
(a) Short-term Borrowings	G	19.71	98.68	629.18
(b) Trade Payables	H			
- Due to Micro and Small Enterprises		350.86	258.97	-
- Due to Others		187.41	519.92	1,022.39
(c) Other Current Liabilities	I	157.90	110.03	77.20
(d) Short-term Provisions	J	134.49	126.09	66.14
<b>Total</b>		<b>850.37</b>	<b>1,113.69</b>	<b>1,794.91</b>
<b>Total Equity and Liabilities</b>		<b>5,224.62</b>	<b>4,385.40</b>	<b>4,247.84</b>
<b>II. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment and Intangible Assets				
(i) Property, Plant and Equipment	K.1	1,625.02	1,392.27	1,452.51
(ii) Intangible Assets	K.2	0.45	1.13	1.03
(iii) Capital Work-in-progress	K.3	98.56	2.65	34.91
(b) Non-Current Investments	L	222.57	135.52	2.03
(c) Other Non-current Assets	M	71.65	55.29	77.22
<b>Total</b>		<b>2,018.25</b>	<b>1,586.86</b>	<b>1,567.69</b>
<b>(2) Current assets</b>				
(a) Inventories	N	904.22	606.69	1,083.92
(b) Trade Receivables	O	2,067.72	1,643.72	1,308.69
(c) Cash and Cash Equivalents	P	95.62	301.83	5.12
(d) Short-term Loans and Advances	Q	122.83	202.20	137.48
(e) Other Current Assets	R	15.98	44.10	144.94
<b>Total</b>		<b>3,206.37</b>	<b>2,798.54</b>	<b>2,680.15</b>
<b>Total Assets</b>		<b>5,224.62</b>	<b>4,385.40</b>	<b>4,247.84</b>

The above Restated Statement of Assets and Liabilities should be read in conjunction with Notes to the Restated Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Financial Statements appearing in Annexure - VII.

This is the Restated Statement of Assets and Liabilities referred to in our report of even date.

As per our report of even date attached

**For, Bagadia & Jain**  
**CHARTERED ACCOUNTANTS**  
**FRN: 128719W**

**For and on behalf of the Board of Directors**  
**Royal Arc Electrodes Limited**

**Sd/-**  
**Rishit M. Bagadia**  
 Partner  
 M. No.: 123327  
 UDIN: 24123327BKESQI6139

**Sd/-**  
**Bipin Sanghvi**  
 Managing Director  
 DIN No.: 00462839

**Sd/-**  
**Swagat Sanghvi**  
 Whole-time director  
 DIN No.: 01695341

Place: Ahmedabad  
 Date: 09/07/2024

**Sd/-**  
**Hardik Sanghvi**  
 Chief Financial Officer &  
 Whole-time director  
 DIN No.: 00617415

**Sd/-**  
**Mansi Bagadiya**  
 Company Secretary  
 M. No.: A56143

Place : Mumbai  
 Date: 09/07/2024

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure II - Restated Statement of Profit and Loss**  
**(Amounts in INR Lakh, unless otherwise stated)**

Particulars	Schedule	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from Operations	S	9,978.75	9,694.02	6,290.97
Other Income	T	120.50	109.46	191.26
<b>Total Income</b>		<b>10,099.25</b>	<b>9,803.48</b>	<b>6,482.23</b>
<b>Expenses</b>				
Cost of Raw Material Consumed	U	6,383.68	6,468.15	4,837.61
Change in Inventories of work in progress, finished goods and Stock in Trade	V	209.13	221.59	(140.38)
Employee Benefit Expenses	W	773.57	691.66	422.80
Finance Costs	X	9.89	60.84	97.53
Depreciation and Amortization Expenses	Y	180.85	184.29	177.48
Other Expenses	Z	916.26	871.61	806.43
<b>Total expenses</b>		<b>8,473.38</b>	<b>8,498.14</b>	<b>6,201.47</b>
<b>Restated profit/(Loss) before Exceptional and Extraordinary Item and Tax</b>		<b>1,625.87</b>	<b>1,305.34</b>	<b>280.76</b>
Exceptional Item				
<b>Restated profit/(Loss) before Extraordinary Item and Tax</b>		<b>1,625.87</b>	<b>1,305.34</b>	<b>280.76</b>
Extraordinary Item				
<b>Restated profit/(Loss) before Tax</b>		<b>1,625.87</b>	<b>1,305.34</b>	<b>280.76</b>
Tax Expenses	AA			
- Current Tax		425.25	365.12	86.04
- Deferred Tax Expenses/(Income)		2.70	(21.44)	(18.12)
- Short /(Excess) provision for income tax of earlier year		5.29	4.84	0.71
<b>Total Tax Expense</b>		<b>433.24</b>	<b>348.52</b>	<b>68.63</b>
<b>Restated profit/(Loss) after Tax</b>		<b>1,192.63</b>	<b>956.82</b>	<b>212.13</b>
Restated Earnings Per Share (Face Value per Share Rs.10 each)				
-Basic	AB	12.82	10.29	2.28
-Diluted	AB	12.82	10.29	2.28

The above Restated Statement of Profit and Loss should be read in conjunction with Notes to the Restated Financial Information appearing in

Annexure - V and Statement of Adjustments to Audited Financial Statements appearing in Annexure - VII.

This is the Restated Statement of Profit and Loss referred to in our report of even date.

As per our report of even date attached

**For, Bagadiya & Jain**  
**CHARTERED ACCOUNTANTS**  
**FRN: 128719W**

**For and on behalf of the Board of Directors**  
**Royal Arc Electrodes Limited**

**Sd/-**  
**Rishit M. Bagadia**  
Partner  
M. No.: 123327  
UDIN: 24123327BKESQI6139

**Sd/-**  
**Bipin Sanghvi**  
Managing Director  
DIN No.: 00462839

**Sd/-**  
**Swagat Sanghvi**  
Whole-time director  
DIN No.: 01695341

Place: Ahmedabad  
Date: 09/07/2024

**Sd/-**  
**Hardik Sanghvi**  
Chief Financial Officer &  
Whole-time director  
DIN No.: 00617415

**Sd/-**  
**Mansi Bagadiya**  
Company Secretary  
M. No.: A56143

Place : Mumbai  
Date: 09/07/2024

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure III - Restated Statement of Cash Flows**  
**(Amounts in INR Lakh, unless otherwise stated)**

Particulars	Schedule	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		1,625.87	1,305.34	280.76
<u>Adjustments:</u>				
(1) Non-cash and Non-operating Expenses:				
Depreciation / Amortisation Expenses		180.85	184.29	177.48
Loss on sale of assets		-	25.56	-
Finance Cost		9.89	60.84	97.53
(2) Non-operating Income:				
Profit on sale of asset		(0.39)	-	(1.15)
Interest Income		(15.61)	(4.21)	(2.63)
Rent Income		(0.18)	-	-
Net Loss/(Gain) on Sale of Investments		-	-	-
Non Cash Expenses		-	-	-
Dividend Income (Investment Income)		(0.12)	(0.12)	(0.12)
<b>Operating Profit before working capital changes</b>		<b>1,800.31</b>	<b>1,571.70</b>	<b>551.87</b>
<u>Adjustment for:</u>				
Increase/(Decrease) in Trade Payables		(240.63)	(243.49)	188.29
Increase/(Decrease) in Other Current Liabilities		47.87	32.83	(48.24)
Increase/(Decrease) in Short-Term Provisions		49.26	23.42	10.35
Increase/(Decrease) in Long-Term Provisions		7.53	7.34	4.16
(Increase)/Decrease in Inventories		(297.53)	477.23	(210.07)
(Increase)/Decrease in Trade Receivables		(424.00)	(335.03)	(233.25)
(Increase)/Decrease in Short-term Loans & Advances		(326.19)	(368.98)	(39.53)
(Increase)/Decrease in Other Current Assets		28.12	100.84	56.30
Operating Gain after working capital changes		644.74	1,265.86	279.88
<u>Other Adjustments:</u>				
(Increase)/Decrease in Other non-current assets		(16.36)	21.93	0.22
Cash generated from operating activities before taxes		628.38	1,287.79	280.10
Less: Direct Taxes Paid (Net of Refunds)		65.84	29.20	39.67
<b>Net Cash provided/(used) by operating activities</b>		<b>562.54</b>	<b>1,258.59</b>	<b>240.43</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Purchase) / Sale of assets		(508.44)	(117.45)	(113.87)
(Purchase) / Sale of Investments		(87.05)	(133.49)	-
Profit / (loss) on sale of asset		-	-	-
Interest received		15.61	4.21	2.63
Dividend income		0.12	0.12	0.12
Rent received		0.18	-	-
<b>Net Cash (Used in) Investing Activities</b>		<b>(579.58)</b>	<b>(246.61)</b>	<b>(111.12)</b>

## GENERAL INFORMATION

Our Company was incorporated in Mumbai, Maharashtra, as a “Royalarc Electrodes Private Limited”, a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 15, 1996, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a special resolution passed by our Shareholders at the Extraordinary General Meeting held on March 9, 2005, and consequent upon conversion, the name of our Company was changed to “Royalarc Electrodes Limited” and a certificate of change of name dated March 31, 2005, issued by Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of our Company was changed to “Royal Arc Electrodes Limited” pursuant to the special resolution passed by the Shareholders of our Company at the Extra-Ordinary General Meeting held on May 29, 2023. The Assistant Registrar of Companies, Maharashtra, Mumbai / Deputy Registrar of Companies, Maharashtra, Mumbai /Registrar of Companies, Maharashtra, Mumbai issued a fresh certificate of incorporation dated June 16, 2023, upon change of the name of the Company. For further details, please refer to the chapter titled “*History and Certain Corporate Matters- History and Background*” beginning on page 178 of this Draft Red Herring Prospectus.

### REGISTERED OFFICE OF OUR COMPANY

#### ROYAL ARC ELECTRODES LIMITED

72 B, Bombay Talkies Compound,

S.V. Road Malad West, Mumbai,

Maharashtra, India, 400064

**Tel No:** +91 78880 00553

**Email:** [cs@royalarc.in](mailto:cs@royalarc.in)

**Website:** <https://royalarc.in/>

### CORPORATE IDENTITY NUMBER AND REGISTRATION NUMBER

Company Registration Number: 096296

Corporate Identity Number: U31100MH1996PLC096296

### ADDRESS OF THE REGISTRAR OF COMPANIES

Our Company is registered with the Registrar of Companies, Mumbai located at the following address:

100, Everest,

Marine Drive, Mumbai- 400002,

Maharashtra, India.

### BOARD OF DIRECTORS OF OUR COMPANY

Our Company’s Board comprises of the following Directors as set forth in the following table: -

Name	DIN	Designation	Residential Address
Bipin Sanghvi	00462839	Chairman & Managing Director	Flat No. 701, Adarsh Harmony CHS. Ltd. Aadarsh Dughdalaya Lane, off. Marve Road, Malad West Mumbai - 400064.
Swagat Sanghvi	01695341	Whole Time Director	Flat No. 701, Adarsh Harmony CHS. Ltd. Aadarsh Dughdalaya Lane, off. Marve Road, Malad West, Mumbai - 400064.
Hardik Sanghvi	00617415	Whole Time Director and CFO	Flat No. 701, Adarsh Harmony CHS. Ltd. Aadarsh Dughdalaya Lane, off. Marve Road, Malad West, Mumbai - 400064.
Jayna Mehta	10455416	Non-Executive Independent Director	2001, 20 <sup>th</sup> Floor, Shivganga Building, Plot No. 25, S. V. Road, Jawahar Nagar, Nr. Mc Donalds, Goregaon West, Mumbai - 400104
Kunal Turakhia	10455417	Non-Executive Independent Director	215/10, Nilan Sagar Building, Jawahar Nagar, Goregaon West, Mumbai - 400104,
Rahul Vattamparambil	10455717	Non-Executive Independent Director	90/892, MHB Colony, Mahavir Nagar, Behind Petrol Pump, Kandivali West, Mumbai - 400067,

For detailed profile of our Board of Directors, please refer to the chapter titled “*Our Management*” beginning on page 182 of this

Draft Red Herring Prospectus.

## COMPANY SECRETARY & COMPLIANCE OFFICER

**Mansi Bagadiya**

72 B, Bombay Talkies Compound,

S.V. Road, Malad West, Mumbai,

Maharashtra, India, 400064

**Tel No:** +91 78880 00553

**Email:** [cs@royalarc.in](mailto:cs@royalarc.in)

**Website:** <https://royalarc.in/>

*Note: Investors can contact our Company Secretary and Compliance Officer, the Book Running Lead Manager or the Registrar to the Offer, in case of any pre-offer or post-offer related problems, such as non-receipt of letters of allotment, non-credit of allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders and non-receipt of funds by electronic mode etc.*

## INVESTOR GRIEVANCES

### Investor Grievances

All Offer related grievances relating to the ASBA process and UPI payment mechanism may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted. The applicant should give full details such as name of the sole or first applicant, ASBA Form Number, Applicant DP ID, Client ID, UPI ID, PAN, date of the ASBA Form, address of the applicant, number of Equity Shares applied for and the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Applicant and ASBA Account number (for Applicants other than Retail Investors using the UPI Mechanism) in which the amount equivalent to the Application Amount was blocked or the UPI ID in case of Retail Investor using the UPI Mechanism.

Further, the investors shall also enclose the acknowledgment Slip from the Designated Intermediaries in addition to the documents/information mentioned above. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Applicants.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Applicants whose application has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. In terms 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 SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and EBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 SCSBs are required to compensate the investor immediately on the receipt of the complaint.

### Details of Key Intermediaries pertaining to this Offer and our Company:

<b>BOOK RUNNING LEAD MANAGER TO THE OFFER</b>	<b>REGISTRAR TO THE OFFER</b>
<b>FEDEX SECURITIES PRIVATE LIMITED</b> B 7, 3 <sup>rd</sup> Floor, Jay Chambers, Dayaldas Road, Vile Parle (East), Mumbai - 400 057, Maharashtra, India <b>Tel No:</b> +91 8104985249 <b>Contact Person:</b> Saipan Sanghvi <b>Email Id:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a> <b>Website:</b> <a href="http://www.fedsec.in">www.fedsec.in</a> <b>Investor Grievance Email:</b> <a href="mailto:mb@fedsec.in">mb@fedsec.in</a> <b>SEBI Registration Number:</b> INM000010163	<b>KFIN TECHNOLOGIES LIMITED</b> Selenium Tower B, Plot No. 31 and 32, Financial District, Nanakramguda, Serilingampally Hyderabad-500 032, Telangana, India. <b>Tel:</b> +91 40 6716 2222/18003094001 <b>Email:</b> <a href="mailto:rael.ipo@kfintech.com">rael.ipo@kfintech.com</a> <b>Website:</b> <a href="http://www.kfintech.com">www.kfintech.com</a> <b>Investor Grievance Email:</b> <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> <b>Contact Person:</b> M. Murali Krishna <b>SEBI Registration No.:</b> INR000000221
<b>LEGAL ADVISOR TO THE OFFER</b>	<b>BANKERS TO THE OFFER / REFUND BANK / SPONSOR BANK</b>



<b>VIDHIGYA ASSOCIATES, ADVOCATES</b> 501, 5th Floor, Jeevan Sahakar Building Sir P M Road, Homji Street Fort, Mumbai - 400 001 <b>Tel. No:</b> +91 8424030160 <b>Email:</b> <a href="mailto:rahul@vidhigyaassociates.com">rahul@vidhigyaassociates.com</a> <b>Contact Person:</b> Rahul Pandey	[•] <b>Address:</b> [•] <b>Tel No:</b> 022- [•] <b>E-mail Id:</b> [•] <b>Website:</b> [•] <b>Contact Person:</b> [•] <b>SEBI Registration No:</b> [•]
<b>BANKERS TO THE COMPANY</b>	
<b>State Bank of India</b> SBI Malad West Branch, Chincholi Pathak Near HP Petrol Pump Malad West <b>Tel No:</b> +91 022-28820145 <b>Fax:</b> 022 28820870 <b>E-mail Id:</b> <a href="mailto:sbi00552@sbi.co.in">sbi00552@sbi.co.in</a> <b>Website:</b> <a href="http://www.sbi.co.in">www.sbi.co.in</a> <b>Contact Person:</b> Shrirang Kulkarni	<b>THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED</b> 52/60 MG Road Fort Mumbai Maharashtra 400 001 <b>Tel No:</b> +91 99206 66330 <b>Fax:</b> 002 49146210 <b>E-mail Id:</b> <a href="mailto:Prateek.gattani@hsbc.co.in">Prateek.gattani@hsbc.co.in</a> <b>Website:</b> <a href="http://www.hsbc.co.in">www.hsbc.co.in</a> <b>Contact Person:</b> Prateek Gattani
<b>UNDERWRITERS TO THE OFFER</b>	
[•] <b>Address:</b> [•] <b>Tel No:</b> +91 [•] <b>Contact Person:</b> [•] <b>Email Id:</b> [•] <b>Website:</b> [•] <b>Investor Grievance Email:</b> [•] <b>SEBI Registration Number:</b> [•]	[•] <b>Address:</b> [•] <b>Tel No:</b> +91 [•] <b>Contact Person:</b> [•] <b>Email Id:</b> [•] <b>Website:</b> [•] <b>Investor Grievance Email:</b> [•] <b>SEBI Registration Number:</b> [•]
<b>STATUTORY AUDITOR AND PEER REVIEW AUDITOR</b>	
<b>BAGADIYA &amp; JAIN</b> 908, Aditya Building, Nr. Gruh Finance, Sardar Patel Seva Samaj, Off C. G. Road, Navrangpura, Ahmedabad 380009 <b>Tel No:</b> +91 79 4007 0867 <b>E-mail Id:</b> <a href="mailto:bj@bagadiyanjain.com">bj@bagadiyanjain.com</a> <b>Contact Person:</b> Rishit Bagadiya <b>Firm Registration No:</b> 128719W <b>Membership No:</b> 123327 <b>Peer Review Number:</b> 016439	

#### CHANGES IN AUDITOR

There has been no change in the statutory auditors during the three years immediately preceding the date of this Draft Red Herring Prospectus.

#### SYNDICATE MEMBER

As on the date of this Draft Red Herring Prospectus, there are no syndicate members.

#### DESIGNATED INTERMEDIARIES

##### SELF-CERTIFIED SYNDICATE BANKS (“SCSBS”)

The list of SCSBs notified by SEBI for the ASBA process is available at <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated SCSB Branches with which an ASBA Applicant (other than an UPI Applicant using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>, or at such other websites as may be prescribed by SEBI from time to time.

##### SELF-CERTIFIED SYNDICATE BANKS ELIGIBLE AS SPONSOR BANKS FOR UPI

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, UPI Applicants 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&intmId=40> and <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43>) respectively, as updated from time to time.

### **SYNDICATE SCSB BRANCHES**

In relation to Offer submitted under the ASBA process 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 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 other website prescribed by SEBI from time to time. For more information on such branches collecting Application form Forms from the Syndicate at Specified Locations, see the website of the SEBI <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35> as updated from time to time or any other website prescribed by SEBI from time to time.

### **REGISTERED BROKERS**

The list of the Registered Brokers eligible to accept ASBA Forms from Applicants (other than RIIs), including details such as postal address, telephone number and e-mail address, is provided on the websites of the NSE at [https://www.nseindia.com/products/content/equities/ipos/ipo\\_mem\\_terminal.htm](https://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm), respectively, as updated from time to time.

### **REGISTRAR TO THE OFFER AND SHARE TRANSFER AGENTS (“RTA”)**

The list of the RTAs eligible to accept ASBA Forms from Bidders (other than RIBs) at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of Stock Exchanges at [http://www.nseindia.com/products/content/equities/ipos/asba\\_procedures.htm](http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm), respectively, as updated from time to time.

### **COLLECTING DEPOSITORY PARTICIPANTS (“CDP”)**

In terms of SEBI circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, the list of the CDPs eligible to accept Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Application Forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time.

### **STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES**

Fedex Securities Private Limited being sole Book Running Lead Manager to this Offer, all the responsibilities relating to co-ordination and other activities in relation to the Offer shall be performed by them. Hence, a statement of inter-se allocation of responsibilities is not required.

### **IPO GRADING**

Since the Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, there is no requirement of appointing an IPO Grading agency.

### **CREDIT RATING**

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

### **DEBENTURE TRUSTEES**

As this is an Offer of Equity Shares, the appointment of Debenture trustees is not required.

### **GREEN SHOE OPTION**

No Green Shoe Option is applicable for this Offer.

### **BROKERS TO THE OFFER**

All members of the recognized stock exchanges would be eligible to act as Brokers to the Offer.

### **MONITORING AGENCY**

As per regulation 262(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Offer size is below 10,000 Lakh. Our Company has not appointed any monitoring agency for this Offer. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Offer.

## APPRAISING ENTITY

No appraising entity has been appointed in respect of any objects of this Offer.

## EXPERT OPINION

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Peer Review Auditor namely, Bagadia & Jain, Chartered Accountants, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as “Expert” as defined under section 2(38) of the Companies Act, 2013 in respect to their Report on Restated Financial Statements dated July 09, 2024 and Report on Statement of Tax Benefits dated August 2, 2024 and issued by them, included in this Draft Red Herring Prospectus and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated April 30, 2024, from Shivabhai Patel, Independent Chartered Engineer, to include their name as required under Section 26 of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as an “expert” as defined under section 2(38) of the Companies Act, 2013 to the extent and in his capacity as the Independent Chartered Engineer, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Our Company has received written consent dated July 17, 2024, from Riddhi Shah, Practicing Company Secretary, to include their name as an “expert” as defined under Section 2(38) of the Companies Act to the extent and in its capacity as practicing Company Secretary in respect of the certificate dated July 17, 2024 issued by it in connection with inter alia the share capital buildup and search report and such consent has not been withdrawn as of the 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.

## FILING OF OFFER DOCUMENT

- a) The copy of this Draft Red Herring Prospectus shall be uploaded on <https://www.nseindia.com> and filed with the Emerge Platform of National Stock Exchange of India Limited (“NSE Emerge”) situated at Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E) Mumbai - 400 051 Maharashtra.
- b) Pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2022, Prospectus shall not be submitted to SEBI, however, soft copy of the Prospectus shall be submitted to SEBI pursuant to 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 Offer document in term of Regulation 246(2) of the SEBI ICDR Regulations.
- c) A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act, 2013 would be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be filed with the RoC through the electronic portal at <https://www.mca.gov.in/mcafoportal/login.do> and <https://www.mca.gov.in/content/mca/global/en/foportal/fologin.html>.

## BOOK BUILDING PROCESS

For an explanation of the Book Building Process, the price discovery process and allocation, please refer to chapter titled “*Terms of the Offer*” and “*Offer Procedure*” on pages 287 and 298 of this Draft Red Herring Prospectus respectively.

## UNDERWRITERS

Our Company and Book Running Lead Manager to the Offer hereby confirm that the Offer is 100% Underwritten. The underwriting agreement is dated [●] and pursuant to the terms of the underwriting agreement, obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated their intention to underwrite following number of specified securities being issued through this Offer.

Name, Address, Telephone, Facsimile, and Email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten (in Lakh)	% of the total Offer size Underwritten
[●]	[●]	[●]	[●]
<b>TOTAL</b>			

In the opinion of the Board of Directors of our Company, the resources of the above-mentioned Underwriter are sufficient to enable them to discharge their underwriting obligations in full.

## WITHDRAWAL OF THE OFFER

Our Company in consultation with the Book Running Lead Manager, reserves the right not to proceed with the Offer at any time before the Offer Opening Date without assigning any reason thereof.

If our Company withdraws the Offer any time after the Offer Opening Date but before the allotment of Equity Shares, a public notice will be issued by our Company within two (2) Working Days of the Offer Closing Date, providing reasons for not proceeding with the Offer. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared, and the Stock Exchange will also be informed promptly. The Book Running Lead Manager, through the Registrar to the Offer, will instruct the SCSBs and Sponsor Bank (in case of RII's using the UPI Mechanism), to unblock the ASBA Accounts within one (1) working Day from the day of receipt of such instruction.

Notwithstanding the foregoing, the Offer is subject to obtaining (i) the Final Listing and Trading Approvals of the Stock Exchange with respect to the Equity Shares issued through the Prospectus, which our Company will apply for only after Allotment; and (ii) the final RoC approval of the Prospectus.

If our Company withdraws the Offer after the Offer Closing Date and subsequently decides to proceed with an Offer of the Equity Shares, our Company will file a fresh Prospectus with the Stock Exchange where the Equity Shares may be proposed to be listed.

#### **TYPE OF OFFER**

The present Offer is considered to be 100% Book Building.

#### **MIGRATION TO MAIN BOARD**

Our Company may migrate to the Main board of Stock Exchanges from SME Exchange on a later date subject to the following:

If the Paid up Capital of our Company is likely to increase above ₹ 2,500.00 lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the Company has obtained In-Principal approval from the Main Board), our Company shall apply to Stock Exchanges for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

If the Paid-up Capital of our Company is more than ₹ 1,000.00 lakhs but below ₹ 2,500.00 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfils the eligibility criteria for listing laid by the Main Board and if the same has been approved by a special resolution wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal or as per applicable provisions.

Any company desiring to migrate to the Main board from the SME Board within three years of listing on Emerge platform of NSE has to fulfil following conditions as amended:

- a. The increase in post Offer face value capital beyond ₹ 25 crore should arise only because of merger/acquisition or for expansion purposes.
- b. The Company should have a minimum turnover of ₹ 100 crore as per last audited financials and market capitalization of ₹ 100 crore.
- c. The Company should have a minimum profit before tax of ₹ 10 crore for two years out of three preceding years.
- d. There should not be any action against the company by any regulatory agency at the time of application for migration.

#### **DETAILS OF MARKET MAKING ARRANGEMENT**

Our Company and the Book Running Lead Manager has entered into Market Making Agreement dated [●] with the following Market Maker to fulfill the obligations of Market Making for this Offer:

<b>Name</b>	[●]
<b>Address</b>	[●]
<b>Tel no</b>	[●]
<b>Fax no</b>	[●]
<b>Email id</b>	[●]
<b>Website</b>	[●]
<b>Contact person</b>	[●]

<b>SEBI Registration no</b>	[●]
<b>NSE Clearing No.</b>	[●]

[●], registered with Emerge Platform of National Stock Exchange of India Limited will act as the market maker and have agreed to receive or deliver the specified securities in the market making process for a period of three (3) years from the date of listing of our Equity Shares or for a period as may be notified by amendment to SEBI (ICDR) Regulations.

The Market Maker shall fulfill the applicable obligations and conditions as specified in the SEBI (ICDR) Regulations, and as amended from time to time and the circulars issued by the NSE 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(s) 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. The spread (difference between the sell and buy quote) shall not be more than 10% or as specified by the Stock Exchange from time to time. Further, the Market Maker shall inform the Stock Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker.
2. The prices quoted by the Market Maker shall be in compliance with the Market Maker Spread requirements and other particulars as specified or as per the requirements of Emerge Platform of National Stock Exchange of India Limited and SEBI from time to time
3. The minimum depth of the quote shall be ₹ 1.00 Lakh. However, the investors with holdings of value less than ₹ 1.00 Lakh shall be allowed to offer their holding to the Market Maker in that scrip provided that they sell their entire holding in that scrip in one lot along with a declaration to the effect to the selling broker. Based on the IPO price of ₹ [●]/- per share the minimum bid lot size is [●] Equity Shares thus minimum depth of the quote shall be ₹ 1.00 Lakh until the same, would be revised by Emerge Platform of National Stock Exchange of India Limited.
4. After a period of three (3) months from the market making period, the market maker would be exempted to provide quote if the Equity Shares of market maker in our Company reaches to 25%. Or upper limit (Including the [●]% of Equity Shares ought to be allotted under this Offer). Any Equity Shares allotted to Market Maker under this Offer over and above 25% equity shares would not be taken into consideration of computing the threshold of 25%. As soon as the Shares of market maker in our Company reduce to 24%, the market maker will resume providing 2-way quotes.
5. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for market maker(s) during market making process has been made applicable, based on the Offer size and as follows:

Offer Size	Buy quote exemption threshold (including mandatory initial inventory of 5% of the Offer Size)	Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Offer Size)
Up to 20 Crore	25%	24%
20 to 50 Crore	20%	19%
50 to 80 Crore	15%	14%
Above 80 Crore	12%	11%

6. There shall be no exemption/threshold on downside. However, in the event the market maker exhausts his inventory through market making process, the concerned stock exchange may intimate the same to SEBI after due verification.
7. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker, for the quotes given by him.
8. There would not be more than five Market Makers for a script at any point of time. These would be selected on the basis of objective criteria to be evolved by the Exchange which would include capital adequacy, net worth, infrastructure, minimum volume of business etc. The Market Makers may compete with other Market Maker for better quotes to the investors. At this stage, [●] is acting as the sole Market Maker.
9. 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. The securities of the Company will be placed in Special Pre-Open Session (SPOS) and would remain in Trade for Trade settlement for 10 days from the date of listing of Equity shares on the Stock Exchange.
10. The Marker Maker may also be present in the opening call auction, but there is no obligation on him to do so.
11. The shares of our Company will be traded in continuous trading session from the time and day our Company gets listed on Emerge Platform of National Stock Exchange of India Limited and the Market Maker will remain present as per the guidelines mentioned under NSE Limited and SEBI circulars.



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. Once registered as a Market Maker, he has to act in that capacity for a period as mutually decided between the Book Running Lead Manager and Market Maker. Once registered as a Market Maker, he has to start providing quotes from the day of the listing/the day when designated as the Market Maker for the respective scrip and shall be subject to the guidelines laid down for market making by the Stock Exchange.
14. The Market Maker shall have the right to terminate said arrangement by giving a three-month notice or on mutually acceptable terms to the Book Running Lead Manager, who shall then be responsible to appoint a replacement Market Maker.
15. In case of termination of the above-mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Book Running Lead Manager 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 Manager reserve the right to appoint other Market Maker either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Maker does not exceed five (5) 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 Registered Office from 11.00 a.m. to 5.00 p.m. on working days.
16. **Risk containment measures and monitoring for Market Makers:** Emerge Platform of National Stock Exchange of India Limited will have all margins, which are applicable on the NSE main board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. NSE can impose any other margins as deemed necessary from time-to-time.
17. **Punitive Action in case of default by Market Makers:** Emerge Platform of National Stock Exchange of India Limited 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 Maker, 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 in case he is not present in the market (offering 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 Maker from time to time.

18. **Price Band and Spreads:** SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for Offer size up to ₹ 250 crores, the applicable price bands for the first day shall be:
  - 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.
  - In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the Offer price.
19. Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the SME Exchange Platform.

Sr No.	Market Price slab (in Rs.)	Proposed spread (in % to sale price)
1.	Up to 50	9
2.	50 to 75	8
3.	75 to 100	6
4.	Above 100	5

20. The Market 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/ NSE Limited from time to time.

All the above-mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.

## CAPITAL STRUCTURE

The Equity Share capital of our Company, as on the date of this Draft Red Herring Prospectus and after giving effect to the Offer is set forth below:

(Amount ₹ in Lakhs except share data)

Sr. No.	Particulars	Aggregate value at nominal value	Aggregate value at Offer Price*
<b>A.</b>	<b>AUTHORISED EQUITY SHARE CAPITAL</b>		
	180,00,000 Equity Shares of face value of ₹10/- each	1,800.00	-
<b>B.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER</b>		
	93,00,200 Equity Shares of face value of ₹10/- each	930.02	-
<b>C.</b>	<b>PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS</b>		
	Offer of up to 30,00,000 Equity Shares of face value of ₹10 each aggregating to ₹[●]	[●]	[●]
	<i>Of which</i>		
	Offer for Sale of up to 12,00,000 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] lakhs	[●]	[●]
	Issue of up to 18,00,000 Equity Shares of ₹10/- each for cash at price of ₹ [●] per Equity Share <sup>(1)</sup>	[●]	[●]
	<b>Which comprises:</b>		
	Reservation for Market Maker up to [●] Equity Shares of ₹10/- each for cash at price of ₹ [●] will be available for allocation to Market Maker	[●]	[●]
	Net Offer to the Public of up to [●] Equity Shares of ₹10/- each for cash at price of ₹ [●] per Equity Share.	[●]	[●]
	<b>Of which<sup>(2)</sup>:</b>		
	Not more than [●] Equity Shares aggregating up to ₹ [●] lakhs will be available for allocation to Qualified Institutional Buyers, five per cent of which shall be allocated to mutual funds.	[●]	[●]
	At least [●] Equity Shares aggregating up to ₹[●] lakhs will be available for allocation to Non-Institutional Investors.	[●]	[●]
	At least [●] Equity Shares aggregating up to ₹[●] lakhs will be available for allocation to Retail Individual Investors	[●]	[●]
<b>D.</b>	<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER*</b>		
	[●] Equity Shares of face value of ₹10/- each	[●]**	
<b>E.</b>	<b>SECURITIES PREMIUM ACCOUNT</b>		
	Before the Offer	Nil***	
	After the Offer*	[●]	

\*To be included upon finalization of the Offer price.

\*\*Subject to finalization of Basis of Allotment

\*\*\* As certified by Bagadia & Jain , Chartered Accountants, by way of their certificate dated August 2, 2024

(1) The present Offer has been authorized pursuant to a resolution of our Board of Directors dated July 3, 2024, and by special resolution passed under Section 62(1)(c) of the Companies Act, 2013 at the Annual General Meeting of the members held on July 6, 2024. Further, our Board has taken on record the consents of the Selling Shareholders by a resolution of our Board dated July 9, 2024

(2) Allocation to all categories shall be made on a proportionate basis subject to valid Applications received at or above the Offer Price. Under subscription, if any, in any of the categories, would be allowed to be met with spillover from any of the other categories or a combination of categories at the discretion of our Company in consultation with the Book Running Lead Manager and Stock Exchange. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines. The Selling Shareholders confirm that the Offered Shares have been held by such Selling Shareholders for a period of at least one year prior to filing of this Draft Red Herring Prospectus in accordance with the SEBI ICDR Regulations and accordingly, are eligible for the Offer in accordance with the provisions of the SEBI ICDR Regulations. The Selling Shareholders has confirmed and approved its participation in the Offer for Sale as set out below:



S. No.	Selling Shareholders	Number of Equity Shares Offered in the Offer for Sale	Date of consent letter
1.	Bipin Sanghvi	Promoter Selling Shareholder	July 3, 2024
2.	Tarulata Sanghvi	Promoter Selling Shareholder	July 3, 2024
3.	Hardik Sanghvi	Promoter Selling Shareholder	July 3, 2024
4.	Swagat Sanghvi	Promoter Selling Shareholder	July 3, 2024
5.	Pooja Sanghvi	Promoter Group Selling Shareholder	July 3, 2024
6.	Ami Sanghvi	Promoter Group Selling Shareholder	July 3, 2024

### Class of Shares

Our Company has only one class of share capital i.e., Equity Shares of ₹10/- each only. All Equity Shares issued are fully paid up. Our Company does not have any outstanding convertible instruments as on the date of this Draft Red Herring Prospectus.

### NOTES TO THE CAPITAL STRUCTURE

#### 1. Details of changes in Authorized Share Capital of the Company since incorporation:

Particulars of Change	Date of Shareholders Meeting
The Authorized Share Capital of our Company is ₹ 15,00,000/- consisting of 15,000 Equity Shares of face value of ₹ 10.00 /- each.	Upon Incorporation
Increase of Authorized Share Capital from ₹ 15,00,000/- consisting of 1,50,000 Equity Shares of face value of ₹ 10.00 /- each to ₹40,00,000/- consisting of 4,00,000 equity shares of ₹10 each.	July 5, 2000
Increase of Authorized Share Capital from ₹40,00,000/- consisting of 4,00,000 equity shares of ₹10 each to ₹2,00,00,000/- consisting of 20,00,000 equity shares of ₹10 each.	March 21, 2005
Increase of Authorized Share Capital from ₹2,00,00,000/- consisting of 20,00,000 Equity Shares of ₹10 each to ₹18,00,00,000/- consisting of 1,80,00,000 Equity Shares of ₹10 each.	January 20, 2024

#### 2. Equity Share capital history of our Company

The following is the history of the Equity Share Capital of our Company:

Date of Allotment	Number of Equity Shares allotted	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative Paid-up Equity Share Capital (₹)
On Incorporation	300	10	10	Cash	Subscription to MOA <sup>(i)</sup>	300	3,000
July 31, 1996	1,19,700	10	10	Cash	Further Issue <sup>(ii)</sup>	1,20,000	12,00,000
September 25, 2000	2,00,000	10	10	Cash	Further Issue <sup>(iii)</sup>	3,20,000	32,00,000
January 5, 2006*	5,00,000	10	10	Cash	Preferential Allotment <sup>(iv)</sup>	8,20,000	82,00,000
March 31, 2006*	5,00,000	10	10	Cash	Preferential Allotment <sup>(v)</sup>	13,20,000	1,32,00,000
July 24, 2012*	5,00,000	10	10	Cash	Further Issue <sup>(vi)</sup>	18,20,000	1,82,00,000
February 1, 2024	74,80,200	10	NA	Other than cash	Bonus Issue <sup>(vii)</sup>	93,00,200	9,30,02,000

\*For further details please refer to "Risk Factor-There have been some instances of incorrect filings with the Registrar of Companies and other non-compliances under the Companies Act in the past which may attract penalties" on page 44 of this Draft Red Herring Prospectus.

Note: We have placed reliance on the disclosures made in the financial statements and statutory registers, to ascertain the details of the issue of Equity Shares. Our Company has relied on the certificates/ documentation and in this regard, we have obtained a certificate dated July 17, 2024, from Riddhi Shah, Practicing Company Secretary.

<sup>(i)</sup> Initial Subscribers to the MOA subscribed to 300 Equity Shares of face value of ₹10 each, details of which are given below:

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10 each)
1.	Bipin Sanghvi	100

2.	Jitendra Sanghvi	100
3.	Kishor Shetty	100
<b>Total</b>		<b>300</b>

(ii) Further Issue on July 31, 1996 of 1,19,700 Equity Shares of face value of ₹10 each fully paid-up, details of which are given below:

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10 each)
1.	Bipin Sanghvi	61,000
2.	Jitendra Sanghvi	23,500
3.	Kishor Shetty	5,000
4.	Savita Shetty	5,000
5.	Tarulata Sanghvi	10,000
6.	Mita Sanghvi	10,000
7.	Usha Shetty	5,000
8.	Hitesh Shetty	100
9.	Samir Sanghvi	100
<b>Total</b>		<b>119,700</b>

(iii) Further Issue on September 25, 2000, of 2,00,000 Equity Shares of face value of ₹10 each fully paid-up, details of which are given below:

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10 each)
1.	Sonali Modi	10,000
2.	Biren Panchmia	10,000
3.	Bipin Panchamia	10,000
4.	Nilesh Thanki	10,000
5.	Sanjay Gor	10,000
6.	Yogesh Modi	10,000
7.	Chandrakant Mody	10,000
8.	Deepak Mody	10,000
9.	Deepak Mody (HUF)	10,000
10.	Indumati Mody	10,000
11.	Minal Mody	10,000
12.	Chandrakant Mody (HUF)	10,000
13.	Lataben Joshi	10,000
14.	Ranjanben Satra	10,000
15.	Bhavesh Joshi	10,000
16.	Shailesh Mandavkar	10,000
17.	Kantilal Bhanushali	10,000
18.	Jakhubhai Hurbada	5,000
19.	Jashoda Joysar	15,000
20.	Jashoda Bhadra	10,000
<b>Total</b>		<b>200,000</b>

(iv) Preferential Allotment on January 5, 2006 of 5,00,000 Equity Shares of face value of ₹10 each fully paid-up, details of which are given below:

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10 each)
1.	Bipin Sanghvi	50,000
2.	Hardik Sanghvi	50,000
3.	Swagat Sanghvi	50,000
4.	Tarulata Sanghvi	50,000
5.	Kishore Shetty	50,000
6.	Savita Shetty	50,000
7.	Usha Shetty	50,000

8.	Mahendrabhai Chhowala	1,00,000
9.	Jaya Chhowala	50,000
<b>Total</b>		<b>5,00,000</b>

(v) *Preferential Allotment on March 31, 2006 of 5,00,000 Equity Shares of face value of ₹10 each fully paid-up, details of which are given below:*

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10 each)
1.	Amita Sheth	50,000
2.	Bankim Sheth	20,000
3.	Bijal Shah	50,000
4.	Hitesh Sheth	50,000
5.	Kiran Sheth	30,000
6.	Mayur Shah	50,000
7.	Meena Doshi	50,000
8.	Panna Shah	50,000
9.	Poonam Sheth	50,000
10.	Urvi Sheth	50,000
11.	Usha Shah	25,000
12.	Versha Shah	25,000
<b>Total</b>		<b>500,000</b>

(vi) *Further Issue on July 24, 2012 of 5,00,000 Equity Shares of face value of ₹10 each fully paid-up, details of which are given below:*

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10 each)
1.	Hardik Sanghvi	1,25,000
2.	Swagat Sanghvi	1,25,000
3.	Kishore Shetty	1,25,000
4.	Savita Shetty	1,25,000
<b>Total</b>		<b>5,00,000</b>

(vii) *Bonus Issue on February 1, 2024 of 74,80,200 Equity Shares of face value of ₹10 each fully paid-up equity share in the ratio of 411 equity shares for every 100 equity shares held details of which are given below:*

Sr. No.	Name	No. of Equity Shares (Face Value of ₹ 10 each)
1.	Bipin Sanghvi	7,18,017
2.	Hardik Sanghvi	21,57,750
3.	Tarulata Sanghvi	14,18,361
4.	Rashmikant Kamdar	411
5.	Samir Sanghvi	411
6.	Swagat Sanghvi	21,57,750
7.	Ami Sanghvi	5,13,750
8.	Pooja Sanghvi	5,13,750
<b>Total</b>		<b>74,80,200</b>

### 3. Issue of Equity Shares for consideration other than cash or out of revaluation reserves

Except as set out below, our Company has not issued Equity Shares for consideration other than cash. Further, certain benefits have accrued to our Company on account of allotment of Equity Shares for consideration other than cash:

Date of Issue/ Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Reason for Allotment	Name of Allottees	No. of Equity Shares Allotted	Benefits Accrued
February 1, 2024	74,80,200	10	N.A.	Bonus Issue	Bipin Sanghvi	7,18,017	Capitalization of Reserves & Surplus
					Hardik Sanghvi	21,57,750	
					Tarulata Sanghvi	14,18,361	

Date of Issue/ Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Reason for Allotment	Name of Allottees	No. of Equity Shares Allotted	Benefits Accrued
					Rashmikant Kamdar	411	
					Samir Sanghvi	411	
					Swagat Sanghvi	21,57,750	
					Ami Sanghvi	5,13,750	
					Pooja Sanghvi	5,13,750	

Furthermore, no shares are allotted out of revaluation reserves at any point of time by our Company.

#### 4. Equity shares issued in the preceding one year below the Issue Price

Except as set out below, our Company has not issued Equity Shares for price below issue price:

Date of Issue/ Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue Price (₹)	Reason for Allotment	Name of Allottees	No. of Equity Shares Allotted	Benefits Accrued
February 1, 2024	74,80,200	10	N.A.	Bonus Issue	Bipin Sanghvi	7,18,017	Capitalization of Reserves & Surplus
					Hardik Sanghvi	21,57,750	
					Tarulata Sanghvi	14,18,361	
					Rashmikant Kamdar	411	
					Samir Sanghvi	411	
					Swagat Sanghvi	21,57,750	
					Ami Sanghvi	5,13,750	
					Pooja Sanghvi	5,13,750	

#### 5. Issue of Equity Shares out of revaluation reserves

Our Company has not issued any shares out of revaluation reserves since its incorporation.

#### 6. Issue of Equity Shares pursuant to any scheme of arrangement

Our Company has not issued any shares in the past in terms of a scheme of arrangement approved under Sections 391 - 394 of the Companies Act, 1956 or Sections 230 - 234 of the Companies Act.

#### 7. Issue or transfer of Equity Shares under employee stock option schemes

The Company does not have any employee stock option schemes under which any equity shares of the Company is granted. Accordingly, no Equity Shares have been issued or transferred by our Company pursuant to the exercise of any employee stock options.

#### 8. As on the date of this Draft Red Herring Prospectus, our Company does not have any outstanding preference shares.

*[The Remainder of this Page has intentionally been left blank]*

## 9. Shareholding Pattern of our Company

The table below represents the shareholding pattern of our Company in accordance with Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 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 Shares (calculated as per SCRR,1957 (As a % of (A + B + C2) (VIII)	Number of Voting Rights held in each Class of securities (IX)		No of underlying outstanding convertible securities (incl. Warrants) (X)	Shareholding as a % assuming full convertible securities (as a % of diluted share capital (As a % of (A + B + C2) (XI = VII + X)	Number of Locked in shares (XII)		No. of shares Pledged or Otherwise Encumbered (XIII)		No. of Equity shares held in Demat Form (XIV)
								No of voting Right	Total as % of (A+B+C)			No (a)	As a % of total shares held (b)	No (a)	As a % of total shares held (b)	
<b>A</b>	Promoter(s) and Promoter Group	6	92,99,178	--	--	92,99,178	99.99	92,99,178	99.99	--	--	--	--	--	--	<b>92,99,178</b>
<b>B</b>	Public	2	1,022	--	--	1,022	0.01	1,022	0.01	--	--	--	--	--	--	<b>1,022</b>
<b>C</b>	Non-Promoter Non-Public	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>C1</b>	Shares Underlying DRs	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>C2</b>	Shares held by Employee Trusts	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	<b>Total (A+B+C)</b>	<b>8</b>	<b>93,00,200</b>	--	--	<b>93,00,200</b>	<b>100.00</b>	<b>93,00,200</b>	<b>100.00</b>	--	--	--	--	--	--	<b>93,00,200</b>

Note:

- As on the 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
- PAN of the Shareholders will be provided by our Company prior to Listing of Equity Shares on the Stock Exchange.
- Our Company will file shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity Shares

10. The shareholding pattern of our Promoter, Promoter Group and Public before and after the Offer is set forth below:

Particulars	Pre-Offer		Post-Offer*	
	Number of Equity Shares (Face Value of ₹ 10 each)	Percentage (%) holding	Number of Equity Shares (Face Value of ₹ 10 each)	Percentage (%) holding
<b>Promoter (A)</b>				
Bipin Sanghvi	8,92,717	9.60	[●]	[●]
Tarulata Sanghvi	17,63,461	18.96	[●]	[●]
Hardik Sanghvi	26,82,750	28.85	[●]	[●]
Swagat Sanghvi	26,82,750	28.85	[●]	[●]
<b>Total (A)</b>	<b>80,21,678</b>	<b>86.25</b>	[●]	[●]
<b>Promoter Group (B)</b>				
Ami Sanghvi	6,38,750	6.87	[●]	[●]
Pooja Sanghvi	6,38,750	6.87	[●]	[●]
<b>Total (B)</b>	<b>12,77,500</b>	<b>13.74</b>	[●]	[●]
<b>Public (C)</b>				
Rashmikant Kamdar	511	0.01	[●]	[●]
Samir Sanghvi	511	0.01	[●]	[●]
<b>Total (C)</b>	<b>1022</b>	<b>0.01</b>	[●]	[●]
<b>Total (A+B+C)</b>	<b>93,00,200</b>	<b>100.00</b>	[●]	[●]

\*Subject to finalization of Basis of Allotment

11. Except as mentioned below, none of our Key Management Personnel or Senior Management Personnel hold Equity Shares in our Company as on the date of filing of this Draft Red Herring Prospectus:

Name of the Key Managerial Personnel or Senior Management Personnel	No. of Equity Shares (Face Value of ₹ 10 each)	Percentage of Pre-Offer Paid up Share Capital share capital (%)
Bipin Sanghvi	8,92,717	9.60
Hardik Sanghvi	26,82,750	28.85
Swagat Sanghvi	26,82,750	28.85
<b>Total</b>	<b>62,58,217</b>	<b>67.30</b>

12. Details of shareholding of major shareholders

i. Particulars of the shareholders holding 1% or more of the paid-up capital of our Company as on the date of this Draft Red Herring Prospectus:

Particulars	Number of Equity Shares (Face Value of ₹ 10 each)	Percentage (%) holding
Hardik Sanghvi	26,82,750	28.85
Swagat Sanghvi	26,82,750	28.85
Tarulata Sanghvi	17,63,461	18.96
Bipin Sanghvi	8,92,717	9.60
Ami Sanghvi	6,38,750	6.87
Pooja Sanghvi	6,38,750	6.87
<b>Total</b>	<b>92,99,178</b>	<b>99.99</b>

ii. Particulars of the shareholders holding 1% or more of the paid-up capital of our Company 10 days prior to the date of this Draft Red Herring Prospectus:

Particulars	Number of Equity Shares (Face Value of ₹ 10 each)	Percentage (%) holding
Hardik Sanghvi	26,82,750	28.85

Swagat Sanghvi	26,82,750	28.85
Tarulata Sanghvi	17,63,461	18.96
Bipin Sanghvi	8,92,717	9.60
Ami Sanghvi	6,38,750	6.87
Pooja Sanghvi	6,38,750	6.87
<b>Total</b>	<b>92,99,178</b>	<b>99.99</b>

- iii. Particulars of shareholders holding 1% or more of the paid-up capital of our Company, two (2) years prior to the date of filing of this Draft Red Herring Prospectus:

Particulars	Number of Equity Shares (Face Value of ₹ 10 each)	Percentage (%) holding
Hardik Sanghvi	5,25,000	28.85
Swagat Sanghvi	5,25,000	28.85
Tarulata Sanghvi	3,45,100	18.96
Bipin Sanghvi	1,74,700	9.60
Ami Sanghvi	1,25,000	6.87
Pooja Sanghvi	1,25,000	6.87
<b>Total</b>	<b>18,19,800</b>	<b>99.99</b>

- iv. Particulars of shareholders holding 1% or more of the paid-up capital, one (1) year prior to the date of filing this Draft Red Herring Prospectus:

Particulars	Number of Equity Shares (Face Value of ₹ 10 each)	Percentage (%) holding
Hardik Sanghvi	5,25,000	28.85
Swagat Sanghvi	5,25,000	28.85
Tarulata Sanghvi	3,45,100	18.96
Bipin Sanghvi	1,74,700	9.60
Ami Sanghvi	1,25,000	6.87
Pooja Sanghvi	1,25,000	6.87
<b>Total</b>	<b>18,19,800</b>	<b>99.99</b>

13. Our Company has not issued any convertible instruments like warrants, debentures etc. since its Incorporation and there are no outstanding convertible instruments as on date of this Draft Red Herring Prospectus.
14. Except for the allotment of Equity Shares pursuant to the Fresh Issue, there will be no further issue of securities whether by way of a split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or through a rights issue or further public issue of Equity Shares, or otherwise, until the Equity Shares have been listed on the Stock Exchanges or all application moneys have been refunded to the Anchor Investors, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, undersubscription etc., as the case may be. Further, other than as set out hereinabove, our Company presently does not intend or propose or is under negotiation or consideration to alter its capital structure in such manner until a period of six months from the Bid/Offer Opening Date.

**15. Details of shareholding of our Promoters:**

- i. *Equity Shareholding of our Promoters*

As on the date of this Draft Red Herring Prospectus, our Promoters hold 80,21,678 Equity Shares, equivalent to 86.25% of the issued, subscribed and paid-up Equity Share capital of our Company.



Particulars	Pre-Offer Equity Share Capital		Post-Offer Equity Share Capital	
	Number of Equity Shares (Face Value of ₹ 10 each)	% of total Shareholding	Number of Equity Shares (Face Value of ₹ 10 each)	% of total Shareholding
Bipin Sanghvi	8,92,717	9.60	[●]	[●]
Tarulata Sanghvi	17,63,461	18.96	[●]	[●]
Hardik Sanghvi	26,82,750	28.85	[●]	[●]
Swagat Sanghvi	26,82,750	28.85	[●]	[●]
<b>Total</b>	<b>80,21,678</b>	<b>86.25</b>	[●]	[●]

ii. *History of the Equity Share capital held by our Promoters*

Name of the Promoter: Bipin Sanghvi								
Date of Allotment / Transfer*	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue / Acquisition / Transfer Price per Equity Share (₹)	Nature of Transaction	Cumulative No. of Equity Shares	Percentage of the pre- Offer capital (in %)	Percentage of the post- Offer capital (in %)
January 15, 1996	100	Cash	10	10	Subscription to MOA	100	Negligible	[●]
July 31, 1996	61,000	Cash	10	10	Further Issue	61,100	0.66	[●]
March 25, 2001	100	Cash	10	10	Acquisition by way of transfer from Jitendra Shantilal Sanghvi*	61,200	Negligible	[●]
March 25, 2001	23,500	Cash	10	10	Acquisition by way of transfer from Jitendra Shantilal Sanghvi*	84,700	0.25	[●]
March 25, 2001	8,000	Cash	10	10	Acquisition by way of transfer from Mita Jitendra Sanghvi*	92,700	0.09	[●]
March 25, 2001	2,000	Cash	10	2	Acquisition by way of transfer from Mita Jitendra Sanghvi*	94,700	0.02	[●]
March 25, 2001	10,000	Cash	10	2	Acquisition by way of transfer from Sonali Yogesh Modi*	1,04,700	0.11	[●]
March 25, 2001	10,000	Cash	10	2	Acquisition by way of transfer from Biren Bipin Panchmia*	1,14,700	0.11	[●]
March 25, 2001	10,000	Cash	10	2	Acquisition by way of transfer from Bipin Trambaklall Panchamia*	1,24,700	0.11	[●]

Name of the Promoter: Bipin Sanghvi								
Date of Allotment / Transfer*	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue / Acquisition / Transfer Price per Equity Share (₹)	Nature of Transaction	Cumulative No. of Equity Shares	Percentage of the pre- Offer capital (in %)	Percentage of the post- Offer capital (in %)
January 5, 2006	50,000	Cash	10	10	Preferential Allotment	1,74,700	0.54	[●]
February 1, 2024	7,18,017	Other than Cash	10	NA	Bonus Issue	8,92,717	7.72	[●]
<b>Total</b>	<b>8,92,717</b>						<b>9.60</b>	

\*We have obtained a certificate dated July 17, 2024 from Riddhi Krupal Shah, Practicing Company Secretary in relation to untraceable transfer form made to and by our Promoter, we have relied on alternative documents such as board resolutions, share transfer registers maintained by our Company, and annual returns filed by our Company. The Details in respect of share transfer have been inserted based on minutes, register of members and register of share transfer and limited information available with the Company. Please refer to chapter titled "Risk Factors-Certain of our corporate records and filings and instruments of transfer are not traceable. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies" beginning on page 44 of this Draft Red Herring Prospectus.

Name of the Promoter: Tarulata Sanghvi								
Date of Allotment / Transfer*	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue / Acquisition / Transfer Price per Equity Share (₹)	Nature of Transaction	Cumulative No. of Equity Shares	Percentage of the pre- Offer capital (in %)	Percentage of the post- Offer capital (in %)
July 31, 1996	10,000	Cash	10	10	Further Issue	10,000	0.11	[●]
January 5, 2006	50,000	Cash	10	10	Preferential Allotment	60,000	0.54	[●]
March 2, 2021	272,000	Cash	10	115	Acquisition by way of transfer from Savita Shetty <sup>#</sup>	3,32,000	2.92	[●]
March 2, 2021	13,100	Cash	10	115	Acquisition by way of transfer from Kishore Shetty <sup>#</sup>	3,45,100	0.14	[●]
February 1, 2024	14,18,361	Other than Cash	10	NA	Bonus Issue	17,63,461	15.25	[●]
<b>Total</b>	<b>17,63,461</b>						<b>18.96</b>	<b>[●]</b>

<sup>#</sup>Pursuant to the Share Purchase Agreement entered by and between Kishore Shetty, Savita Shetty and Usha Shetty (collectively referred to as "transferer" or "outgoing shareholders") and Bipin Sanghvi Tarulata Sanghvi Hardik Sanghvi Swagat Sanghvi and Ami Sanghvi (collectively referred to as "transferee" or "continuing shareholders") and Pooja Sanghvi (referred as incoming shareholder) and Royal Arc Electrodes Limited (referred as the Company).

Name of the Promoter: Hardik Sanghvi								
Date of Allotment / Transfer*	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue / Acquisition / Transfer Price per Equity Share (₹)	Nature of Transaction	Cumulative No. of Equity Shares	Percentage of the pre-Offer capital (in %)	Percentage of the post- Offer capital (in %)
March 25, 2001	10,000	Cash	10	2.8	Acquisition by way of transfer from Shailesh I Mandavkar*	10,000	0.11	[●]
March 25, 2001	10,000	Cash	10	2.8	Acquisition by way of transfer from Kantilal N Bhanushali*	20,000	0.11	[●]
March 25, 2001	10,000	Cash	10	2.8	Acquisition by way of transfer from Jakhubhai Birji Kurbada*	30,000	0.11	[●]
March 25, 2001	10,000	Cash	10	2.8	Acquisition by way of transfer from Jashoda Mulji Joysar*	40,000	0.11	[●]
March 25, 2001	10,000	Cash	10	2.8	Acquisition by way of transfer from Jashoda Babulal Bhadra*	50,000	0.11	[●]
January 5, 2006	50,000	Cash	10	10	Preferential Allotment	1,00,000	0.54	[●]
July 24, 2012	1,25,000	Cash	10	10	Further Issue <sup>#</sup>	2,25,000	1.34	[●]
July 3, 2021	3,00,000	Cash	10	115	Acquisition by way of transfer Kishore Shetty <sup>#</sup>	5,25,000	3.23	[●]
February 1, 2024	21,57,750	Other than Cash	10	NA	Bonus Issue	26,82,750	23.20	[●]
<b>Total</b>	<b>26,82,750</b>						<b>28.85</b>	<b>[●]</b>

\*We have obtained a certificate dated July 17, 2024 from Riddhi Krunal Shah, practicing company secretary in relation to untraceable transfer form made to and by our Promoter, we have relied on alternative documents such as board resolutions, share transfer registers maintained by our Company, and annual returns filed by our Company. The Details in respect of share transfer have been inserted based on minutes, register of members and register of share transfer and limited information available with the Company. Please refer to chapter titled "Risk Factors- .Certain of our corporate records and filings and instruments of transfer are not traceable. We cannot assure you that no legal proceedings or

regulatory actions will be initiated against us in the future in relation to any such discrepancies” beginning on page 33 of this Draft Red Herring Prospectus

#Pursuant to the Share Purchase Agreement entered by and between Kishore Shetty, Savita Shetty and Usha Shetty (collectively referred to as “transferer” or “outgoing shareholders”) and Bipin Sanghvi Tarulata Sanghvi Hardik Sanghvi Swagat Sanghvi and Ami Sanghvi (collectively referred to as “transferee” or “continuing shareholders”) and Pooja Sanghvi (referred as incoming shareholder) and Royal Arc Electrodes Limited (referred as the Company).

Name of the Promoter: Swagat Sanghvi								
Date of allotment / Transfer*	No. of Equity Shares	Nature of Consideration	Face Value (₹)	Issue / Acquisition / Transfer Price per Equity Share (₹)	Nature of Transaction	Cumulative No. of Equity Shares	Percentage of the pre-Offer capital (in %)	Percentage of the post-Offer capital (in %)
January 15, 2006	50,000	Cash	10	10	Preferential Allotment	50,000	0.54	[●]
September 29, 2011	50,000	Cash	10	2	Acquisition by way of transfer from Mayur Vinodrai Shah*	1,00,000	0.54	[●]
September 29, 2011	50,000	Cash	10	2	Acquisition by way of transfer from Meena Kiran Doshi*	1,50,000	0.54	[●]
September 29, 2011	50,000	Cash	10	2	Acquisition by way of transfer from Panna Vinodrai Shah*	2,00,000	0.54	[●]
September 29, 2011	18,000	Cash	10	2	Acquisition by way of transfer from Kiran Bankim Sheth*	2,18,000	0.19	[●]
July 24, 2012	1,25,000	Cash	10	10	Further Issue	3,43,000	1.34	[●]
April 6, 2021	1,82,000	Cash	10	115	Acquisition by way of transfer from Kishore Shetty#	5,25,000	1.96	[●]
February 1, 2024	21,57,750	Other than Cash	10	NA	Bonus Issue	26,82,750	23.20	[●]
<b>Total</b>	<b>26,82,750</b>						<b>28.85</b>	<b>[●]</b>

We have obtained a certificate dated July 17, 2024 from Riddhi Krunal Shah, practicing company secretary in relation to untraceable transfer form made to and by our Promoter, we have relied on alternative documents such as board resolutions, share transfer registers maintained by our Company, and annual returns filed by our Company. The Details in respect of share transfer have been inserted based on minutes, register of members and register of share transfer and limited information available with the Company. Please refer to chapter titled “Risk Factors- Certain

of our corporate records and filings and instruments of transfer are not traceable. We cannot assure you that no legal proceedings or regulatory actions will be initiated against us in the future in relation to any such discrepancies” beginning on page 44 of this Draft Red Herring Prospectus

#Pursuant to the Share Purchase Agreement entered by and between Kishore Shetty, Savita Shetty and Usha Shetty (collectively referred to as “transferer” or “outgoing shareholders”) and Bipin Sanghvi Tarulata Sanghvi Hardik Sanghvi Swagat Sanghvi and Ami Sanghvi (collectively referred to as “transferee” or “continuing shareholders”) and Pooja Sanghvi (referred as incoming shareholder) and Royal Arc Electrodes Limited (referred as the Company).

16. All the Equity Shares allotted and held by our Promoters were fully paid at the time of allotment itself. Further, none of the Equity Shares held by our Promoters are subject to any pledge.

**17. We hereby confirm that:**

None of the members of the Promoters, Promoter Group, Directors and their immediate relatives have purchased or sold any Equity shares of our Company within the last six months from the date of this Draft Red Herring Prospectus, except as stated in chapter titled “*Capital Structure - Equity Share Capital history of our Company*” beginning on page 88 of this Draft Red Herring Prospectus.

None of the Promoters, members of the Promoter Group, Directors and their immediate relatives has entered into any financing arrangement or financed the purchase of the Equity shares of our Company by any other person during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

18. The average cost of acquisition of or subscription to Equity Shares by our Promoters and Selling Shareholders are set forth in the table below:

Name	Number of Shares (Face Value of ₹ 10 each)	Average Cost of Acquisition per Equity Share (in ₹) *
Bipin Sanghvi#	8,92,717	1.67
Hardik Sanghvi#	26,82,750	13.56
Tarulata Sanghvi#	17,63,461	18.93
Swagat Sanghvi#	26,82,750	8.58
Ami Sanghvi+	6,38,750	1.28
Pooja Sanghvi+	6,38,750	22.50

# Also, Promoter Selling Shareholders.

+ Also, Promoter Group Selling Shareholders

\*As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountants, pursuant to their certificate dated August 2, 2024

**19. Details of Promoters contribution locked in for three (3) years:**

i. Pursuant to the Regulations 236 and 238 of SEBI ICDR Regulations, an aggregate of at least 20% of the post Offer Equity Share capital of our Company held by our Promoters shall be locked-in for a period of three years from the date of Allotment in this Offer. As on date of this Draft Red Herring Prospectus, our Promoters holds 80,21,678 Equity Shares constituting [●] % of the Post-Offer Issued, Subscribed and Paid-up Equity Share Capital of our Company, which are eligible for Promoters’ Contribution.

Our Promoters have consented in writing to include such number of Equity Shares held by them as may constitute of the post Offer Equity Share capital of our Company as Promoters Contribution and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above. Details of the Equity Shares forming part of Promoters Contribution and their lock-in details are as follows:

Promoters	Date of Allotment/ Acquisition and when made fully paid-up	Nature of Acquisition	No. of Equity Shares	Face Value (in ₹)	Offer Price per Equity share (in ₹)	% of Pre-Offer Equity share capital	% of Post Offer Equity shares Capital	Lock in Period
Bipin Sanghvi	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Tarulata Sanghvi	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]

Hardik Sanghvi	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Swagat Sanghvi	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
<b>Total</b>			[●]					[●]

*\*To be included in the Red Herring Prospectus.*

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, 2018. In this computation, as per Regulation 237 of the SEBI (ICDR) Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

- (i) The Equity Shares acquired during the three years preceding the date of this Draft Red Herring Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets, or bonus shares issued out of revaluations reserves or unrealized profits or against equity shares which are otherwise ineligible for computation of Promoter's Contribution;
- (ii) The Equity Shares acquired during the year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

Provided that nothing contained in this clause shall apply to:

The Equity Shares allotted to promoters during one year preceding the date of Draft Red Herring Prospectus, at a price less than the Offer price, against funds brought in by them during that period, formed by conversion of partnership firm, where the partners of the erstwhile partnership firm are the promoters of the issuer and there is no change in the management; And that the Equity Shares allotted to promoters are against the capital existing in partnership firm for a period of less than one year on a continuous basis;

- (iii) The Equity Shares held by the Promoters that not are subject to any pledge or any other form of encumbrance.
- (iv) Specific written consent has been obtained from the Promoters for inclusion of [●] Equity Shares for ensuring lock-in of three years to the extent of minimum [●] % of post Offer Paid-up Equity Share Capital from the date of allotment in the public Offer.
- (v) The minimum Promoters' Contribution has been brought to the extent of not less than the specified minimum lot and from the persons defined as Promoter under the SEBI (ICDR) Regulations. The Promoters' Contribution constituting [●] Equity Shares which is [●] % of the post Offer capital shall be locked-in for a period of three years from the date of Allotment of the Equity Shares in the Offer.
- (vi) We further confirm that our Promoters' Contribution of 20% of the Post Offer Equity does not include any contribution from Alternative Investment Funds or FVCI or Scheduled Commercial Banks or Public Financial Institutions or Insurance Companies.

## **20. Equity Shares locked-in for one year other than Minimum Promoters Contribution.**

Pursuant to regulation 238(b) and 239 of the SEBI (ICDR) Regulations, other than the Equity Shares held by our Promoters, which will be locked-in as minimum Promoters contribution for three years, all pre-Offer [●] Equity Shares shall be subject to lock-in for a period of one year from the date of Allotment in this Offer.

## **21. Transferability of Locked in Equity Shares**

In terms of Regulation 243 of the SEBI (ICDR) Regulations, 2018 and subject to provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as applicable;

- a) The Equity Shares held by our Promoters and locked in as per Regulation 238 of the SEBI (ICDR) Regulations, 2018 may be transferred to another Promoters or any person of the Promoters' Group or to a new promoter(s) or persons in control of our Company, subject to continuation of lock-in for the remaining period with transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated has expired.
- b) The equity shares held by persons other than promoters and locked in as per Regulation 239 of the SEBI (ICDR) Regulations, 2018 may be transferred to any other person (including Promoter and Promoters' Group) holding the equity shares which are locked-in along with the equity shares proposed to be transferred, subject to continuation of lock-in for the remaining period with transferee and such transferee

shall not be eligible to transfer them till the lock-in period stipulated has expired.

## **22. Pledge of Locked in Equity Shares**

In terms of Regulation 242 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 or a systemically important non-banking finance company or a housing finance company, subject to the following:

- a) If the specified securities are locked-in in terms of sub-regulation (a) of Regulation 238 of the SEBI ICDR Regulations, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the Offer and the pledge of specified securities is one of the terms of sanction of the loan;
- b) If the specified securities are locked-in in terms of sub-regulation (b) of Regulation 238 of the SEBI ICDR Regulations and the pledge of specified securities is one of the terms of sanction of the loan.

Provided that such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the equity shares till the lock-in period stipulated in these regulations has expired.

## **23. Inscription or recording of non-transferability**

In terms of Regulation 241 of the SEBI (ICDR) Regulations, 2018, our Company confirms that certificates of Equity Shares which are subject to lock in shall contain the inscription "Non-Transferable" and specify the lock-in period and in case such equity shares are dematerialized, the Company shall ensure that the lock in is recorded by the Depository.

24. As on date of this Draft Red Herring Prospectus, our Company has 8 shareholders.
25. Our Company has not issued any convertible instruments like warrants, debentures etc. since its Incorporation and there are no outstanding convertible instruments as on date of this Draft Red Herring Prospectus.
26. None of the persons/entities comprising our Promoters Group, our directors or 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 any such entity/individual or otherwise during the period of six (6) months immediately preceding the date of this Draft Red Herring Prospectus.
27. There will be no further issue of capital, 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 the Draft Red Herring Prospectus until the Equity Shares have been listed. Our Company does not have any intention or proposal to alter its capital structure within a period of 6 (six) months from the date of opening of the Offer 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 is in expansion phase and may need additional capital to fund existing/ and or future organic and/or inorganic expansion. Therefore, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the issue appropriately in due compliance with the applicable statutory provisions.
28. Our Company, our Promoters, our Directors and the Lead Manager have not entered into any buy-back or standby or similar arrangements for the purchase of Equity Shares being offered through the Offer from any person.
29. Neither the Book Running Lead Manager nor any of their associates (as defined under Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) hold any Equity Shares in our Company. The Book Running Lead Manager 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.
30. There are no Equity Shares against which depository receipts have been issued.
31. The Offer Price has been determined by our Company in consultation with the Book Running Lead Manager.
32. Our Company shall ensure that transactions in the Equity Shares by the Promoters, the members of the Promoter Group and the Selling Shareholders during the period between the date of registering the Prospectus with the RoC and the date of closure of the Offer shall be reported to the Stock Exchange within twenty-four (24) hours of the transaction.



33. Subject to valid applications being received at or above the Offer 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 Manager and Designated Stock Exchange. Such inter-se spill over, if any, would be affected in accordance with applicable laws, rules, regulations and guidelines
34. 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 Offer.
35. Prior to this Initial Public Offer, our Company has not made any public issue at large.
36. As per RBI regulations, OCBs are not allowed to participate in this Offer.
37. Our Promoters and the members of our Promoters Group will not participate in this Offer.
38. Our Company has not raised any bridge loans against the proceeds of the Offer.
39. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
40. In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the SCRR) the Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company. Further, this Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.
41. No person connected with the Offer shall offer any incentive, whether direct or indirect, in the nature of discount, commission, and allowance, or otherwise, whether in cash, kind, services or otherwise, to any Applicant
42. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of the Draft Red Herring Prospectus. Since the entire Offer Price in respect of the Offer is payable on application, all the successful applicants will be allotted fully paid-up Equity shares.
43. None of our Directors or Key Managerial Personnel or Senior Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled "***Our Management- Shareholding of our Directors***" and "***Our Management- Shareholding of Key Managerial Personnel and Senior Management Personnel***" beginning on page 186 and 195 respectively of this Draft Red Herring Prospectus.
44. None of the Shareholders of our Company are directly or indirectly related to the BRLMs or their associates
45. None of the BRLM and their respective associates (as defined under the SEBI Merchant Bankers Regulations) hold any Equity Shares as on the date of this Draft Red Herring Prospectus.
46. Our Company, our Directors and the BRLM have not entered into any buy-back arrangement for purchase of the Equity Shares being offered through the Offer
47. Our Company is in compliance with the Companies Act, 2013, to the extent applicable, with respect to issuance of Equity Shares from the date of incorporation of our Company till the date of filing of this Draft Red Herring Prospectus

## CHAPTER – IV – PARTICULARS OF THE OFFER

### OBJECT OF THE OFFER

The Offer comprises of a Fresh Issue of up to 18,00,000 Equity Shares of ₹10/- each aggregating to ₹ [●] Lakhs by our Company and an Offer for Sale of upto 12,00,000 Equity Shares of ₹10/- each aggregating upto ₹ [●] Lakhs by the Selling Shareholders.

For details, please see “*Summary of Offer Document*” and “*The Offer*” beginning on pages 26 and 73, of this Draft Red Herring Prospectus respectively.

#### The Offer for Sale

Each of the Selling Shareholders will be entitled to their respective portion of the proceeds from the Offer for Sale in proportion to the Equity Shares offered by the respective Selling Shareholders as part of the Offer for Sale after deducting its proportion of Offer related expenses and relevant taxes thereon and in accordance with the Offer Agreement. Other than the listing fees for the Offer all cost, fees and expenses in respect of the Offer will be shared amongst our Company and the Selling Shareholders, respectively, in number of Equity Shares offered by the Company through any fresh issuance in the Offer and the Equity Shares sold by the Selling Shareholders in the Offer, as may be applicable, upon the successful completion of the Offer.

Our Company will not receive any proceeds from the Offer for Sale and the proceeds from the Offer for Sale will not form part of the Net Proceeds. For further information regarding the Selling Shareholders and Equity Shares being offered for sale, please refer to chapter titled “*The Offer*” and “*Other Regulatory and Statutory Disclosure*” beginning on pages 73 and 275 of this Draft Red Herring Prospectus respectively.

#### Fresh Issue

Our Company proposes to utilize the net proceeds from the Fresh Issue towards funding the following objects:

1. Funding towards the expansion of our manufacturing facility situated at Village Zaroli, Umbergaon Valsad, Gujarat, Bharat;
2. Funding the working capital requirements of our Company; and
3. General corporate purposes.

(Collectively referred to as “*Objects*”)

The main objects and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables us (i) to undertake our existing business activities; and (ii) to undertake the activities proposed to be funded from the Net Proceeds.

In addition, we expect to achieve the benefits of listing of the Equity Shares on the Stock Exchanges, including enhancing our visibility and our brand image among our existing and potential customers and creation of a public market for our Equity Shares in India.

#### Net Proceeds

The details of the proceeds from the Offer are set out in the following table:

Particulars	Estimated Amount (₹ in Lakhs)
Gross proceeds of the Fresh Offer	[●]
Less: Offer related expenses to be borne by our Company in relation to the Fresh Issue*	[●]
Net Proceeds	[●]

Note:

*\*Other than listing fees which shall be borne solely by our Company, our Company and Selling Shareholders will share all costs, charges, fees and expenses (including all applicable taxes) associated with and incurred in connection with the Offer shall be shared among the Company and the Selling Shareholders in proportion to the number of Equity Shares offered by the Company through any fresh issuance in the Offer and the Equity Shares sold by the Selling Shareholders in the Offer in accordance with the applicable law. However, expenses relating to the Offer shall be paid by our Company in the first instance and the Selling Shareholders shall, upon commencement of listing and trading of the Equity Shares on the Stock Exchanges pursuant to the Offer, reimburse our Company, directly from the Public Offer Account, for any expenses in relation to the*

Offer for Sale as paid by our Company on behalf of the Selling Shareholders. It is clarified that, in the event the Offer is not successful or consummated, all expenses in relation to the Offer shall be borne by our Company as mutually decided.

## 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	Amount to be funded from Net Proceeds	Estimated utilization of Net Proceeds	
		Fiscal 2025	Fiscal 2026
Funding towards the expansion of the existing manufacturing facility situated at Village Zaroli, Umbergaon Valsad, Gujarat, Bharat	488.66	244.33	244.33
Funding of working capital requirements of the Company	1,650.00	1,245.00	405.00
General Corporate Purposes*	[●]	[●]	[●]
<b>Net Proceed</b>	[●]	[●]	[●]

\* To be finalized upon determination of the Issue Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for general corporate purpose shall not exceed 25% of the gross proceeds of the Offer.

The above stated fund requirements, deployment of funds and the intended use of the Net Proceeds as described in this Draft Red Herring Prospectus are based on our current business plan, management estimates, prevailing market conditions and other commercial considerations. However, such fund requirements and deployment of funds have not been appraised by any external agency or any bank or financial institution or any other independent agency. For further information on factors that may affect our internal management estimates, please refer to chapter titled **“Risk Factors Our funding requirements and the proposed deployment of Net Proceeds are based on management estimates and have not been appraised by any bank or financial institution or any other independent agency and may be subject to change based on various factors, some of which may be beyond our control. We have not entered into any definitive agreements to utilise certain portions of the Net Proceeds of the Offer.”**

Our Company proposes to deploy the entire Net Proceeds towards the Objects in the manner as specified and as per the schedule provided in the table above. In the event that the estimated utilization is not completed as per the aforementioned schedule, due to the reasons stated above, such funds shall be utilised in the next Fiscals, as may be determined by our Company, in accordance with applicable law. Depending upon such factors, we may have to reduce or extend the utilization period for any of the stated Objects beyond the estimated time period, at the discretion of our management, in accordance with applicable law. Further, such factors could also require us to advance the utilisation before the scheduled deployment as disclosed above towards any particular or all Objects. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by our internal accruals, additional equity and/or debt arrangements, as required. Subject to compliance with applicable laws, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used for funding other existing Objects, if necessary and/or towards general corporate purposes to the extent that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with the SEBI ICDR Regulations

### Means of Finance

The fund requirements for all objects are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance under Regulation 230(1)(c) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amounts to be raised through the proposed Offer.

### Details of utilization of the Net Proceeds

**1. Funding expenditure towards construction of new factory shed at our existing manufacturing facility situated at Village Zaroli, Umbergaon Valsad, Gujarat, Bharat**

As of March 31, 2024, we operate from our sole manufacturing facility situated at Village Zaroli, Umbergaon Valsad, Gujarat, Bharat. For further information about our manufacturing facility including the products manufactured therein, please refer to chapter titled “*Business Overview*” beginning on page 151 of this Draft Red Herring Prospectus. In order to support our growth strategy, we intend to undertake expansion at our existing facility. The objective of the proposed expansion is to increase our manufacturing capacity, better serve our existing customers and assist us in better addressing the business requirements of our growing customer base. The proposed expansion is estimated to commence commercial operations in the Fiscal 2025. Further details of the proposed expansion are as under:

The following table sets forth further information relating to our existing manufacturing facility which we intend to expand:

Location	Area in Sq. Ft
	Existing
Village Zaroli, Umbergaon Valsad, Gujarat, Bharat	Approx. land area 2,69,000 sq. ft out of which 1,00,000 sq. ft is constructed

**Land**

The proposed construction of factory shed will be carried out at the surplus land available at our existing manufacturing facility. Accordingly, our Company will not incur any expenditure towards purchase of land.

**Means of Finance for the proposed construction of factory shed**

The total estimated capital cost for the proposed expansion at our existing manufacturing facilities is ₹488.66 lakhs. Our Company intends to fund the cost of the Project as follows:

Means of Finance	Estimated Amount (₹ in Lakhs)*
Gross proceeds of the Fresh Offer	488.66
Internal Accruals	Nil
<b>Total</b>	<b>488.66</b>

\*excluding taxes

**Estimated Cost of Project**

The total estimated capital cost for the construction of the factory shed is ₹488.66 lakhs. The total cost for the construction has been estimated by our management in accordance with our business plan, current and valid quotations received from the suppliers and contractors. However, bank or financial institution has not appraised the total estimated cost and related fund requirements.

Construction of the factory shed mainly includes pre-fabricated shed work, plinth and cementing work, footing work till OG, and access road work. The total estimated cost for building and civil works is ₹488.66 lakhs. Our Company has received quotations for the said work from M/s. Sigma Projects dated July 01, 2024 having its validity of quotation of 3 months and M/s Vraj Construction dated June 20, 2024, having its validity of quotation of 120 days. However, our Company is yet to place any orders or enter into definitive agreements or any memorandum of understanding for the implementation of construction of factory shed.

Nature of Work	Area	Estimated Amount (₹ in Lakhs)*
Pre-fabricated shed	51,353.44 Sq. Ft.	159.20
Plinth and Cementing	51,301.00 Sq. Ft.	145.96
Footing Work till OG	51,301.00 Sq. Ft.	57.60
Road Work	80m x 6M	11.06
<b>Total</b>		<b>373.82</b>

\*excluding taxes

**Plant and Machinery**

Our Company shall identify and place order for necessary machineries once the construction work is near to completion. The Company will utilize internal accruals for purchase of the machineries.

### Implementation Schedule

The proposed schedule of implementation is as below:

Particulars	Estimated Commencement	Estimated Completion
Acquisition of Land	NA	NA
Construction of factory shed	January 2025	March 2026

### Government and other approvals

For the construction of the factory shed, our Company will be required to obtain certain licenses / approvals or we would be required to amend our existing licenses / approval for inclusion of the details of the proposed factory shed more particularly, our Company will have to amend the factory license. Application for amendment of factory license would be made with the relevant authorities upon completion of construction.

### Solar Rooftop Solar PV Systems

In line with our continued focus for cost optimization and improvement in profitability, our Company intends to install 400.140 KWp rooftop solar power project, at our existing facility taking into consideration the power requirements. We are currently expanding our manufacturing facility by setting up a factory shed at our existing manufacturing facility at plant at Village Zaroli, Umbergaon Valsad, Gujarat, Bharat. In our type of business model, electricity cost is a substantial expense and hence to reduce the cost of electricity, we intend to install the solar power project which will help us in improving profitability. The power requirements are met through the local power grids maintained by state power grid Our Company in order to increase its reliance on renewable energy proposes to install at our factory shed a 400.14 KWp Rooftop Solar PV Systems at an estimated cost of ₹114.84 lakhs. The details of Rooftop Solar PV Systems to be acquired by our Company is provided below

Name of Machine	Quantity	Total Amount (₹ in Lakhs)*	Vendor	Date of Quotation	Validity of quotation	Expected date of supply	Date of Completion
Grid Connected Rooftop Solar PV Plant	400.140 KWP	₹114.84	Flame Solren Private Limited	July 24, 2024	6 months from date of submission	March 2025	March 2026

\*excluding taxes

The break-up of the estimated costs is based on management estimates and could be subject to change in the future. We have considered the above quotations for the budgetary estimate purpose and have not placed orders for them. The actual cost of procurement and actual supplier/dealer may vary. The quotation 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 Management shall have the flexibility to revise such estimates (including but not limited to change of make or vendor or addition/deletion of in the capacity) at the time of actual placement of the order. Furthermore, if any surplus from the proceeds remains after meeting the cost towards installation of the Rooftop Solar PV Plant, the same will be used for our general corporate purposes, subject to limit of 25% of the amount raised by our Company through this Offer. The quotations relied upon by us in arriving at the above cost are valid for a specific period of time 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 project cost.

For further details, please refer to chapter titled ***“Risk Factors Our funding requirements and the proposed deployment of Net Proceeds are based on management estimates and have not been appraised by any bank or financial institution or any other independent agency and may be subject to change based on various***

*factors, some of which may be beyond our control. We have not entered into any definitive agreements to utilise certain portions of the Net Proceeds of the Offer.* - beginning on page 51 of this Draft Red Herring Prospectus. Given the nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as new orders, our financial condition, business strategy and external factors such as market conditions, competitive environment and other external factors which may not be within the control of our management. Depending upon such factors, we may have to reduce or extend the deployment period for the stated Objects. This may entail rescheduling or revising the planned expenditure, implementation schedule and funding requirements, including the expenditure for a particular purpose, at the discretion of our management

Further, cost can be escalated on account of construction expenses, labour charges installation charges, etc. Such cost escalation would be met out of internal accruals or general corporate purpose subject to compliance with applicable law.

## 2. To meet the working capital requirements

Our Company proposes to utilize up to ₹1,650 lakhs towards funding its working capital requirements in the ordinary course of business in the Fiscal 2025 and Fiscal 2026. We have significant working capital requirements, and in the ordinary course of business we fund our working capital needs through internal accruals and availing financing facilities. Our Company, in order to support its incremental business requirements, funding growth opportunities and for other strategic, business, and corporate purposes requires additional working capital and such funding is expected to lead to a consequent increase in our revenues and profitability.

### Basis of estimation of working capital requirement

We propose to utilize up to ₹1650 lakhs from the Net Proceeds to fund the working capital requirements of our Company in the Fiscal 2025 and Fiscal 2026. The balance portion of our working capital requirement will be arranged from existing equity, internal accruals, and borrowings from banks, financial institutions, non-banking financial companies and related parties.

The details of our Company's working capital as at and for restated financial statement for the year ended March 31, 2024, March 31, 2023 and March 31, 2022, and the source of funding, on the basis of Restated Financial Statements of our Company are provided in the table below:

(₹ in lakhs)

Particular	For the Financial year		
	March 31, 2024 Restated*	March 31, 2023 Restated *	March 31, 2022 Restated*
<b>I. Current Assets</b>			
Inventories	904.22	606.69	1,083.92
Trade receivables	2,067.72	1,643.72	1,308.69
Short term Loans and advances	122.83	202.20	137.48
Other current assets	15.98	44.10	144.94
<b>Total current assets (A)</b>	<b>3,110.75</b>	<b>2,496.71</b>	<b>2,675.03</b>
<b>II. Current liabilities</b>			
Trade payables	538.27	778.89	1,022.39
Other current liabilities	157.90	110.03	77.20
Short-term Provisions	134.49	126.09	66.14
<b>Total current liabilities (B)</b>	<b>830.66</b>	<b>1015.01</b>	<b>1165.73</b>
<b>Net working capital (A-B)</b>	<b>2,280.09</b>	<b>1,481.70</b>	<b>1,509.30</b>
<b>Sources of funds</b>			
Borrowings	19.71	98.68	629.18

Particular	For the Financial year		
	March 31, 2024 Restated*	March 31, 2023 Restated *	March 31, 2022 Restated*
Internal Accruals / Equity	2260.38	1383.02	880.12

\* As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountant through their certificate dated August 2, 2024,

### Expected working capital requirements

We majorly procure our raw material and traded goods from the domestic market. We purchase our raw material through manufacturer of raw material, traders and dealers. We do not have any long-term contract with any of our vendors and we purchase our raw material requirements based on purchase orders.

Key parameters determining the working capital requirements such as growth in revenue, % of net working capital to revenue are as under:

(₹ in lakhs)

Particular	For the Financial Year	
	March 31, 2026 (Projected)*	March 31, 2025 (Estimated)*
<b>Current Assets</b>		
Inventories	1320	1010
Trade receivables	2470	2150
Short term Loans and advances	130	120
Other current assets	35	20
<b>Total current assets (A)</b>	<b>3,955.00</b>	<b>3,300.00</b>
<b>Current liabilities</b>		
Trade payables	650	580
Other current liabilities	170	145
Short-term Provisions	170	150
<b>Total current liabilities (B)</b>	<b>990.00</b>	<b>875.00</b>
<b>Net working capital (A-B)</b>	<b>2,965.00</b>	<b>2,425.00</b>
<b>Sources of funds</b>		
Borrowings	20	20
Internal Accruals / Equity	1,700.00	2,000.00
IPO Proceeds	1,245.00	405.00

\* As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountant through their certificate dated August 2, 2024

Assumptions for our estimated working capital requirements:

(in Days)

Particulars	Projected amounts for the Year ended on March 31, 2026*	Estimated amounts for the Year ended on March 31, 2025*	For the Financial Year ended on March 31, 2024*	For the Financial Year ended on March 31, 2023*	For the Financial Year ended on March 31, 2022*
<b>Current assets</b>					
Inventories	61	53	50	33	84
Trade receivables	75	75	76	62	76



Short term Loans and advances	4	4	4	8	8
Other current assets	1	1	1	2	8
<b>Current liabilities</b>					
Trade payables	29	29	29	46	76
Other current liabilities	5	5	6	4	4
Short-term Provisions	5	5	5	5	4

\* As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountant through their certificate dated August 2, 2024

The table below sets forth the key assumptions for working capital projections:

<b>Inventories</b>	Our Company had maintained Inventory days of 84 days for Fiscal 2022, 33 days for Fiscal 2023 and 50 days for Fiscal 2024. Going forward, our Company will maintain the inventory cycle of 53 days for Fiscal 2025 and 61 days for Fiscal year 2026 due to expansion of our manufacturing facility getting commenced in Fiscal 2026
<b>Trade receivables</b>	Our Company gives credit facility to its customers in the normal course of business. Our Company had maintained trade receivable days of 76 days for Fiscal 2022, 62 days for Fiscal 2023 and 76 days for Fiscal 2024. Going forward, to build a long-term sustainable business relationship with customers and to add new customers, we are envisaging that the credit terms of 75 days would be maintained in the Fiscal 2025 and in the Fiscal 2026
<b>Short term Loans and advances</b>	Short term loans and advances comprises of GST receivable/ITC credit, advance to suppliers and employees. Short term loans and advances days is maintained at 8 days in Fiscal 2022, 8 days in Fiscal 2023 and 4 days in Fiscal 2024. Going forward, it is estimated that short term loans and advances will be maintained at 4 days for Fiscal 2025 and Fiscal 2026
<b>Other current assets</b>	Other current assets include, export incentives, accrued interest, prepaid expenses, etc. Other current assets is maintained at 8 days in Fiscal 2022, 2 days in Fiscal 2023 and 1 days in Fiscal 2024. Going forward, it is estimated that other current assets days will be maintained at 1 day for Fiscal 2025 and Fiscal 2026
<b>Trade payables</b>	Our Company receives credit from suppliers / vendors in the normal course of business. The Company had maintained trade payable days of 76 days for Fiscal 2022, 46 days for Fiscal 2023 and 29 days for fiscal 2024. It has always an endeavor of our Company to reduce the trade payable days and accordingly, going forward the trade payable days projected will be maintained at 29 days for Fiscal 2025 and for the Fiscal 2026
<b>Other current liabilities</b>	Other current liabilities comprise of advance from customers, salary and wages payables, statutory payments. Other current liabilities were maintained at 4 days for Fiscal 2022 and Fiscal 2023 and 6 days for Fiscal 2024. Going forward other current liabilities days will be maintained at 5 days for Fiscal 2025 and Fiscal 2026
<b>Short-term Provisions</b>	Short term provisions comprise of provision for employee benefits, provision for taxes and expenses. Short term provisions were maintained at 4 days for Fiscal 2022, 5 days for Fiscal 2023 and Fiscal 2024. Going forward short term provisions will be maintained at 5 days for Fiscal 2025 and Fiscal 2026

### 3. General corporate purposes

Our Company proposes to deploy the balance gross 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.

### Offer Expense

The expenses of this Offer include, among others, underwriting and Offer management fees, printing and stationery expenses, advertisement expenses and legal fees etc. The details of Offer expenses are tabulated below:

Activity	Estimated Expenses (₹ in Lakhs) *	As a % of total estimated Offer related expenses	As a % of the total of size
Book Running Lead Manager Fees	[●]	[●]	[●]
Fees payable to the Registrar to the Offer, Legal Advisors, Advisor to the Offer, Advertising Expenses, Printing and Distribution of issue stationery Brokerage, Selling, Commission and upload fees for SCSBs Sponsor Banks and Bankers to the Offer and fee payable to the Sponsor Bank for Bids made by RIBs. Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDP	[●]	[●]	[●]
Regulators including Stock Exchange	[●]	[●]	[●]
Others, if any (including Underwriting Commission, Market making, advisory fees, marketing expenses, fees payable to auditor etc.)	[●]	[●]	[●]
<b>Total estimated Offer related expenses</b>	[●]	[●]	[●]

\*Excluding GST

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

Portion for Retail Individual Bidders*	₹10 per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders*	₹10 per valid application (plus applicable taxes)

\*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 NSE

Notwithstanding anything contained above the selling commission payable to the SCSBs fee payable under this clause will not exceed ₹1 lakh (plus applicable taxes) and in case selling commission payable to the SCSBs if the exceeds ₹1lakh (plus applicable taxes) then processing fees will be paid on pro-rata basis

- (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	₹10 per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders	₹10 per valid application (plus applicable taxes)

Notwithstanding anything contained above the total processing fee payable under this clause will not exceed ₹1 lakh (plus applicable taxes) and in case if the total processing fees exceeds ₹1lakh (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:

Members of the Syndicate/ RTAs/ CDPs (uploading charges)	₹10 per valid application (plus applicable taxes)
Sponsor Bank	₹ [●] per valid application* (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 and other applicable law

\*For each valid application by respective Sponsor Bank

Notwithstanding anything contained above in this clause the total Uploading charges/ Processing fees payable to Members of the Syndicate/ RTAs/ CDPs for applications made by RIIs (up to ₹200,000), Non-Institutional Bidders (for an amount more than ₹200,000 and up to ₹500,000) using the UPI Mechanism and in case if the total uploading charges/ processing fees exceeds Rs 1 lakh (plus applicable taxes) then uploading charges/ processing fees using UPI Mechanism will be paid on pro-rata basis.

(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 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*	₹10 per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders*	₹10 per valid application (plus applicable taxes)

\*Based on valid applications

Uploading charges payable to Members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the applications made by RIBs using 3-in-1 accounts and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking or using 3-in- 1 accounts, would be as follows: ₹10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs Bidding charges payable to the Registered Brokers, CRTAs/ CDPs

Bidding charges payable to the Registered Brokers, CRTAs/ CDPs on the portion for RIBs and Non-Institutional Bidders which are directly procured by the Registered Brokers or CRTAs or CDPs and submitted to SCSB for processing, would be as follows:

Portion for Retail Individual Bidders*	₹10 per valid application (plus applicable taxes)
Portion for Non-Institutional Bidders*	₹10 per valid application (plus applicable taxes)

\*Based on valid applications

Notwithstanding anything contained above the total uploading/ bidding charges/selling commission payable to the SCSBs payable under this clause will not exceed ₹1 lakh (plus applicable taxes) and in case if the total uploading/ bidding charges exceeds Rs 1 lakh (plus applicable taxes) then uploading charges will be paid on pro-rata basis.

The Selling Commission payable to the Syndicate/ Sub-Syndicate Members will be determined on the basis of the application form number/ series, provided that the application is also Application by the respective Syndicate/ Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number/ series of a Syndicate/ Sub-Syndicate Member, is Application by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate/ Sub-Syndicate Member. Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs on the portion for RIBs and Non institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹10 plus applicable taxes, per valid application bid by the Syndicate (including their sub-Syndicate Members), CRTAs and CDPs.

*The selling commission and bidding charges payable to Registered Brokers the CRTAs and CDPs will be determined on the basis of the bidding terminal ID as captured in the Bid Book of NSE*

*All such commissions and processing fees set out above shall be paid as per the timelines in terms of the Syndicate Agreement and Escrow and Sponsor Bank Agreement. Further, the processing fees for applications made by UPI 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*

- (5) No additional uploading/processing charges shall be payable to the SCSBs on the applications directly procured by them.
- (6) The commissions and processing fees shall be payable within 30 Working days post the date of receipt of final invoices of the respective intermediaries.

### **Interim use of Net Proceeds**

Our Company, in accordance with the policies established by the Board, from time to time, will have the flexibility to deploy the Net Proceeds. The Net Proceeds shall be retained in the Public Offer Account until receipt of the listing and trading approvals from the Stock Exchanges by our Company. Pending utilisation for the purposes described above, we undertake to temporarily invest the funds from the Net Proceeds in deposits with one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934, for the necessary duration. Such investments will be approved by our Board from time to time. Our Company confirms that it shall not use the Net Proceeds for any buying, trading, or otherwise dealing in the shares of any other listed Company or for any investment in the equity markets or providing inter-corporate deposits to any related parties.

Additionally, in compliance with SEBI ICDR Regulations, our Company confirms that it shall not use the Net Proceeds for financing or for providing loans to or for acquiring shares of any person who is part of the Promoter Group or Group Companies.

### **Bridge Financing Facilities**

Our Company has not raised any bridge loans or entered into any other similar financial arrangements from / with 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.

### **Appraisal Report**

None of the Objects for which the Net Proceeds will be utilised, require appraisal from any agency in terms of applicable law.

### **Appraisal by Appraising Agency**

None of the Objects have been appraised by any bank or financial institution or any other independent third-party organization. The funding requirements of our Company and the deployment of the proceeds of the Offer are currently based on available quotations and management estimates. The funding requirements of our Company are dependent on a number of factors which may not be in the control of our management, including but not limited to variations in interest rate structures, changes in our financial condition and current commercial conditions of our Business and are subject to change in light of changes in external circumstances or in our financial condition, business or strategy.

### **Monitoring Utilization of Funds**

Our Company is not required to appoint a monitoring agency for the purposes of this Offer. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds. Our Board and the management will monitor the utilization of the Net Offer 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 Offer. 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 Offer have been utilized in full.

### **Variation in Objects of the Fresh Issue**

Our Company shall not vary the objects of the Offer, as envisaged under Sections 13(8) and 27 of the Companies Act and applicable rules, without our Company being authorised to do so by the Shareholders by way of a special

resolution and such variation will be in accordance with the applicable laws including the Companies Act, 2013 and the SEBI ICDR Regulations. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details and be published in accordance with the Companies Act.

The notice will be published in the newspapers, one in English and one in Marathi (Marathi being the regional language of Maharashtra, where our Registered Office is located). Pursuant to Sections 13(8) and 27 of the Companies Act, 2013, our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and the SEBI ICDR Regulations. For further information on factors that may affect our internal management estimates, please refer to chapter titled ***“Risk Factors Our funding requirements and the proposed deployment of Net Proceeds are based on management estimates and have not been appraised by any bank or financial institution or any other independent agency and may be subject to change based on various factors, some of which may be beyond our control. We have not entered into any definitive agreements to utilise certain portions of the Net Proceeds of the Offer.”***

#### **Other Confirmation**

No part of the Net Proceeds will be utilised by our Company as consideration to our Promoters, members of the Promoter Group, Directors, or Key Management Personnel. Our Company has not entered into nor is planning to enter into any arrangement / agreements with Promoters, members of the Promoter Group, Directors or Key Management Personnel in relation to the utilisation of the Net Proceeds. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects, as set out above.

## BASIS FOR OFFER PRICE

The Price Band and Offer Price will be determined by our Company, in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below, and is justified in view of these parameters. The face value of the Equity Share is ₹10.00/- per Equity Share and Offer Price is ₹ [●] /- per Equity Share. The Offer Price is [●] times the face value.

Investors should refer chapters titled “*Risk Factors*”, “*Restated Financial Statements*”, “*Management Discussion and Analysis of Financial Condition and Results of Operations*” and “*Business Overview*” beginning on pages 33, 205, 249 and 151 respectively of this Draft Red Herring Prospectus to get an informed view before making an investment decision.

### Qualitative Factors

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

1. Geographically spread distribution network;
2. Long-standing relationships with customers across industries;
3. Consistent financial performance; and
4. Experienced promoters and strong management team.

For further details, please see the paragraph titled “*Our Competitive Strengths*” in the chapter titled “*Business Overview*” beginning on page 155 of this Draft Red Herring Prospectus.

### Quantitative Factors

Information presented below relating to the Company is based on the Restated Financial Statements. Some of the quantitative factors which form the basis or computing the price, are as follows:

#### 1) Basic and Diluted Earnings Per Share (EPS)

Year ended	Basic and Diluted EPS	Weights
March 31, 2022	2.28	1
March 31, 2023	10.29	2
March 31, 2024	12.82	3
<b>Weightage Average EPS</b>	<b>10.22</b>	

*Pursuant to a resolution of our Shareholders passed at the EGM held on January 20, 2024, our Company has issued bonus shares in the ratio of 411(four hundred and eleven) Equity Shares for every 100 (hundred) existing Equity Shares held. Accordingly, the earnings per Equity Share have been adjusted for the aforementioned bonus issue.*

#### Note:

- i. The face value of each Equity Share is ₹ 10.
- ii. Basic Earnings per share = Profit for the period / Weighted average number of equities shares outstanding during the period/year.
- iii. Diluted Earnings per share = Profit for the period / Weighted average number of potential equities shares outstanding during the period/year.
- iv. Weighted average is aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. {(EPS x Weight) for each year} / {Total of weights}
- v. Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the period/ year adjusted by the number of Equity Shares issued during the period/ year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/ year
- vi. The figures disclosed above are based on the Restated Financial Statement of our Company.
- vii. Earnings per Equity Share (Basic and Diluted) = Restated profit for the period/year attributable to the equity holders of our Company/Weighted average number of equities shares outstanding during the period/year. The weighted average number of Equity Shares outstanding during the year is adjusted for bonus issue.

2) **Price Earning (P/E) Ratio in relation to the Price Band of ₹ [●] to ₹ [●] per Equity Share of Face Value of ₹ 10/- each fully paid up:**

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 and diluted EPS for financial year ended March 31, 2024	[●]	[●]

Note: Price/earnings (P/E) ratio is computed by dividing the price per share by earnings per share. For further details, please refer to the chapter titled “**Restated Financial Statements**” beginning on page no. 205 of this Draft Red Herring Prospectus.

Particulars	P/E ratio
<b>Industry Peer Group P/E ratio</b>	
Highest	59.68
Lowest	24.55
Average	36.72

Note-The highest and lowest industry P/E has been considered from the industry peer set provided later in this chapter. The industry average has been calculated as the arithmetic average P/E of the industry peer set disclosed in this chapter. CMP of the peer group is as per the closing price as on August 1, 2024 as available on [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

3) **Return on Net worth (RoNW)**

Return on Net Worth (RoNW) as per restated financial statements:

Year Ended	RONW (%)	Weight
March 31, 2022	10.21	1
March 31, 2023	31.53	2
March 31, 2024	28.21	3
<b>Weighted Average</b>	<b>26.32</b>	

Note:

The figures disclosed above are based on the Restated Financial Statement of our Company. Return on Net worth has been calculated as per the following formula:

- 1) Return on Net Worth (%) = Net Profit after tax attributable to owners of the Company, as restated / Net worth as restated as at year end.
- 2) Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.
- 3) Net worth is aggregate value of the paid-up share capital of the Company and other equity, excluding revaluation reserves if any, as per Restated Financial Statements.

4) **Net Asset Value (NAV)**

Particulars	₹ per share
Net Asset Value per Equity Share as of March 31, 2022	22.34
Net Asset Value per Equity Share as of March 31, 2023	32.63
Net Asset Value per Equity Share as of March 31, 2024	45.45
After the Offer <sup>(ii)</sup>	
- At Floor Price	[●]
- At Cap Price	[●]
Offer Price per equity share	[●]

Note: Net Asset Value has been calculated as per the following formula:

- i. NAV = Net worth excluding revaluation reserve



- ii. The figures disclosed above are based on the Restated Financial Statement of our Company
- iii. Net Asset Value per Equity Share = Net worth as per the Restated Financial Statements/ Weighted average number of Equity Shares. The weighted average number of Equity Shares outstanding during the year is adjusted for bonus issue.

## 5) Comparison of accounting ratios with listed industry peers

Companies	CMP	EPS (Basic in ₹)	EPS (Diluted in ₹)	PE Ratio	RONW (%)	NAV (Per Share)	Face Value
Royal Arc Electrodes Limited	[●]*	12.82	12.82	[●]	28.21	45.45	10.00
<b>Peer Group</b>							
ESAB India Limited	6,320.35	105.90	105.90	59.68	53.25	198.87	10.00
Ador Welding Limited	1446.90	46.46	46.46	31.14	17.44	266.49	10.00
Gee Limited	121.50	4.95	4.95	24.55	6.29	78.61	2.00
Rasi Electrodes Limited	32.15	1.02	1.02	31.52	9.83	10.47	2.00

\*Offer Price of our Company is considered as CMP

Source: All the financial information for listed industry peers mentioned above is on a standalone basis and is sourced from the filings made with stock exchanges, available on [www.bseindia.com](http://www.bseindia.com) for the Financial Year ending March 31, 2024.

Notes:

- Considering the nature and size of the business of our Company the peers are not strictly comparable. However, above company is included for broad comparison.
- The figures for Royal Arc Electrodes Limited are based on the restated financial statements for the year ended March 31, 2024.
- The figures for the peer group are for the year ended March 31, 2024 and are based on their respective financial statements filed with BSE Ltd.
- NAV is computed as the closing net worth divided by the closing outstanding number of equity shares. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserves) and as attributable to the owners of the Company.
- P/E Ratio for the peer has been computed based on the closing market price of respective equity shares as on August 1, 2024 sourced from website of Stock Exchanges as divided by the Basic/diluted EPS as applicable.
- RoNW is computed as net profit after tax (excluding comprehensive income), as attributable to the owners of the Company divided by closing net worth. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserves) and as attributable to the owners of the Company.

For further details, please refer chapter titled “**Risk Factors**” beginning on page 33 of this Draft Red Herring Prospectus and the financials of the Company including important profitability and return ratios, as set out in the chapter titled “**Restated Statements**” beginning on page 205 of this Draft Red Herring Prospectus to have more informed view about the investment proposition. The Face Value is ₹10.00/- per Equity Share and the Offer Price ₹ [●]/- has been determined by the Issuer in consultation with the BRLM and is justified by the company in consultation with the BRLM on the basis of above information.

## 6) Key Performing Indicators

The table below sets forth the details of KPIs that our Company considers have a bearing for arriving at the basis for Offer Price. The key financial and operational metrics set forth above, have been approved and verified by the Audit Committee pursuant to its resolution dated August 2, 2024. Further the Audit Committee, in its meeting held on August 2, 2024, has taken on record that other than the key financial and operational metrics set out below. Our Company has not disclosed any other key performance indicators during the three years preceding this Draft Red Herring Prospectus with its investors. The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help it in analyzing the growth of various verticals in comparison to our Company’s peers, and other relevant and material KPIs of the business of our Company that have a bearing for arriving at the Basis for Offer Price have been disclosed below. Additionally, the KPIs have been certified by way of certificate dated August 2, 2024 issued by M/s. Bagadiya Jain & Associates, Chartered Accountants, Statutory Auditor, who hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The certificate dated August 2, 2024, issued by M/s. Bagadiya Jain & Associates, Chartered Accountants, Statutory Auditor, has been included in chapter

titled **“Material Contracts and Documents for Inspection – Material Documents”** on page 343 of this Draft Red Herring Prospectus.

The tables below set forth the details of our certain financial data based on our Restated Financial Statement, certain non-GAAP measures and KPIs that our Company considers have a bearing for arriving at the basis for Offer Price. All the financial data based on our Restated Financial Statement, certain non-GAAP measures, operational metrics and KPIs disclosed below have been approved and confirmed by a resolution of our Audit Committee dated August 2, 2024. Further, the Audit Committee has noted that no KPIs have been disclosed to any new investors in the last three year preceding the date of this Draft Red Herring Prospectus. The KPIs disclosed below have been used historically by our Company to understand and analyze the business performance, which in result, help it in analyzing the growth of business verticals in comparison to our peers. Further, the KPIs disclosed herein have been certified by M/s. Bagadiya & Jain, Chartered Accountants, Statutory Auditor, by their certificate dated August 2, 2024.

For details of our other operating metrics disclosed elsewhere in this Draft Red Herring Prospectus, please refer to chapter titled **“Our Business”**, and **“Management’s Discussion and Analysis of Financial Position and Results of Operations”** beginning on pages 151 and 249 of this Draft Red Herring Prospectus Respectively.

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 Directors of our Company), until the later of (a) one year after the date of listing of the Equity Shares on the Stock Exchanges; and (ii) complete utilisation of the proceeds of the Offer as disclosed in chapter titled **“Objects of the Offer”** beginning on page 103 of this Draft Red Herring Prospectus, or for such other duration as may be required under the SEBI ICDR Regulations.

The list of our KPIs along with brief explanation of the relevance of the KPI for our business operations are set forth below. We have also described and defined the KPIs, as applicable, in chapter titled **“Definitions and Abbreviations”** beginning on page 5 of this Draft Red Herring Prospectus.

A list of our KPIs for the Fiscal 2024, Fiscal 2023 and Fiscal 2022 is set out below:

*(₹ in Lakhs unless otherwise specified)*

Particulars	Fiscal 2024	Fiscal 2022	Fiscal 2023
Revenue from operations <sup>(1)</sup>	9,978.75	9,694.02	6,290.97
Growth in revenue from operations (%) <sup>(2)</sup>	2.94%	54.09%	-
Gross Profit <sup>(3)</sup>	3,385.93	3,004.28	1,593.74
Gross Profit Margin(%) <sup>(4)</sup>	33.93%	30.99%	25.33%
EBITDA <sup>(5)</sup>	1,811.72	1,542.35	550.51
EBITDA Margin(%) <sup>(6)</sup>	18.16%	15.91%	8.75%
Restated Profit after tax (PAT) <sup>(7)</sup>	1,192.63	956.82	212.13
PAT Margin <sup>(8)</sup>	11.95%	9.87%	3.37%
RoE(%) <sup>(9)</sup>	32.85%	37.43%	10.70%
RoCE(%) <sup>(10)</sup>	37.73%	41.81%	12.63%
Net Debt / EBITDA Ratio <sup>(11)</sup>	(0.04)	(0.10)	1.41
Debt Equity ratio <sup>(12)</sup>	0.00	0.05	0.38
Domestic Revenue	8,537.45	7,981.66	4,606.27
Domestic Revenue as a percentage to revenue	85.56%	82.34%	73.21%

Particulars	Fiscal 2024	Fiscal 2022	Fiscal 2023
from operations			
Export Revenue	1,441.30	1,712.36	1,684.70
Export Revenue as a percentage to revenue from operations	14.44%	17.66%	26.78%
Working Capital Days <sup>(13)</sup>	74	48	50
Inventory Days	42	46	76
Trade Receivable Days	68	56	69
Trade Payable Days	36	49	71

\*As Certified by our Statutory Auditor, Bagadiya & Jain Chartered Accountants vide their certificate dated August 2, 2024. This certificate has been designated a material document for inspection in connection with the Offer. Please refer to chapter titled “**Material Contracts and Documents for Inspection**” beginning on page 343 of this Draft Red Herring Prospectus.

Notes:

1. Revenue from Operations means the revenue from operations as appearing in the Restated Financial Statement.
2. Growth in revenue from operations (%) is calculated as a percentage of revenue from operations of the relevant period/year minus revenue from operations of the preceding period/year, divided by revenue from operations of the preceding period/year.
3. Gross Profit is calculated as the difference between revenue from operations less cost of raw material consumed less change in Inventories of work in progress, finished goods and Stock in Trade.
4. Calculated as Gross Profit divided by revenue from operations
5. EBITDA is calculated as restated profit / (loss) for the period / year, plus interest expense, total taxes, and depreciation and amortisation expense.
6. EBITDA Margin (%) is calculated as EBITDA divided by revenue from operations.
7. Profit after Tax means restated profit / (loss) for the period/year as appearing in the Restated Financial Statement.
8. Profit after Tax Margin refers to the percentage margin derived by dividing Profit after Tax by revenue from operations.
9. Return on Equity (%) is calculated as restated profit after tax for the period/year divided by average shareholder’s equity.
10. Return on Capital Employed is calculated as EBITDA less depreciation and amortization less bank charges divided by Capital Employed.
11. Net Debt to EBITDA Ratio is a measurement of leverage, calculated as Net Debt divided by EBITDA.
12. Debt Equity ratio is calculated as Debt divided by shareholder’s equity. Shareholder’s equity is calculated as sum of share capital and reserves and surplus.
13. Working Capital Days refers to total current assets days minus total current liabilities days.

The above KPIs of our Company have also been disclosed, along with other key financial and operating metrics, in chapter titled ‘**Our Business**’ and ‘**Management’s Discussion and Analysis of Financial Condition and Results of Operations**’ beginning on pages 151 and 249, respectively of this Draft Red Herring Prospectus. All such KPIs have been defined consistently and precisely in chapter titled “**Definitions and Abbreviations – Conventional and General Terms and Abbreviations**’ beginning on pages 5 of this Draft Red Herring Prospectus.

Our Company shall continue to disclose the KPIs disclosed hereinabove in this section on a periodic basis, at least once in a year (or for 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, or until the utilization of Offer Proceeds, whichever is later, on the Stock Exchanges pursuant to the Offer, or for such other period as may be required under the SEBI ICDR Regulations.

#### Explanation for the KPI metrics

KPI	Explanations
Revenue from Operations (₹ in million)	Revenue from Operations is used by our management to track the revenue profile of our business and in turn helps assess the overall financial performance of the Company and size of the business
Growth in revenue from operations (%)	Growth in Revenue from operations provides information regarding the growth of the business for the respective period.

KPI	Explanations
Gross Profit (₹ in million)	Gross Profit provides information regarding the profits from manufacturing of products by the Company.
Gross Profit Margin (%)	Gross Profit Margin is an indicator of the profitability on sale of products manufactured sold by the Company.
EBITDA (₹ in million)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA Margin (%)	EBITDA Margin is an indicator of the operational profitability of the business before interest, depreciation, amortisation, and taxes and financial performance of the business.
Restated Profit after Tax (PAT) (₹ in million)	Restated Profit after Tax is an indicator of the overall profitability and financial performance of the business.
PAT Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of the business as a % to revenue from operations.
Return on Equity (“RoE”) (%)	RoE provides how efficiently our Company generates profits from the shareholders’ funds.
Return on Capital Employed (“RoCE”) (%)	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Net Debt / EBITDA Ratio	It represents how many years it would take for our Company to pay back its debt if net debt and EBITDA are held constant.
Debt Equity ratio	This gearing ratio compares shareholders’ equity to company debt to assess the company’s amount of leverage and financial stability.
Working Capital Days	Working capital days indicates the working capital requirements of our Company in relation to revenue generated from operations, it defines the number of days taken by the company for converting the purchase to collection.
Inventory Days	Inventory Days provides number of days in which inventory turnaround in particular period / year.
Trade Receivable Days	Trade Receivable Days is the number of days that a customer invoice is outstanding before it is collected.
Trade Payable Days	Trade Payable Days is the number of days that a company takes to pay its bills and invoices to its trade creditors.

#### **Description on the historic use of the KPIs by us to analyze, track or monitor our operational and/or financial performance**

In evaluating our business, we consider and use certain KPIs, as stated above, as a supplemental measure to review and assess our financial and operating performance. The presentation of these KPIs is not intended to be considered in isolation or as a substitute for the Restated Financial Statement. We use these KPIs to evaluate our financial and operating performance. Some of these KPIs are not defined under Ind GAAP and are not presented in accordance with Ind GAAP. These KPIs have limitations as analytical tools. Further, these KPIs may differ from the similar information used by other companies and hence their comparability may be limited. Therefore, these metrics should not be considered in isolation or construed as an alternative to Ind GAAP measures of performance or as an indicator of our operating performance, liquidity or results of operation. Although these KPIs are not a measure of performance calculated in accordance with applicable accounting standards, our management believes that it provides an additional tool for investors to use in evaluating our ongoing operating results and trends and in comparing our financial results with other companies in our industry because it provides consistency and comparability with past financial performance, when taken collectively with financial measures prepared in accordance with Ind GAAP. Investors are encouraged to review the Ind GAAP financial measures and to not rely on any single financial or operational metric to evaluate our business.

#### **Comparison of KPIs with Listed Industry Peers**

The following table provides a comparison of the KPIs of our Company with our peer group. The peer group has been determined on the basis of companies listed on Stock Exchanges, whose business profile is comparable to our businesses in terms of our size and our business model:

*[The Remainder of this Page has intentionally been left blank]*

(₹ in Lakhs)

Parameters	Ador Welding Limited			Gee Limited			Rasi Electrodes Limited			ESAB India Limited		
	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations <sup>(1)</sup>	88,838.00	77,676.00	66,148.00	36,914.30	39,566.18	32,340.69	8,382.74	8,752.50	6,838.08	1,24,332.00	1,09,080.00	89,630.00
Growth in Revenue from Operations <sup>(2)</sup>	13.78%	17.43%	NA	-6.70%	22.34%	NA	-4.22%	28.00%	NA	13.98%	21.70%	NA
EBITDA <sup>(3)</sup>	10,299.00	9,308.00	6,385.00	3,024.47	2,469.02	2,949.71	512.69	530.82	392.15	23,417.00	19,448.00	12,518.00
EBITDA Margin% <sup>(4)</sup>	11.65%	11.98%	9.65%	8.19%	6.24%	9.12%	6.12%	6.06%	5.73%	18.83%	17.83%	13.97%
PAT <sup>#</sup>	6,319.00	5,929.00	4,516.00	1,285.57	850.94	1,507.49	320.39	300.60	204.69	16,298.00	13,568.00	8,431.00
PAT Margin % <sup>(5)#</sup>	7.15%	7.63%	6.83%	3.48%	2.15%	4.66%	3.82%	3.43%	2.99%	13.11%	12.44%	9.41%
Net Worth <sup>(6)</sup>	36,238.00	32,351.00	28,209.00	20,428.83	19,300.18	18,586.59	3,258.97	2,942.39	2,643.42	30,606.00	26,027.00	24,422.00
Capital Employed <sup>(7)</sup>	39,982.00	33,426.00	27,939.00	28,814.72	28,247.33	26,568.89	3,371.66	3,261.96	3,598.68	30,225.00	25,659.00	24,199.00
RoE% <sup>(8)#</sup>	17.44%	18.33%	16.01%	6.29%	4.41%	8.11%	9.83%	10.22%	7.74%	53.25%	52.13%	34.52%
RoCE <sup>(9)</sup>	22.40%	24.61%	18.95%	9.10%	7.25%	9.54%	12.88%	14.18%	9.02%	72.91%	71.16%	47.05%

Source: The financial information for listed industry peers mentioned above is sourced from the audited financial statements of the relevant companies for Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022, as available on the websites of the Stock Exchanges. The comparison is not a recommendation to invest/ disinvest in any entity, including our Company, and should not be construed as investment advice within the meaning of any law or regulation, or used as a basis for any investment decision.

#Here for the purpose of Calculating ratios profit or loss before exceptional and extraordinary items are considered.

#Here for the purpose of Calculating ratios, profits without considering comprehensive income have been considered.

# In the peer group comparison consolidated financials are considered in case of Ador Welding limited and standalone financials considered in case of Gee Limited, EASB India Limited and Rasi

*Electrodes Limited.*

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

*(2) Growth in Revenue from Operations (%) is calculated as Revenue from Operations of the relevant period minus Revenue from Operations of the preceding period, divided by Revenue from Operations of the preceding period.*

*(3) EBITDA is calculated as Profit before tax + Depreciation & amortisation + Finance Cost - Other Income.*

*(4) EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.*

*(5) PAT Margin (%) is calculated as PAT for the period/year divided by revenue from operations.*

*(6) Net worth is aggregate value of the paid-up equity share capital of the Company and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, excluding revaluation reserves if any, as per Restated Financial Statement.*

*(7) Capital Employed is calculated as total equity plus total borrowings minus intangible assets.*

*(8) Return on Equity (%) refers to restated profit for the year/period attributable to equity shareholders of our Company divided by Net worth attributable to the equity shareholders of the company.*

*(9) Return on Capital Employed is calculated as earnings before interest and taxes divided by Capital Employed.*

*-Earnings before interest and tax is calculated as restated profit / (loss) for the period / year plus total tax expense / (credit) plus finance costs.*



## 7) Comparison of KPIs based on additions or dispositions to our business

### *Dispositions*

Our Company has not made any dispositions to our business in the last three Fiscals

### *Acquisition*

Our Company has not acquired / made any investment in the last three Fiscals

Our Company has not undertaken material acquisition or disposition of assets / business for the periods that are covered by the KPIs and accordingly, no comparison of KPIs over time based on additions or dispositions to the business, have been provided.

## 8) Weighted average cost of acquisition

- (a) The price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on the primary/ new issue of Equity Shares or convertible securities (excluding Equity Shares issued under the ESOP Scheme and issuance of equity shares pursuant to a bonus issue) during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid up share capital of our Company in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Except bonus issue of Equity Shares, there has been no issuance of Equity Shares or convertible securities, excluding issuance of bonus shares, during the 18 months preceding the date of this Draft Red Herring Prospectus, where such issuance is equal to or more than 5% of the fully diluted paid-up share capital of the Company (calculated based on the pre-Offer capital before such transaction(s) and excluding ESOPs granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

- (b) The price per share of our Company (as adjusted for corporate actions, including split, bonus issuances) based on the secondary sale / acquisition of Equity Shares or convertible securities involving Promoter, Promoter Group during the 18 months preceding the date of filing of this Draft Red Herring Prospectus, where the acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company, in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Our Company has not entered in to any agreement for transfer / acquisition of Equity Shares which is equal to or more than 5% of the fully diluted paid-up share capital of our Company during the 18 months preceding the date of filing of this Draft Red Herring Prospectus.

*For the purpose of disclosure under part (a) and (b) above, 'primary transaction' refers to a primary issue of Equity Shares or securities convertible into Equity Shares, excluding shares issued under a bonus issuance and sub-division of shares and 'secondary transactions' refer to any secondary sale or acquisition of Equity Securities (excluding gifts)*

- (c) Since there are no eligible transaction of our Company reported in (a) and (b) above in accordance with paragraph (9)(K)(4)(a) of the SEBI ICDR Regulations, the price per Equity Share of our Company based on the last five primary or secondary transactions in Equity Shares (secondary transactions where the Promoter/ Promoter Group entities or Shareholders having the right to nominate director on the Board are a party to the transaction) not older than 3 years prior to the date of filing of this Draft Red Herring Prospectus has been computed as under:

Date of Transfer	Name of Transferor	Name of Transferee	No. Equity Shares Allotted / Transferred	Face value per Equity Share (₹)	Price per Specified Security (₹)	Nature of transaction*	Nature of consideration	Total consideration (in ₹) (B)*
<b>Primary Issuances</b>								
<b>February 01, 2024</b>	Allotment of 7,18,017 Equity Shares to Bipin Sanghvi; 21,57,750 Equity Shares to Hardik Sanghvi; 14,18,361 Equity Shares to Tarulata Sanghvi; 411 Equity Shares to Rashmikant Kamdar, 411 Equity Shares to Samir Sanghvi; 21,57,750 Equity Shares to Swagat Sanghvi; 5,13,750 Equity Shares to Ami Sanghvi; 5,13,750 Equity Shares to Pooja Sanghvi		74,80,200	10	Nil	Bonus Issue in the in the ratio of 411 Equity Share for every 100 Equity Share held.	NA	NA
<b>Weighted Average Cost of Acquisition (primary transactions)</b>								<b>Nil</b>

(d) Weighted average cost of acquisition, floor price and cap price

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

Date of transfer	Weighted average cost of acquisition (₹ per Equity Share)	Floor price (i.e. ₹ [●]) <sup>(1)</sup>	Cap price (i.e. ₹ [●]) <sup>(1)</sup>
Weighted average cost of acquisition of primary / new issue as per paragraph 8(a) above.	Not Applicable	Not Applicable	Not Applicable
Weighted average cost of acquisition for secondary sale / acquisition as per paragraph 8(b) above.	Not Applicable	Not Applicable	Not Applicable
Weighted average cost of acquisition of primary issuances as per paragraph 8 (c) above	Nil <sup>^</sup>	[ ● ] times	[ ● ] times
Weighted average cost of acquisition of secondary transactions as per paragraph 8 (c) above	Not Applicable	Not Applicable	Not Applicable

As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountants, pursuant to their certificate dated August 2, 2024

Note:

<sup>^</sup>There were no primary / new issue of shares (equity/convertible securities) other than Equity Shares issued pursuant to a bonus issue on February 01, 2024 in last three years prior to the date of this Draft Red Herring Prospectus.

(1) This will be included upon finalisation of Price Band.

**Explanation for Offer Price/Cap Price being [●] price of weighted average cost of acquisition of primary issuance price/secondary transaction price of Equity Shares (set out in VIII above) along with our Company's key performance indicators and financial ratios for the Fiscal 2024, 2023 and 2022 and in view of the external factors which may have influenced the pricing of the Offer.**

[●]\*

*Note: This will be included upon finalisation of Price Band.*

**9) The Offer Price is [●] times of the face value of the Equity Shares.**

The Offer Price of ₹ [●] has been determined by our Company in consultation with the BRLM, on the basis of assessment of market demand from Bidders for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters.

The trading price of Equity Shares could decline due to factors mentioned in chapter titled "**Risk Factors**", beginning on page 33 of this Draft Red Herring Prospectus and you may lose all or part of your investments. Bidders should read the above-mentioned information along with chapter titled "**Our Business**", "**Management's Discussion and Analysis of Financial Position and Results of Operations**" and "**Restated Financial Statement**" beginning on pages 151, 249 and 205 respectively of this Draft Red Herring Prospectus, to have a more informed view before making an investment decision.

**STATEMENT OF POSSIBLE TAX BENEFITS**

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**STATEMENT OF POSSIBLE TAX BENEFITS**

To,  
**The Board of Directors**  
**Royal Arc Electrodes Limited**  
72 B, Bombay Talkies Compound, S.V. Road Malad West,  
Mumbai, Maharashtra-400064.

Dear Sir,

**Subject: Statement of possible tax benefits (“the Statement”) available Royal Arc Electrodes Limited (“the Company”) and its shareholders prepared in accordance with Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2018, as amended (“the Regulation”)**

We hereby confirm that the enclosed Annexures 1 and 2 (together “the Annexures”), prepared by the Company, provide the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (“the Act”) as amended by the Finance Act 2023, circular and notifications issued from time to time, i.e. applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 (“GST Act”), as amended by the Finance Act 2023 circular and notifications issued from time to time, i.e., applicable for the Financial Year 2023-24 relevant to the assessment year 2024-25, presently in force in India (together, the” Tax Laws”). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax 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 fulfill.

1. The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated is the responsibility of the Company’s management. We are informed that these Annexures are 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.
2. 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 the future;
  - ii) the conditions prescribed for availing the benefits have been / would be met; and
  - iii) the revenue authorities/courts will concur with the views expressed herein.
3. The contents 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.



## ANNEXURE TO THE STATEMENT OF TAX BENEFITS

The information provided below sets out the possible special tax benefits available to the Company and the Equity Shareholders under the Income Tax Act 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 fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

### **A. Special Tax Benefits available to the Company under the Act:**

Outlined below are the special tax benefits available to the “Company and its Shareholders under the Income-tax Act, 1961 (the “Act”) as amended by the Finance Act, 2023 applicable for Financial Year 2023-24 relevant to the Assessment Year 2024-25.

Lower corporate tax rate under section 115BAA

Section 115BAA has been inserted in the Act w.e.f. FY 2019-20. It gives an option to domestic company to be governed by this section from a particular assessment year. If a company opts for section 115BAA of the Act, the company can pay corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and education cess of 4%). However, once opted for reduced rate of taxation under the said section, it cannot be subsequently withdrawn.

Section 115BAA further provides that domestic companies availing the option will not be required to pay Minimum Alternate Tax (MAT) on their ‘book profits’ under section 115JB of the Act. However, such a company will no longer be eligible to avail of any specified exemptions/incentives under the Act and will also need to comply with the other conditions specified in section 115BAA. Also, if a company opts for section 115BAA, the tax credit (under section 115JAA), if any, which it is entitled to on account of MAT paid in earlier years, will no longer be available.

Further, it shall not be allowed to claim set-off of any brought forward losses arising to it on account of additional depreciation and other specified incentive.

The Company has already evaluated and opted for the lower corporate tax rate of 25.17% (prescribed under section 115BAA of the Act) with effect from AY 2020-21.

### **B. Special Tax Benefits available to the shareholders of the Company**

The Shareholders of the company are not entitled to any Special tax benefits under the Act.

#### **Notes:**

1. 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.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefits under any other law.



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

For and on behalf of,

**BAGADIYA & JAIN**

**CHARTERED ACCOUNTANT**

FRN: 128719W

**RISHIT MAHENDRABHAI  
BAGADIYA**

Digitally signed by RISHIT MAHENDRABHAI BAGADIYA  
DN: c=IN, o=Personal,  
ou=aditya=123327466003305077765cf1478f6g8,  
2.5.4.20=5a7265f5f05662a3e9405ec7d6326513eb2b14d459a0f9fc8  
a9f9bc01c47a, postalCode=380015, st=Gujarat,  
serialNumber=076a774a0bc5c199a15840510388070121b6a3fb442a07  
9a205949454b0a42, cn=RISHIT MAHENDRABHAI BAGADIYA  
Date: 2024.08.02 09:28:23 +05'30'

**Rishit M. Bagadia**

**(Partner)**

Membership No.: 123327

UDIN: 24123327BKESRI7791

Date: 02/08/2024

Place: Ahmedabad

**Encl: As above**

Cc:

**Fedex Securities Private Limited (the “Lead Manager”)**

3rd Floor, B Wing, Jay Chambers, Dayaldas Road,

Vile Parle East, Mumbai - 400057

## SECTION V: ABOUT THE COMPANY

### INDUSTRY OVERVIEW

*The information in this chapter includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Offer have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information.*

*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 and, accordingly, investment decisions should not be based on such information. You should read the entire Prospectus, including the information contained in the chapters titled “Risk Factors” and “Financial Statements” and related notes beginning on page 33 and 205 of this Draft Red Herring Prospectus.*

### **INTRODUCTION**

Manufacturing is emerging as an integral pillar in the country’s economic growth, thanks to the performance of key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables. The Indian manufacturing industry generated 16-17% of India’s GDP pre-pandemic and is projected to be one of the fastest growing sectors.

The machine tool industry was literally the nuts and bolts of the manufacturing industry in India. Today, technology has stimulated innovation with digital transformation a key aspect in gaining an edge in this highly competitive market.

Technology has today encouraged creativity, with digital transformation being a critical element in gaining an advantage in this increasingly competitive industry. The Indian manufacturing sector is steadily moving toward more automated and process-driven manufacturing, which is projected to improve efficiency and enhance productivity.

India has the capacity to export goods worth US\$ 1 trillion by 2030 and is on the road to becoming a major global manufacturing hub.

With 17% of the nation’s GDP and over 27.3 million workers, the manufacturing sector plays a significant role in the Indian economy. Through the implementation of different programmes and policies, the Indian government hopes to have 25% of the economy’s output come from manufacturing by 2025.

India now has the physical and digital infrastructure to raise the share of the manufacturing sector in the economy and make a realistic bid to be an important player in global supply chains.

A globally competitive manufacturing sector is India's greatest potential to drive economic growth and job creation this decade. Due to factors like power growth, long-term employment prospects, and skill routes for millions of people, India has a significant potential to engage in international markets. Several factors contribute to their potential. First off, these value chains are well positioned to benefit from India's advantages in terms of raw materials, industrial expertise, and entrepreneurship.

Second, they can take advantage of four market opportunities: expanding exports, localising imports, internal demand, and contract manufacturing. With digital transformation being a crucial component in achieving an advantage in this fiercely competitive industry, technology has today sparked creativity. Manufacturing sector in India is gradually shifting to a more automated and process driven manufacturing which is expected to increase the efficiency and boost production of the manufacturing industry.

India is gradually progressing on the road to Industry 4.0 through the Government of India’s initiatives like the National Manufacturing Policy which aims to increase the share of manufacturing in GDP to 25 percent by 2025 and the PLI scheme for manufacturing which was launched in 2022 to develop the core manufacturing sector at par with global manufacturing standards.

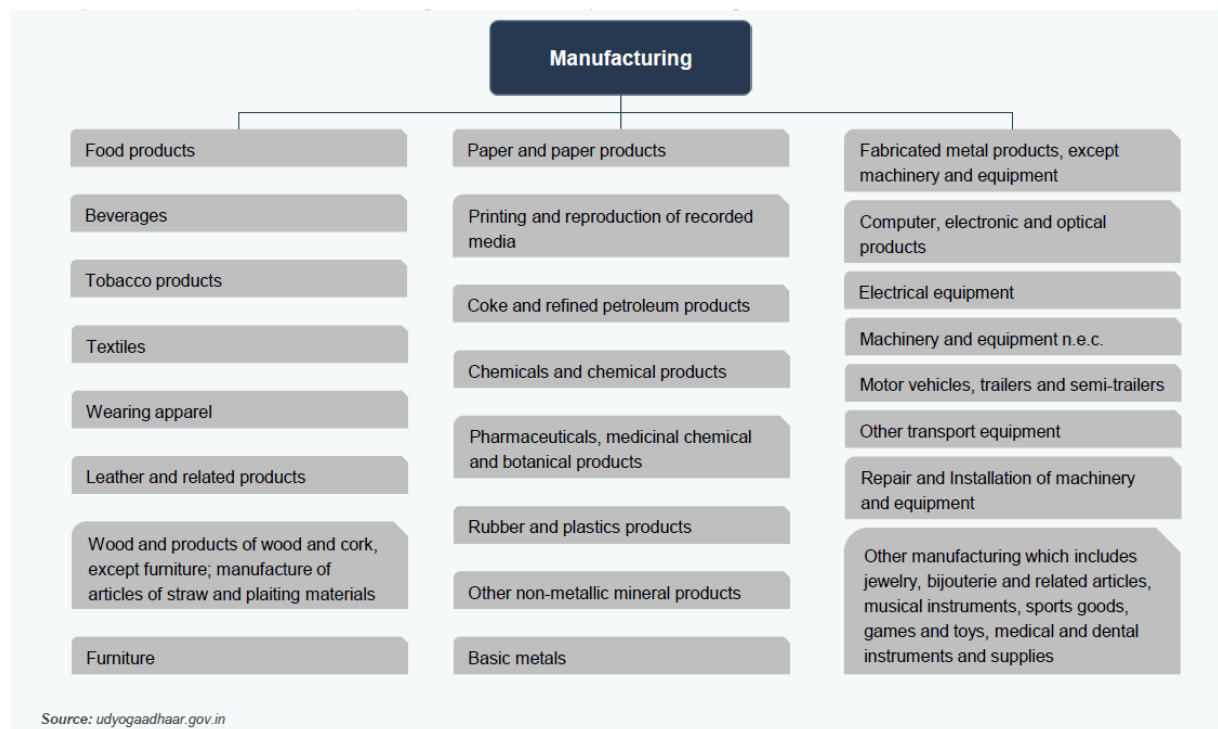
India is planning to offer incentives of up to Rs. 18,000 crore (US\$ 2.2 billion) to spur local manufacturing in six new sectors including chemicals, shipping containers, and inputs for vaccines.

India's mobile phone manufacturing industry anticipates creating 150,000 to 250,000 direct and indirect jobs within the next 12-16 months, driven by government incentives, and increased global demand. Major players like

Apple and its contract manufacturers, along with Dixon Technologies, are expanding their workforce to meet growing production needs.

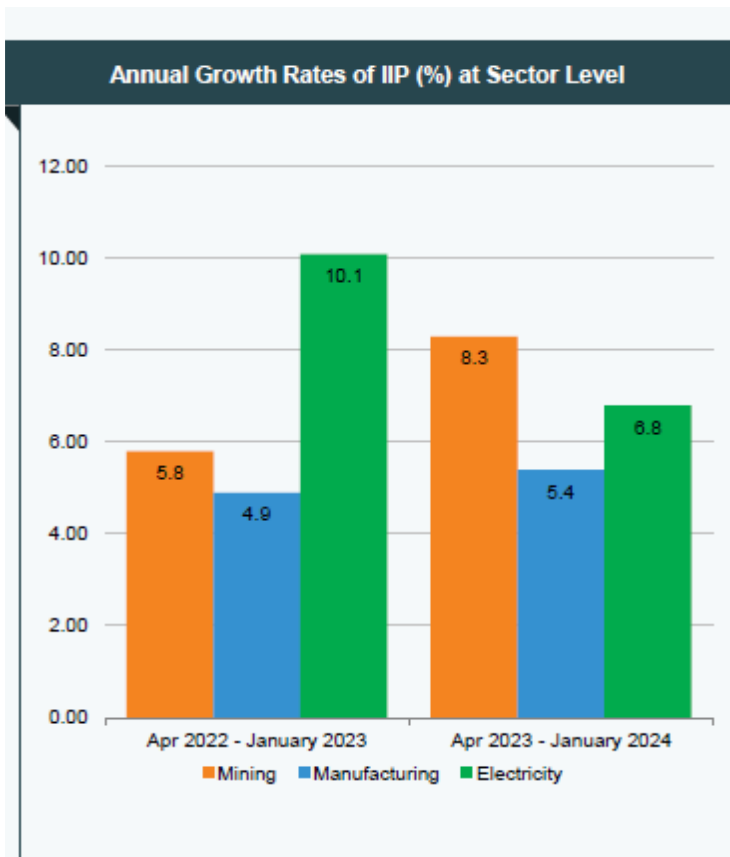
Sub sector under Manufacturing:

As per National Industrial Classification, following 24 activities make up the manufacturing sector in India:



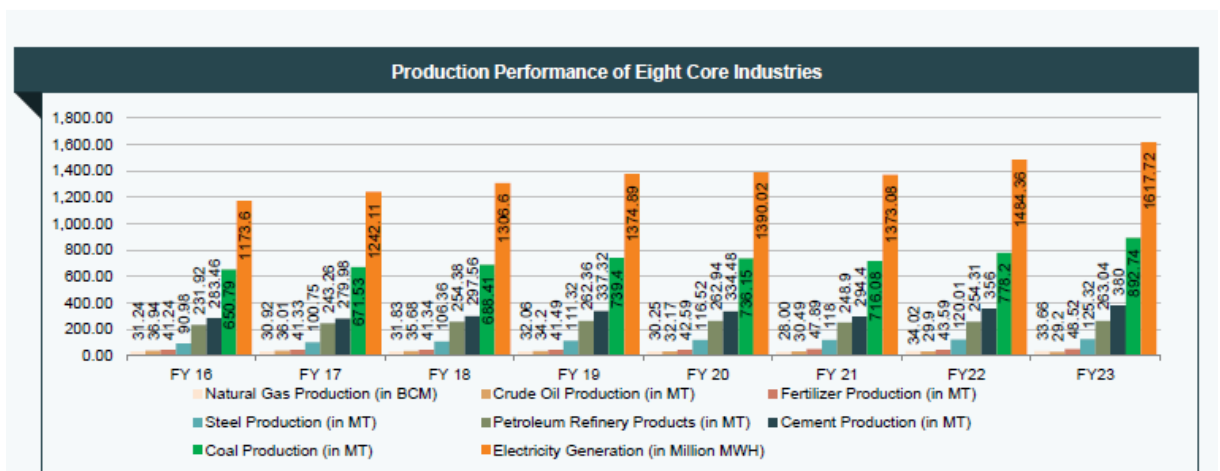
## **Industrial production**

- The Index of Industrial Production (IIP) is prepared by the Central Statistics Office to measure the activity happening in three industrial sectors namely mining, manufacturing, and electricity.
- It is the benchmark index and serves as a proxy to gauge the growth of the manufacturing sector of India since manufacturing alone has a weight of 77.63% in the index.
- For the month of January 2024, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at 153.0. The Indices of Industrial Production for the Mining, Manufacturing and Electricity sectors for the month of January 2024 stand at 144.1, 150.1 and 197.1, respectively.
- The Index of Industrial Production (IIP) from April-January 2024 stood at 143.4.
- Manufacturing sector posts remarkable growth of 13.9% in Q2 FY24, exceeding forecasts and playing a pivotal role in India's GDP expansion.
- Strong performance in manufacturing attributed to favorable base effect, low input cost pressures, and increased government expenditure, driving Gross Fixed Capital Formation (GFCF) and corporate investments

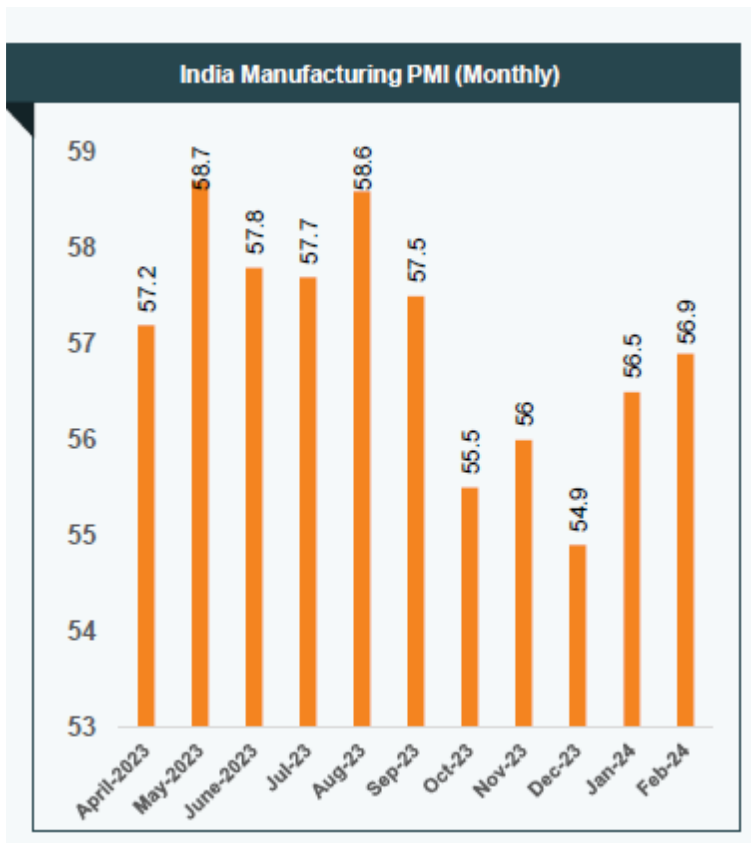


### Performance of eight core industries

- The Index of Eight Core Industries (ICI) is an index reflecting the production performance of eight core industries - coal production, crude oil production, natural gas production, petroleum refinery processing, steel production, cement production and electricity generation.
- The combined index of eight core industries stood at 150.3 for April-November 2023 against 139.4 for April-November 2022.

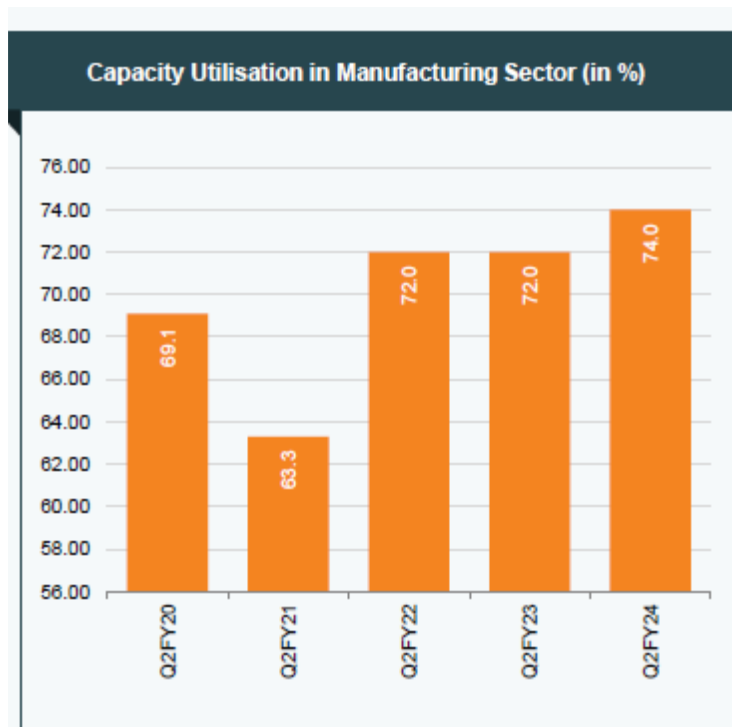


### Manufacturing sector PMI



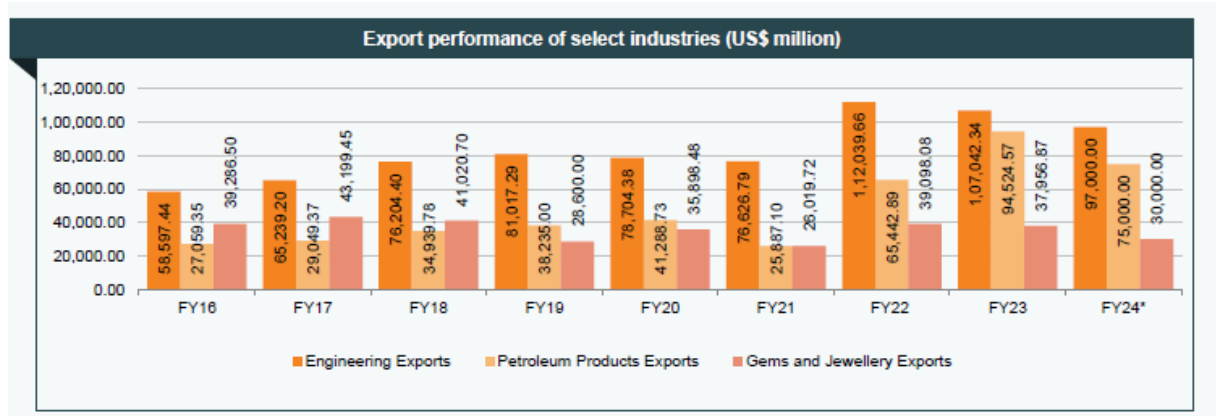
- The Nikkei India Manufacturing Purchasing Managers' Index (PMI) indicates the sentiments relating to manufacturing activity in the economy.
- A value above 50 reflects positive sentiments and potential expansion of the sector.
- In FY23, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 55.6.
- India's manufacturing PMI rose to 56.9 in February 2024, the highest in five months, driven by increased new export orders and reduced pricing pressures. Improved demand and stable input costs signal optimistic business conditions ahead.
- In February 2024, the Manufacturing Purchasing Managers' Index (PMI) in India stood at 56.9.

### **Capacity utilisation in manufacturing sector**



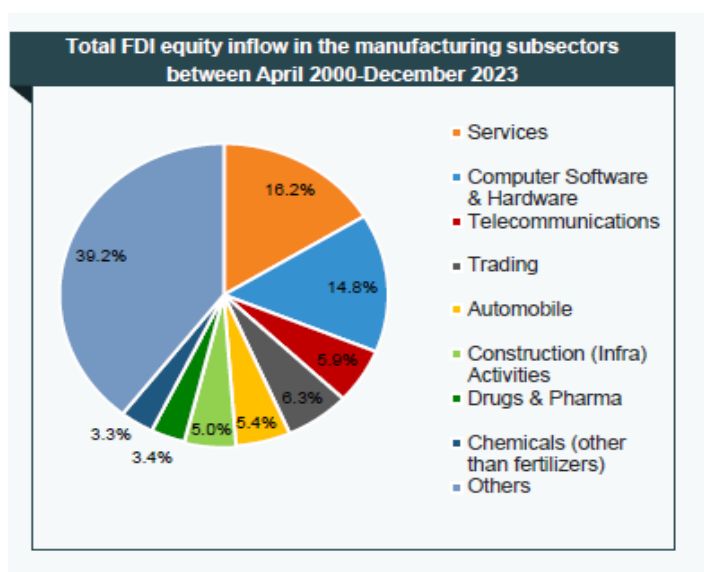
- Capacity utilisation in the manufacturing sector is measured by Reserve Bank of India (RBI) in its quarterly order books, inventories and capacity utilisation survey. It indicates not only the production levels of companies but also the potential for future investment.
- As per the survey conducted by the Federation of Indian Chambers of Commerce and Industry (FICCI), capacity utilisation in India's manufacturing sector stood at 72.0% in the second quarter of FY22, indicating a significant recovery in the sector.
- In Q2 FY24, the survey, which covered 380 manufacturers that account for about Rs. 4.8 trillion (US\$ 58 billion) in sales, showed a robust 74% capacity utilization and improve future investment outlook during Q2.
- Capacity utilization at manufacturing facilities was at a robust 74.3% in Q3 of FY23, up from 74% in Q2. Utilization has held above the 72% mark since Q3 of FY22, indicating that the manufacturing activity is taking place at a brisk pace.
- India's manufacturing sector, driven by pharmaceuticals, motor vehicles, and cement demonstrated resilience despite weak global demand in July-August 2023. PMI remained robust, reflecting domestic economic strength. Capacity utilization in manufacturing
- trended upwards, signalling positive investment prospects. RBI MPC maintained policy repo rate to control inflation.
- At the aggregate level, the capacity utilization (CU) in the manufacturing sector increased to 74.0% in Q2:2023-24 from 73.6% in the previous quarter.

### **Exports of manufactured goods**



- Manufacturing is a key component of India’s merchandise export.
- India’s overall exports during the April-February period of 2023-24 are estimated to be US\$ 709.81 billion, reflecting a marginal positive growth of 0.83% over the April-February period of 2022-23. In February 2024 alone, exports stood at US\$ 73.55 billion, showing a growth of 14.20% compared to the same month in the previous year.
- Manufacturing exports registered the highest ever annual exports of US\$ 447.46 billion with 6.03% growth during FY23 surpassing the previous year (FY22) record exports of US\$ 422 billion.
- Chemicals, pharmaceuticals, electronics, automotive, industrial machinery, and textiles (among others) are expected to propel manufacturing exports to reach US\$ 1 trillion by FY28.
- In FY23, the export of the top 6 major commodities (Engineering goods, Petroleum products, Gems and Jewellery, Organic and Inorganic chemicals, and Drugs and Pharmaceuticals) stood at US\$ 295.21 billion.

### Foreign investments flowing into the sector



- According to the United Nations Conference on Trade and Development (UNCTAD), India ranked among the top 10 recipients of Foreign Direct Investment (FDI) in South Asia in 2019, attracting US\$ 49 billion—a 16% increase from the previous year.
- 100% FDI is approved in the sector through automatic route under the current FDI Policy.
- In FY23, India received a total foreign direct investment (FDI) inflow of US\$ 46.03 billion.
- Between April 2000-December 2023:
  - The automobile sector received FDI inflows of US\$ 35.65 billion.
  - The chemical manufacturing sector (excluding fertilisers) received FDI inflows worth US\$ 22.07 billion.
  - The drug and pharmaceutical manufacturing sector received FDI inflows worth US\$ 22.37 billion.
  - The Food Processing Industries received FDI inflows worth US\$ 12.46 billion.



- Amazon Inc's cloud computing division, Amazon Web Services, became the latest company to invest in India. The company has planned to invest US\$ 13 billion (over Rs 1 lakh crore) in India by 2030 to build its cloud infrastructure and create thousands of jobs.
- On February 29, 2024, India approved the construction of three semiconductor plants with investments exceeding US\$ 15 billion. These plants aim to establish India as a major chip hub, with Tata Electronics, Tata Semiconductor Assembly and Test Pvt Ltd, and CG Power spearheading the projects in Gujarat and Assam. This initiative aligns with India's goal to bolster its semiconductor ecosystem and create numerous advanced technology jobs.

### **Opportunities in manufacturing**

#### **Defence manufacturing**

- Ministry of Defence has set a target of achieving a turnover of US\$ 25 billion in aerospace and defence Manufacturing by 2025, which includes US\$ 5 billion exports.
- On March 13, 2024, the Ministry of Defence contracted AVNL for 693 Armament Upgrades, enhancing Infantry Combat Vehicle BMP2 to BMP2M, with a focus on indigenous development.

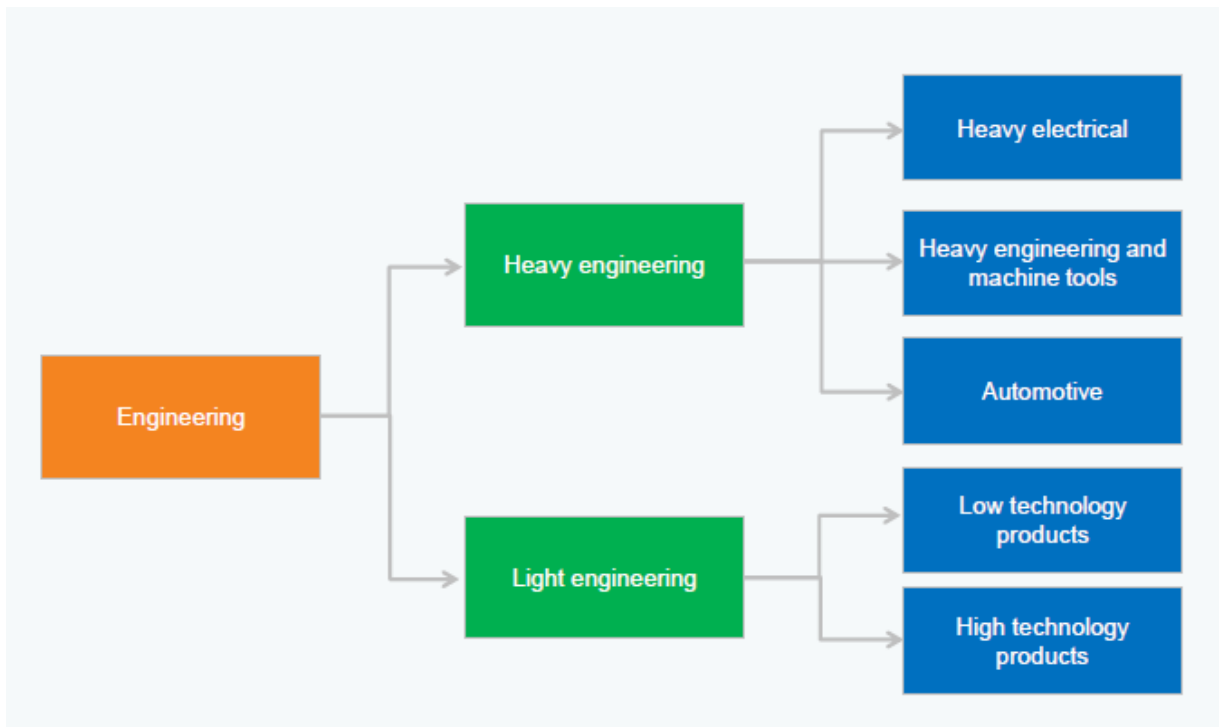
#### **Government initiatives**

- Through initiatives like the PLI Scheme and targeted budget allocations, the government is actively promoting diversification and growth within the manufacturing sector. By incentivizing key industries such as automobiles, electronics, pharmaceuticals, and food processing, India seeks to capitalize on emerging market trends.
- The government has launched several initiatives from time to time like MUDRA Yojana, Emergency Credit Line Guarantee Scheme, Scheme of Fund for Regeneration of Traditional Industries (SFURTI) etc. to provide necessary and timely support to the MSME sector, which has helped benefit crores of people across the country.

#### **Electronic goods manufacturing**

- By 2030, the Indian government expects the electronics manufacturing sector to be worth US\$ 300 billion.
- Initiatives like Make in India, Digital India and Startup India have given the much needed thrust to the Electronics System Design and Manufacturing (ESDM) sector in India.
- Moreover, the government's endeavors such as Modified Special Incentive Scheme (M-SIPS), Electronics
- Manufacturing Clusters, Electronics Development Fund and National Policy on Electronics 2019 (NPE 2019) have been a huge success.
- The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES) has been notified with an aim to strengthen the value chain for the manufacturing of electronic products in India.

### **Two Major Segments in Engineering**



## **Heavy engineering - key segments**

### **1. Machine tools**

- The machine tools market is expected to reach US\$ 3.2 billion by 2032, exhibiting a growth rate (CAGR) of 8.2% during 2024-32.
- The Indian machine tool market size reached US\$ 1.5 billion in 2023.
- The emerging trend of automation, along with the growing utilization of machine tools to increase the overall productivity and improve the efficiency of various products, is primarily driving the India machine tools market.
- The manufacturers of machine tools are mostly SMEs, few of them are mid-sized manufacturers which have an annual turnover varying between Rs. 300-500 crore (US\$ 36-60 million).
- The types of machine tools currently manufactured are general/special purpose machines, standard Computer Numerical Control (CNC) machines, gear cutting, grinding, medium size machines, electrical discharge machining (EDM), presses, press brakes, pipe bending, rolling, bending machines, etc

### **2. Textile machinery**

- Major textile machineries include weaving machines, spinning machines, winding machines, processing machines, synthetic fiber machines, etc.
- The Indian government announced a reduction in customs duty on textile machinery, spares and accessories. The changes include bringing shuttle less looms under the category of zero rate of duty.
- The Indian textile machinery industry was expected to touch US\$ 6 billion mark by 2022.
- India's textile machinery exports declined by 5.09% to US\$ 1003.55 million in 2023 compared to the previous year.
- In 2020, creation of National Technical Textiles Mission for a period of 4 years (2020-21 to 2023-24) was approved with an outlay of US\$ 179 million for developing usage of technical textiles in various flagship missions, programmes of the country including strategic sectors.

### **3. Cement machinery**

- Cement manufacturing machines include raw mill, cement crusher, cement mill, cement kiln, cement cooler, cement dryer, cement silo, cement packer, etc.

- Currently, 100% FDI is allowed under the automatic route.

#### **4. Material handling equipment**

- India material handling equipment market share is anticipated to grow significantly from 2017-2024 due to an attractive economic landscape, and significant demand for goods movement.
- Material handling equipment have 4 categories: storage and handling equipment, engineered systems, industrial trucks and bulk material handling.
- The Indian material handling equipment sector has grown at a CAGR of 10% between 2016-2020.

#### **5. Plastic processing machinery**

- The market size of Plastic machinery sector stood at US\$ 500 million.
- Demand for plastic processing machinery is expected to increase from 12,760 in FY20 to 13,740 in FY21P and 14,770 in FY22P.
- Out of the total machinery demand in 2020-21P, injection molding machinery is expected to comprise 10,000 units, extrusion machines 2,770 units, and blow molding machines 970 units.

#### **6. Process plant equipment**

- Change the update to: Indian Process Plant and Machinery (PPM) industry has estimated capacity of US\$ 6 billion per annum.
- Nearly 65% of the total manufacturers are small and medium enterprises.

#### **7. Earth moving, construction and mining equipment**

- Earthmoving equipment sales grew by 23% YoY in second quarter of FY 2024, as the total equipment numbers sold increased to 22,334.
- The Indian construction equipment industry recorded an excellent 26% growth YoY with sales crossing 1 lakh unit mark in FY23.
- India construction equipment market is projected to cross US\$ 4.7 billion by 2025, on account of anticipated growth in construction industry, increasing foreign investments, and rising number of smart city projects in the country.

#### **8. Telecom equipment**

- India will become a major exporter of telecom equipment in the next 2-3 years and the government is working to achieve that goal.
- India's telecom equipment exports reached US\$ 7.28 billion in 2023-24 (until September 2023).
- In February 2021, the government had introduced the PLI scheme for the manufacturing of telecom and networking equipment with an outlay of Rs. 12,195 crore (US\$ 1.48 billion) over a 5 year period.

#### **GOVERNMENT INITIATIVES**

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country. Some of the notable initiatives and developments are:

In the Union Budget 2023-24:

- Startups incorporated within a time-period and meeting other conditions can deduct up to 100% of their profits; the end of this period has been extended from March 31, 2023 to March 31, 2024. In addition, the period within which losses of startups may be carried forward has been extended from seven to ten years.
- As per the Union Budget 2023 – 24, the income tax rate for new co-operative societies engaged in manufacturing activities has been lowered from 22% to 15% (plus 10% surcharge).
- The upper limit on turnover for MSMEs to be eligible for presumptive taxation has been raised from Rs. 2 crore (US\$ 2,43,044) to Rs. 3 crore (US\$ 3,64,528). The upper limit on gross receipts for professionals

eligible for presumptive taxation has been raised from Rs. 50 lakh (US\$ 60,754) to Rs. 75 lakh (US\$ 91,132).

- Expenditure on fertilizer subsidy is estimated at Rs. 1,75,100 crore (US\$ 21.2 billion) in 2023-24. This is a decrease of Rs. 50,120 crore (US\$ 6.09 billion) (22.3%) from the revised estimate of 2022-23. Fertilizer subsidy for 2022-23 was increased substantially in response to a sharp increase in international prices of raw materials used in the manufacturing of fertilizers.
- The Centre will facilitate one crore farmers to adopt natural farming. For this, 10,000 Bio-Input Resource Centres will be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network.
- To avoid cascading of taxes on blended compressed natural gas, excise duty on GST-paid compressed bio-gas contained in it has been exempted from excise duty. Customs duty exemption has been extended to import of capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles.
- To further deepen domestic value addition in manufacture of mobile phones, the finance minister announced relief in customs duty on import of certain parts and inputs like camera lens. The concessional duty on lithium-ion cells for batteries will continue for another year. Basic customs duty on parts of open cells of TV panels has been reduced to 2.5%. The Budget also proposes changes in the basic customs duty to rectify inversion of duty structure and encourage manufacturing of electrical kitchen chimneys.
- Basic customs duty on seeds used in the manufacture of Lab Grown Diamonds has also been reduced.
- Ministry of Defence has set a target of achieving a turnover of US\$ 25 billion in aerospace and defence Manufacturing by 2025, which includes US\$ 5 billion exports. Till October 2022, a total of 595 Industrial Licences have been issued to 366 companies operating in Defence Sector.
- A new category of capital procurement 'Buy {Indian-IDD (Indigenously Designed, Developed and Manufactured)}' has been introduced in Defence Procurement Procedure (DPP)-2016.
- By 2030, the Indian government expects the electronics manufacturing sector to be worth US\$ 300 billion.
- Initiatives like Make in India, Digital India and Startup India have given the much needed thrust to the Electronics System Design and Manufacturing (ESDM) sector in India.
- Moreover, the government's endeavours such as Modified Special Incentive Scheme (M-SIPS), Electronics Manufacturing Clusters, Electronics Development Fund and National Policy on Electronics 2019 (NPE 2019) have been a huge success.
- The Scheme for Promotion of Manufacturing of Electronic Components and Semiconductors (SPECES) has been notified with an aim to strengthen the value chain for the manufacturing of electronic products in India.
- In the Union Budget 2022-23:

- Ministry of Defence was allocated Rs. 525,166 crore (US\$ 67.66 billion)
- The government allocated Rs. 2,403 crore (US\$ 315 million) for the Promotion of Electronics and IT Hardware Manufacturing.
- The PLI for semiconductor manufacturing is set at Rs. 760 billion (US\$ 9.71 billion), with the goal of making India one of the world's major producers of this crucial component.
- The government approved a PLI scheme for 16 plants for key starting materials (KSMs)/drug intermediates and active pharmaceutical ingredients (APIs). The establishment of these 16 plants would result in a total investment of Rs. 348.70 crore (US\$ 47.01 million) and generation of ~3,042 jobs. The commercial development of these plants is expected to begin by April 2023.
- In September 2022, the National Logistics Policy was launched by Prime Minister Mr. Narendra Modi which ensures quick last mile delivery, end transport-related challenges.
- In November 2021, the Experts' Advisory Committee (EAC) of the Department for Promotion of Industry and Internal Trade approved Rs. 3 crore (US\$ 403,293.54) for the Atal Incubation Centre (AIC), Pondicherry Engineering College Foundation (PECF), under the Start-up India Seed Fund scheme.
- In September 2021, Prime Minister Mr. Narendra Modi approved the production-linked incentive (PLI) scheme in the textiles sector—for man-made fibre (MMF) apparel, MMF fabrics and 10 segments/products of technical textiles—at an estimated outlay of Rs. 10,683 crore (US\$ 1.45 billion).
- India outlined a plan in August 2021 to reach its goal of US\$ 1 trillion in manufactured goods exports.
- In July 2021, the government launched six technology innovation platforms to develop technologies and thereby, boost the manufacturing sector in India to compete globally.
- To propagate Make in India, in July 2021, the Defence Ministry issued a tender of Rs. 50,000 crore (US\$ 6.7 billion) for building six conventional submarines under Project-75 India.
- In May 2021, the government approved a PLI scheme worth Rs. 18,000 crore (US\$ 2.47 billion) for production of advanced chemical cell (ACC) batteries; this is expected to attract investments worth Rs. 45,000 crore (US\$ 6.18 billion) in the country, and further boost capacity in core component technology and make India a clean energy global hub.
- In India, the market for grain-oriented electrical steel sheet manufacturing is witnessing high demand from power transformer producers, due to the rising demand for electric power and increasing adoption of renewable energy in the country.
- The Mega Investment Textiles Parks (MITRA) scheme to build world-class infrastructure will enable global industry champions to be created, benefiting from economies of scale and agglomeration. Seven Textile Parks will be established over three years.
- The government proposed to make significant investments in the construction of modern fishing harbours and fish landing centres, covering five major fishing harbours in Kochi, Chennai, Visakhapatnam, Paradip, and Petuaghat, along with a multipurpose Seaweed Park in Tamil Nadu. These initiatives are expected to improve exports from the textiles and marine sectors.
- The 'Operation Green' scheme of the Ministry of the Food Processing Industry, which was limited to onions, potatoes and tomatoes, has been expanded to 22 perishable products to encourage exports from the agricultural sector. This will facilitate infrastructure projects for horticulture products.
- The Ministry of Heavy Industries (MHI) launched two Production Linked Incentive (PLI) Schemes, namely PLI Scheme for Automobile and Auto Component Industry, and PLI Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage. The PLI Scheme for the automobile and auto components industry has been launched with a total budgetary outlay of Rs. 25,938 crore (US\$ 3.17 billion) for a period of five years (FY23 to FY27).
- To increase the employability of engineering graduates in the country, AICTE (All India Council of Technical Education) leadership is taking a lot of efforts and recommends model curriculum for engineering programs like AI, IoT, Robotics, Block chain, Machine learning, Data Science and Cyber security.

- In 2021, the government is pursuing strategic sale in 22 PSU firms of which 17 are ongoing transactions including BPCL, Shipping Corporation of India, Concor and BEML.
- In October 2022, NSIC Signs MoU with Phillips Machine Tools India Pvt. Ltd. for Skill Development Training in Additive Technologies which is the future of manufacturing.
- In June 2022: Ministry of Heavy Industries (MHI) and Ministry of Skill Development and Entrepreneurship (MSDE) sign MoU to facilitate training in engineering trades to boost capital goods sector. In May 2022, MHI signs an MoU with National Research Development Corporation to facilitate various activities for smooth implementation of the Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector.
- In Budget 2023-24, Ministry of Railways received its highest-ever allocation of Rs. 2.4 lakh crore (US\$ 28.9 billion), approximately nine times the allocation in 2013-14.
- In Budget 2023-24, Ministry of Road Transport and Highways saw a 36% increase in its budget to about Rs. 2.7 lakh crore (US\$ 32.5 billion).
- The government launched the National Infrastructure Pipeline (NIP) with a forward-looking approach and with a projected infrastructure investment of around Rs. 111 lakh crore (US\$ 1.3 trillion), during FY20-25 to provide high quality infrastructure across the country. The NIP currently has 8,964 projects with a total investment of more than Rs. 108 lakh crore (US\$ 1.3 trillion) under different stages of implementation. Increase in the construction of National Highways (NHs)/roads over time, with 10,993 km of roads constructed in FY23 as compared to 6,061 km in FY16.
- India's national highway network grew by nearly 48% from 97,830 km in 2014-15 to 144,634 km at the end of November, 2022. The pace increased from 12.1 km a day in 2014-15 to 28.6 km per day in FY22.
- Total budgetary support for investment in the sector has been increasing rapidly in the last four years and stood at around Rs. 1.4 lakh crore (US\$ 16.8 billion) during FY23 (as of 31 October 2022).
- In line with the vision of monetization of public sector assets, National Highways Authority of India (NHAI) launched its InvIT in FY22. NHAI InvIT has raised more than Rs. 10,200 crore (US\$ 1.2 billion) from high quality foreign and Indian institutional investors (up to December 2022).
- In Budget 2023, customs duty exemption is being provided to import of specified capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles and mobile handsets.
- The electrical machinery industry has been de-licensed, along with 100% FDI allowed in this sector. This has facilitated the entry of major global players into the electrical machinery industry in India.
- Under the Union Budget 2023-24, Government has committed an outlay of Rs. 10 lakh crore (US\$ 120 billion) towards infrastructure capital expenditure compared to Rs. 7.5 lakh crore (US\$ 90 billion) (BE) during 2022-23, which is a 33% year-on-year increase.
- Under Union Budget 2023-24, defence sector has been allocated a budget of Rs. 5.94 lakh crore (\$72 billion).
- In February 2022, the Prime Minister inaugurated Asia's largest bio-CNG plant set up under the Indore Smart City Project.
- In November 2022, Engineering Export Promotion Council of India (EEPC) stated that the government's decision to withdraw the 15% export duty imposed on iron ore and steel products would boost engineering goods exports from the country.
- The All India Council for Technical Education (AICTE) has launched educational books for diploma and under-graduate engineering courses in Marathi language so that students can learn better in their native language.
- The AICTE has entered into collaborations with the MSME ministry, NHAI and DM offices in 150 districts to facilitate engineering internships for students.
- In the Union Budget 2022-23, the government has given a massive push to the infrastructure sector by allocating Rs. 199,107 crore (US\$ 26.52 billion) to enhance the transport infrastructure.

## **ADVANTAGES IN INDIA**

### **1. ROBUST DEMAND**

- The electrical equipment market share in India is expected to increase from US\$ 52.98 billion in 2022 to US\$ 125 billion by 2027, implying a robust CAGR of 11.68%.
- Market size for the Indian Construction Equipment Market stood at US\$ 7.2 billion in FY23 and is forecasted to grow at a CAGR of 15% for next 5 years, as per the estimates of CII.

### **2. ATTRACTIVE OPPORTUNITIES**

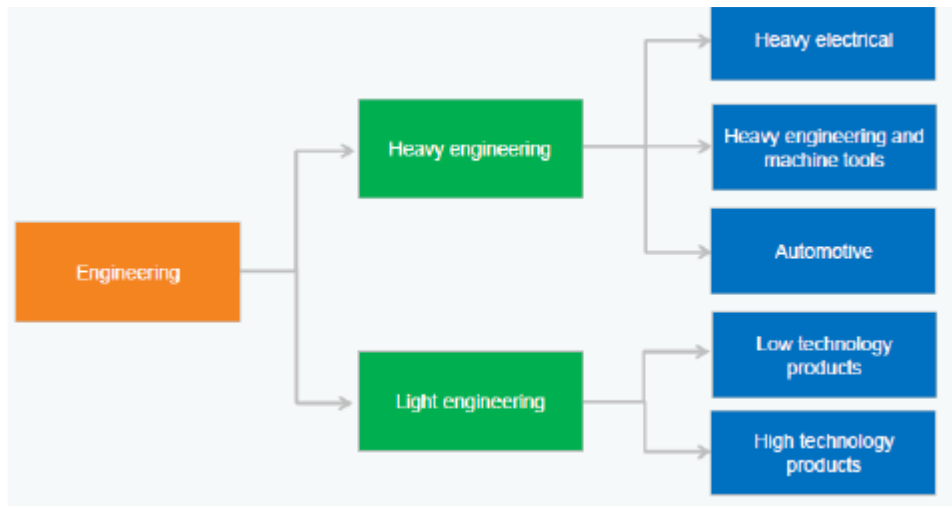
- In Interim Budget 2024-25, government has committed an outlay of Rs. 11.11 lakh crore (US\$ 133.6 billion) during 2024-25 towards infrastructure capital expenditure compared to Rs. 10 lakh crore (US\$ 120 billion) (BE) during 2023-24.
- Ministry of Road Transport & Highways aims for 13,814 km of national highway construction in FY 2024 and a network to 2 lakh km by 2025.
- An Urban Infrastructure Development Fund (UIDF) will be managed by National Housing Bank, which will enable creation of infrastructure in Tier 2 and 3 cities by supporting viability gap funding, enabling creation of more bankable projects, enhancing access to external funding, among others.

### **3. POLICY SUPPORT**

- De-licensed engineering sector; 100% FDI permitted.
- Ministry of Heavy Industries has notified the Scheme on Enhancement of Competitiveness in the Indian Capital Goods Sector- Phase-II for providing assistance to Common Technology Development and Services Infrastructure. The
- scheme has a financial outlay of Rs. 1207 crores (US\$ 145.1 million) with budgetary support of Rs. 975 crore (US\$ 117.2 million) and industry contribution of Rs.232 crore (US\$ 27.9 million)
- The Indian Electrical Equipment Industry Mission Plan (2012-22), aimed to make India a preferred destination for the production of electrical equipment to achieve an output of US\$ 100 billion by balancing the trade deficit in the sector. In October 2022, NSIC signed a MoU with Phillips Machine Tools India Pvt. Ltd. For Skill Development Training in Additive Technologies.
- In May 2022, MHI signed an MoU with the National Research Development Corporation to facilitate various activities for the smooth implementation of the Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector.

### **4. INVESTMENTS**

- To enhance opportunities for private investment in infrastructure - Infrastructure Finance Secretariat is being established who will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure, and power.



### **Light Engineering-Key Segment**

#### **1. Casting and forging**

- The India Foundry Market size is estimated at US\$ 19.46 billion in 2024, and is expected to reach US\$ 31.77 billion by 2029, growing at a CAGR of 10.30% during the forecast period (2024-2029).
- There are more than 5,000 foundries in India of which about 85% are small units, 10% are medium-sized and 5% are large, organized foundries.
- Foundry industry has a turnover of approx. US\$ 20 billion with exports of approx. US\$ 3.54 billion.
- While India may be behind China as far as overall castings exports are concerned, it is the second-largest producer of castings globally.

#### **2. Medical and surgical equipment**

- There are 750-800 domestic Medical Devices manufacturers in India, with an average investment of US\$ 2.3-2.7 million and an average turnover of US\$ 6.2-6.9 million
- India is the 4th largest market for medical devices in Asia, among the top 20 markets for medical devices worldwide.
- India's expected export of medical devices will reach ~ US\$10 billion by 2025.

#### **3. Industrial fasteners**

- The Indian industrial fasteners market was valued at US\$ 9,064 million in 2022 and is projected to reach US\$ 17,868 million by 2030, registering a CAGR of 7.9% during the forecast period (2023-2030).
- The Indian automotive sector the largest consumer of industrial fasteners, accounting for a major share of the market in 2023.

### **Heavy Engineering Segment**

#### **1. Boilers**

- India steam boiler systems market size is expected to reach nearly US\$ 22.56 billion by 2027 with the CAGR of 4.63% during the forecast period.
- Indian boiler manufacturer industry is worth for a sum of US\$146 million contributing 40% to the Indian economy.
- The Indian boiler industry is expected to grow at a rate of 6% to surpass US\$ 194 million.

#### **2. Turbines And Generator Sets**



- The India generator sets market is expected to grow at a CAGR of more than 5% over the period of 2020-25.
- The India diesel gensets (generator sets) market is expected to reach US\$ 2.78 billion by 2030 compared to US\$ 1.48 billion by 2022 at a CAGR of 8.20%.
- The current annual production capacity of domestic wind turbines is about 12,000 MW.
- In 2022, GE Steam Power signed a US\$ 165 million contract with Bharat Heavy Electricals Ltd to supply three nuclear steam turbines for India's domestic nuclear power programme in FY21, production of turbines (steam, hydro) stood at Rs. 2,949.32 crore (US\$ 369.24 million).

### **3. Transformers**

- The India power transformer market is expected to rise at a CAGR of more than 3% during the forecast period of 2020-25.
- Factors such as increasing power generation capacity to meet energy demand and expansion of transmission and distribution systems are likely to drive the India power transformer market.
- A whole range of power and distribution transformers, including a special type of transformer required for furnaces, electric tracts and rectifiers, are manufactured in India

### **4. Switchgear And Control Gear**

- Indian switchgear market is projected to grow at a CAGR of over 15% through 2023, on account of rising development across residential, commercial and industrial end use sectors.

## **NOTABLE TRENDS IN INDUSTRY**

### **1. DIVERSIFICATION**

- Creation of a significant number of special economic zones (SEZs) across the country has been approved.
- The development of Delhi Mumbai Industrial Corridor (DMIC) across seven states will further bolster the engineering sector.
- Reliance Defense and Engineering Ltd has signed an agreement with the US Navy for undertaking service, maintenance and repair of Seventh Fleet of US Navy at the Reliance Shipyard at Pipavav in Gujarat.

### **2. ENTRY OF INTERNATIONAL COMPANIES**

- With 100% FDI allowed through the automatic route, major international players such as Cummins, GE, ABB and Alfa Laval have entered the Indian engineering sector due to growth opportunities.
- American plane maker Boeing Corporation has launched the Boeing India Engineering & Technology Centre in Bengaluru.

### **3. PARTNERSHIP**

- Companies across this sector are partnering with technology providers to enhance their capabilities and sustain the market uncertainties.
- In October 2023, the Automotive Research Association of India (ARAI) signed an agreement with IIT Guwahati to set up a common engineering facility centre 'Digital Twin Center for Emerging Automotive Systems' in a hub and spoke model.
- In July 2023, Bharat Heavy Electricals Limited (BHEL) signed a Technical Assistance and License Agreement with General Electric Technology GmbH Switzerland for Gas Turbines.
- In November 2022, L&T Infotech and Mindtree merged to make India's 5th largest IT company, LTI Mindtree, that will help businesses proactively take on and shape the future by harnessing the full power of digital technologies.
- In February 2023, Reliance Industries Limited (RIL) and its vehicle partner Ashok Leyland unveiled India's first Hydrogen Internal Combustion Engine (H2-ICE) technology solution for heavy duty trucks at the India Energy Week in Bengaluru.

- State-run PSUs Nuclear Power Corporation of India Ltd (NPCIL) and Bharat Heavy Electricals Ltd (BHEL) have signed a memorandum of understanding (MoU) in April, 2023 to jointly pursue business opportunities in the area of Nuclear Power Plants based on Pressurized Heavy Water Reactor (PHWR) technology.

## **GROWTH DRIVERS FOR THE INDIAN ENGINEERING SECTOR**

### **1. POLICIES**

- **New export policy in Uttar Pradesh:** The policy is aimed at promoting export growth and competitiveness, providing export subsidiaries with the required export-related assistance and services, and creating and improving the technical and physical infrastructure to improve exports from state industries.
- **Voluntary Vehicle-Fleet Modernisation Programme (VVMP):** In August 2021, Prime Minister Mr. Narendra Modi launched the Voluntary Vehicle- Fleet Modernisation Programme (VVMP), also known as the Vehicle Scrapping Policy, during the ‘Investors Summit for Setting Up Vehicle Scrapping Infrastructure’ in Gujarat.

### **2. DEMAND-SIDE DRIVERS**

- Capacity addition for power generation Increase in infrastructure spending
- Rise in exports, which touched US\$ 107.04 billion in FY23.
- Demand in the engineering industry segment is driven by investments and capacity creation in core sectors like power, infrastructure developments, mining, oil and other sectors like the general manufacturing sector, automotive and process industries, and consumer goods industry.

### **3. INVESTMENT**

- To enhance opportunities for private investment in infrastructure - infrastructure finance secretariat is being established who will assist all stakeholders for more private investment in infrastructure, including railways, roads, urban infrastructure, and power.

## **STRONG POLICY SUPPORT**

### **1. MAKE IN INDIA**

- Shri Dharmendra Pradhan, Minister of Skill Development and Entrepreneurship and Education, said growth of capital goods sector is correlated to the success of Make in India program.

### **2. SPECIAL ECONOMIC ZONES (SEZS)**

- The government approved 15 SEZs for the engineering sector, & electrical machinery is a part of the sector.
- The Delhi Mumbai Industrial Corridor (DMIC) is being developed across seven states and is expected to bolster the sector.

### **3. INFRA PROJECTS**

- Top infra projects that are underway includes Chenab Bridge, Delhi Mumbai Expressway, Central Vista, Eastern Dedicated Freight Corridor, Mumbai Nagpur Expressway, Kochi Water Metro.

### **4. TARIFFS AND CUSTOM DUTIES**

- In budget 2023, customs duty exemption is being provided to import of specified capital goods and machinery required for manufacture of lithium-ion cells for batteries used in electric vehicles and mobile handsets.

### **5. DE-LICENSING**

- The electrical machinery industry has been de-licensed, along with 100% FDI allowed in this sector. This has facilitated the entry of major global players into the electrical machinery industry in India

### **6. BUDGETARY SUPPORT**

In Interim Budget 2024-25, Government has committed an outlay of Rs. 11.11 lakh crore (US\$ 133.6 billion) during 2024-25 towards infrastructure capital expenditure compared to Rs. 10 lakh crore (US\$ 120 billion) (BE) during 2023-24.

#### **7. HIGHER ALLOCATION TO THE DEFENCE SECTOR**

- Under Interim union budget 2023-24, the defence sector was allocated a budget of Rs. 6.21 lakh crore (US\$ 74.74 billion).

#### **8. INVESTMENT ON BUILDING INTERNAL AND EXTERNAL INFRASTRUCTURE IN SMART CITIES**

- In February 2022, the Prime Minister inaugurated Asia's largest bio-CNG plant set up under the Indore Smart City Project.

#### **9. INTERMINISTERIAL COMMITTEE**

In November 2020, to strengthen the capital goods (CG) sector, the government set up a 22-member interministerial committee through initiatives, which will help the sector to effectively contribute to the national target of achieving a US\$ 5 trillion economy and a US\$ 1 trillion manufacturing sector.

#### **10. NEW ENGINEERING RESEARCH & DEVELOPMENT POLICY**

- In March 2021, the Karnataka government launched the 'Karnataka Engineering Research & Development (Engineering R&D) Policy 2021' to help anchor the sector's potential by creating 50,000 new jobs and increasing the state's contribution to this sector to 45%.

#### **11. VOLUNTARY VEHICLE-FLEET MODERNISATION PROGRAMME (VVMP)**

- The objectives of the policy are to reduce population of old and defective vehicles, achieve reduction in vehicular air pollutants to fulfil India's climate commitments, improve road and vehicular safety, achieve better fuel efficiency, formalize the currently informal vehicle scrapping industry and boost availability of low-cost raw materials for automotive, steel and electronics industry.
- The policy will bring in investments of Rs. 10,000 crore (US\$ 1.35 billion) to set up 450-500 Automated Testing Stations (ATS) and 60-70 Registered Vehicle Scrapping Facilities (RVSF) across the country.
- The policy has proposed to push 28 million decade old vehicles off the roads.

#### **12. NEW EXPORT POLICY IN UTTAR PRADESH**

- Export policy is being established for the State of Uttar Pradesh to tap onto opportunities in international market, optimum utilization of the resources of the state, employment generation and to synergize with the Foreign Trade Policy 2020-25.
- The objective of this policy is to promote development and competition in the field of exports, to provide necessary export-related assistance and services to export ancillary institutions, to establish and develop technical and physical infrastructure to increase exports from the state.

#### **13. PRODUCTION LINKED INCENTIVE SCHEMES**

- The Ministry of Heavy Industries (MHI) launched 2 Production Linked Incentive (PLI) Schemes, namely PLI Scheme for Automobile and Auto Component Industry, and PLI Scheme for National Programme on Advanced Chemistry Cell (ACC) Battery Storage.
- The PLI Scheme for the automobile and auto components industry has been launched with a total budgetary outlay of Rs. 25,938 crore (US\$ 3.17 billion) for a period of 5 years (FY23 to FY27).

#### **14. MAKE IN INDIA 2.0**

- Make in India' is an initiative which was launched on September 25, 2014, to facilitate investment, foster innovation, build best-in-class infrastructure, and make India a hub for manufacturing, design, and

innovation. It is one of the unique 'Vocal for Local' initiatives that promoted India's manufacturing domain to the world.

- Make in India' initiative has significant achievements and presently focuses on 27 sectors\* under Make in India 2.0. Department for Promotion of Industry and Internal Trade (DPIIT) is working closely with 24 sub-sectors which have been chosen keeping in mind the Indian industries strengths and competitive edge, need for import substitution, potential for export and increased employability. These 24 sub-sectors are:
- Furniture, air-conditioners, leather and footwear, ready to eat, fisheries, agri-produce, auto components, aluminium, electronics, agrochemicals, steel, textiles, EV components and integrated circuits, ethanol, ceramics, set top boxes, robotics, televisions, close circuit cameras, toys, drones, medical devices, sporting goods, gym equipment.
- Through Make in India 2.0, the government aims to continue the momentum of the Make in India initiative, driving economic growth, job creation, and self-reliance in the country.
- The Government of India is making continuous efforts under Investment Facilitation for implementation of Make in India action plans to identify potential investors. Support is being provided to Indian Missions abroad and State Governments for organizing events, summits, road-shows and
- other promotional activities to attract investment in the country under the Make in India banner. Investment Outreach activities are being carried out for enhancing International co-operation for promoting FDI and improve Ease of Doing Business in the country.
- Government has taken various steps in addition to ongoing schemes to boost domestic investments in India. These include the National Infrastructure Pipeline, Reduction in Corporate Tax, easing liquidity problems of NBFCs and Banks, trade policy measures to boost domestic manufacturing. Government of India has also promoted domestic manufacturing of goods through public procurement orders, Phased
- Manufacturing Programme (PMP), Schemes for Production Linked Incentives of various Ministries.

#### **15. SKILL INDIA MISSION 2.0**

- Skill India Campaign was launched in 2015 with an aim to train over 400 million people in various skills. It involves various schemes such as National Skill Development Mission, Pradhan Mantri Kaushal Vikas Yojana and National Policy for Scheme Development and Entrepreneurship.
- In September 2021, Indian government launched Entrepreneurship Development Centre in Kohima, under the SANKALP project, to boost skill training for rural youths.
- As of December 2022, there were about 14,953 Industrial Training Institutes (ITIs) in India.
- ▪ Since its inception in 2015, approximately 1.40 crore candidates have undergone training or orientation under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) as per Skill India Digital data until December 13, 2023.
- In the Short-term Training (STT) program, where placement was incentivized, 42% of the candidates found placement opportunities in various sectors nationwide. This translates to 24.39 lakh candidates being successfully placed out of 57.42 lakh candidates certified in STT.
- Under Skill India Mission 2.0, the government will impart skills training to the youth for overseas opportunities and for jobs in some sectors under its production-linked incentive scheme, in what could be a move towards demand-driven and outcome-based approach to skilling. This will be part
- of the government's revamped skills programme called Skills India Mission 2.0.
- There will also be a thrust on apprenticeship training though enhanced private sector participation, in line with the Prime Minister, Mr. Narendra Modi's vision of making India the skills capital of the world.
- The Centre will soon launch a revamped version of its Skill India initiative with an aim to train young people in the country with “future ready skills,”
- Last year, the government had invited ideas for the Skill India 2.0 in a bid to urgently create a “reliable and qualified workforce” and help it to “tap into new opportunities”.
- Under the new scheme, the government is focusing on strengthening the digital skill ecosystem as technical skills like augmented and virtual reality (AR/VR), machine learning, and the ability to work with data, including automated systems, have “become a must-have”.
- Under the revamped Skill India scheme, the government is aiming to train around 50,000 young people in Meghalaya. As far as other states in the North-East region are concerned, the Skill Development Ministry has set a target to skill around 60,000 youth in Tripura and 35,000 in Nagaland across a spectrum of approved courses.

#### **16. Startup India**

- In Union Budget 2021-22, the government proposed to allow one-person companies (OPCs) to be incorporated—a move that would favour startups and innovators.
- Minister of Finance Ms. Nirmala Sitharaman stated that the incorporation of OPCs would be encouraged by enabling such companies to expand without restriction on paid-up capital and turnover by permitting any other form of company to be converted at any time by reducing the residency limit for an Indian citizen to set up an OPC from 182 days to 120 days and by allowing non-resident Indians to incorporate OPCs in India.
- The Government of India has prepared the 'Startup India Vision 2024' document with tax incentives and other measures to promote new ventures.
- The Startup India Seed Fund Scheme (SISFS) supports startups with financial assistance for proof of concept, prototype development, and market entry, involving 198 selected incubators and 1,740 startups with a total approved funding of Rs 802.98 crore (US\$ 96.58 million) as of December 31, 2023.
- The Startup India initiative unveiled an Action Plan to cultivate a vibrant startup ecosystem, emphasizing innovation, private investment, and streamlined support mechanisms for entrepreneurial endeavors. This comprehensive strategy aims to propel startups towards growth and sustainability in the dynamic market landscape.
- On December 25, 2023, InCred achieved unicorn status, raising US\$ 60 million at a valuation of US\$ 1.04 billion, marking India's second unicorn of the year. The capital infusion aims to bolster InCred's business verticals such as consumer loans, student loans, and MSME lending.
- In April 2021, Amazon announced a US\$ 250 million fund to invest in start-ups and entrepreneurs centered on technological developments in SMB (small and medium businesses), agriculture and healthcare.
- On August 26, 2023, Zepto announced a Series E funding round, raising US\$ 200 million at a valuation of US\$ 1.4 billion, making it India's first unicorn of 2023. The investment was led by US private market investor StepStone Group, marking its first direct investment in an Indian firm.
- India is now the third-largest ecosystem for start-ups globally and ranks second in innovation and quality among middle-income countries.
- India is currently home to more than 1,17,254 DPIIT-recognized startups and 113 unicorns.
- The Union Budget 2023-24 proposed to extend the date of incorporation for income tax benefits to start-ups from March 31, 2023, to March 31, 2024. It also provides the benefit of carrying forward of losses on change of shareholding of start-ups from 7 years of incorporation to 10 years.

#### **17. National manufacturing policy**

- National Manufacturing Policy was introduced in to increase the sectoral share of manufacturing in GOP to at least 25% by 2022; to increase the rate of job creation so as to create 100 million additional jobs by 2022; and to enhance global competitiveness, domestic value addition,
- technological depth and environmental sustainability of growth.
- The policy has been formulated after detailed consultations with the industry; subject matter experts; State Governments and the concerned Ministries/Departments of the Government of India. The policy envisages specific interventions broadly in the areas of industrial infrastructure development; improvement of the business environment through rationalization and simplification of business regulations; development of appropriate technologies especially green technologies for sustainable development and skill development of the younger population.
- The policy was introduced to create an enabling policy framework and provide incentives for infrastructure development on PPP basis.
- Under the policy, National Investment and Manufacturing Zones (NIMZ's) have been conceived as large industrial townships managed by a Special Purpose Vehicle (SPV). These SPV's would ensure planning of the zones, pre-clearances for setting up industrial units and undertaking
- other specific functions.
- Fourteen NIMZ's have already been granted 'in principle' approval while four of them have been given final approval.
- Central and State governments will provide exemptions subject to fulfillment of conditions by the SPV from compliance burdens for industries located in these zones.
- Exemption from Capital Gains Tax on sale of plant and machinery will be granted in case of re-investment of the capital gain amount for purchase of plant and machinery within the same or different NIMZ within three years of sale.

- A Technology Acquisition and Development Fund (TADF) has been launched for acquisition of appropriate technologies, creation of a patent pool and development of domestic manufacturing of equipment's for reducing energy consumption.

#### **18. Key highlights of Union Budget**

- In the interim budget 2024, the allocation for the Production Linked Incentive (PLI) Scheme for various sectors saw a substantial increase, with notable examples including a 360% rise to Rs 6,903 crore (US\$ 830 million) for the Semiconductors and Display Manufacturing Ecosystem and a 623% surge to Rs 3,500 crore (US\$ 421 million) for the Automobile sector.
- In the interim budget 2024, there was commendable fiscal responsibility demonstrated alongside significant investments in infrastructure, including emphasis on affordable housing, clean energy, and technological advancement. Additionally, the budget allocated funds for the creation of a Rs 1-lakh crore (US\$ 12 billion) innovation fund for sunrise domains, providing a substantial boost for the startup industry. Moreover, there was a notable focus on promoting the shift to electric vehicles (EV) through the expansion of EV charging networks, thereby offering opportunities for small vendors in manufacturing and maintenance.
- In the Interim Union Budget 2024-25, the Ministry of Defence has been allocated Rs. 621,541 crore (US\$ 74.78 billion), marking an increase of approximately 4.72% from the previous allocation of Rs. 593,538 crore (US\$ 71.41 billion).
- As per the Union Budget 2023-24, the income tax rate for new co-operative societies engaged in manufacturing activities has been lowered from 22% to 15% (plus 10% surcharge).
- Startups incorporated within a time-period and meeting other conditions can deduct up to 100% of their profits; the end of this period has been extended from March 31, 2023 to March 31, 2024. In addition, the period within which losses of startups may be carried forward has been extended from seven to ten years.
- The upper limit on turnover for MSMEs to be eligible for presumptive taxation has been raised from Rs 2 crore (US\$ 2,43,044) to Rs 3 crore (US\$ 3,64,528). The upper limit on gross receipts for professionals eligible for presumptive taxation has been raised from Rs 50 lakh (US\$ 60,754) to Rs 75 lakh (US\$ 91,132).
- Expenditure on fertilizer subsidy is estimated at Rs 1,75,100 crore (US\$ 21.2 billion) in 2023-24. This is a decrease of Rs 50,120 crore (US\$ 6.09 billion) (22.3%) from the revised estimate of 2022-23. Fertilizer subsidy for 2022-23 was increased substantially in response to a sharp increase in international prices of raw materials used in the manufacturing of fertilizers.

(Source <https://www.ibef.org/>)

## BUSINESS OVERVIEW

Some of the information in this chapter, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read chapter titled “**Forward Looking Statements**” beginning on page 21 for a discussion of the risks and uncertainties related to those statements and also “**Risk Factors**”, “**Restated Financial Statement**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” beginning on pages 33, 205 and 249 respectively of this Draft Red Herring Prospectus, 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.

The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Draft Red Herring Prospectus, including the information contained in chapter titled “**Risk Factors**”, “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” and “**Restated Financial Statement**” beginning on pages 33, 249 and 205 of this Draft Red Herring Prospectus respectively. The financial figures used in this section, unless otherwise stated, have been derived from our Company’s restated audited financial statements. Further, all references to “Royal Arc Electrodes Limited”, ‘the Company’, ‘our Company’, ‘RAEL’ and the terms ‘we’, ‘us’ and ‘our’, are to Royal Arc Electrodes Limited.

### Overview

Our Company was incorporated in Mumbai, Maharashtra, as a “Royalarc Electrodes Private Limited”, a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 15, 1996, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a special resolution passed by our Shareholders at the Extraordinary General Meeting held on March 9, 2005, and consequent upon conversion, the name of our Company was changed to “Royalarc Electrodes Limited” and a certificate of change of name dated March 31, 2005, issued by Registrar of Companies, Maharashtra, Mumbai. Further, pursuant to a special resolution dated May 29, 2023, and fresh certificate of incorporation dated June 16, 2023, as issued by Assistant Registrar of Companies/ Deputy Registrar of Companies/ Registrar of Companies, ROC Mumbai the name of our company was changed from “Royalarc Electrodes Limited” to “Royal Arc Electrodes Limited” For further details, please refer to the chapter titled “**History and Certain Corporate Matters- History and Background**” beginning on page 178 of this Draft Red Herring Prospectus.

Incorporated in 1996, our Company is engaged in the business of manufacturing of welding consumables such as, welding electrodes, flux cored wire, MIG/TIG wires, which finds its application in the welding of tanks, boilers, heavy structures, beams, pipes, cylinders, pressure vessels, etc. which are used in industries like railways, roadways, airport infrastructure, refineries, shipyards, mines, sugar industries, telecom industries, thermal power stations, PEB sectors, etc. Further, our Company is also engaged in the business of trading of ancillary/incidental products like wheels, electro slag, welding flux cored wire, electro slag strip cladding, saw flux and TIG /MIG wires.

We manufacture our products from copper coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder, etc conforming to international standards, from our highly sophisticated and technically competent manufacturing facility spread over an area of 6.197 acres which is situated at Zaroli, Umbergaon Valsad, Gujarat, Bharat. At our manufacturing facility, the raw materials undergo through a process of wire drawing and cutting, powder mixing, covering and baking. Accordingly, our existing manufacturing plant consists of extrusion units, baking ovens, drawing units, cutting units, forming mills, powder mixers, packing machines and testing labs. Our Company has the necessary instruments such as, chemical analysis instrument, spectro-meter, material testing lab equipment and is backed by related quality assurance equipment’s for measuring chemical and mechanical properties along with their sizes and shapes of our raw materials and finished goods to match international and domestic standards as well as customer specifications. Our manufacturing facility is also accredited with ISO 9001:2015 certified by DNV – Business Assurance.

Our Promoters between themselves have, in-depth knowledge and good experience in the welding consumable industry. Our Promoters share various functional responsibilities amongst themselves for effective management and are well supported by qualified and experienced professionals at different levels with appropriate functional responsibilities. As on May 31, 2024, our overall staff strength is 134 employees including skilled and unskilled labour, administrative staff and management team.

We are capable of manufacturing both standardized as well as customized products. We supply our products to domestic customer and also exported our products to our customers spread across 20+ countries during the financial period under disclosure. We believe that we share a good client relationship with our customers and we



receive the majority of our business from repetitive clients. The key factor in our business is the client/consultant certification given the critical application in which our products are used. For instances our products are certified by the American Bureau of Shipping (“ABS”), Indian Boilers Regulation (“IBR”), Bureau of Indian Standard (“BIS”) etc. Further, based on client requirements, the inspection and testing of the quality of our products are also outsourced to inspection agencies that are NABL-accredited laboratories.

Our basic raw materials include MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder, packing material etc. and we procure our raw materials based on market availability, pricing and quality namely through domestic suppliers such as manufacturers and traders. The cost of raw materials consumed by us in our operations accounted for 63.97%, 66.72% and 76.90% of our revenue from operations for the Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively.

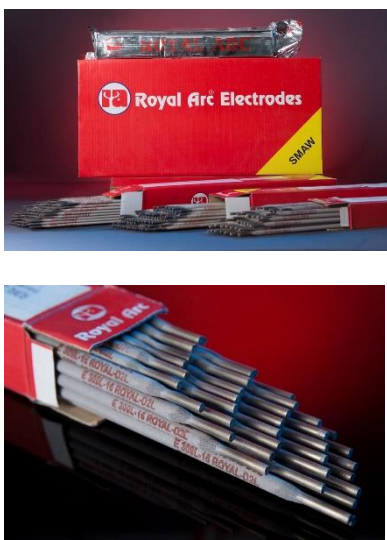

Our revenue from operations for the Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹ 9,978.75, ₹ 9694.02 lakhs, and ₹6290.97 lakhs respectively. Our profit before tax for the Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹ 1,625.87 lakhs, ₹1305.34 lakhs and ₹280.76 lakhs respectively, representing a CAGR of 140.64%. Our profit after tax for the Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹1,192.63 lakhs ₹956.82 lakhs and ₹ 212.13 lakhs respectively, representing a CAGR of 137.11%.

## Our Products

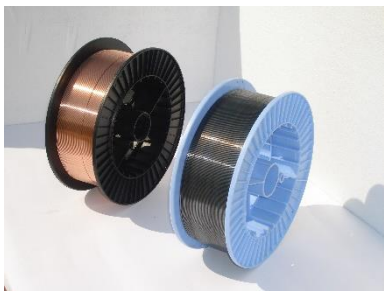

### Product description

Our Company is engaged in manufacturing and supply of welding consumable such as welding electrodes, flux cored wires, TIG /MIG wire, electro strip cladding which finds its application across wide industries like railways, roadways, automotive, airport infrastructure, refineries, shipyards, mines, sugar industries, telecom industries, thermal power stations, PEB sectors, etc.

Our products can majorly be divided as

Name of Products	Product Image	Application	Description
Welding electrodes		various industries use our electrodes, including construction, automotive, thermal power etc	Welding Electrodes are an important part of the welding process. They provide a medium for the electric current to travel between the welded metal and the welder. The electrode also provides a filler material for the weld. Some of the types that we manufacture are mild steel electrodes, low hydrogen type electrodes, low alloy high tensile electrodes, stainless steel electrodes, hard-facing electrodes, casting electrodes, cutting & gauging electrodes, low heat input electrodes and non-ferrous electrodes.
Flux Cored Wire		various industries use our electrodes, including PEB, thermal power, construction, refineries, shipyards etc	Flux cored Arc welding (FCAW) is frequently referred to as flux cored welding. Flux cored welding is high deposition rate welding process that adds the benefits of flux to the welding simplicity of MIG welding. As in MIG welding wire is continuously fed from a spool. Flux cored welding is therefore referred to as a semiautomatic welding process.



Name of Products	Product Image	Application	Description
			They are used for various welding activities like joining, wear protection and repairs involve use of Flux-cored wires. These wires are available in a variety of sizes and specifications. In addition, these cored wires undergo various industrial tests to ensure quality.
MIG/TIG Wires- MIG	 	various industries use our automotive, PEB, thermal power, mines, sugar industries, telecom industries, refineries, shipyards etc	<p>Gas Metal Arc welding (GMAW) is frequently referred to as MIG welding. MIG is a semi-automatic or automatic arc welding procedure that uses a welding gun to feed a continuous and consumable wire electrode and a shielding gas.</p> <p>MIG welding is commonly used as high deposition rate welding process. Wire is continuously fed from spool.</p>

### Revenue Bifurcation:

#### Product wise revenue

Particulars	March 31, 2024		March 31, 2023		March 31, 2022	
	(₹in lakhs)	%	(₹ in lakhs)	%	(₹in lakhs)	%
Welding Electrodes (Kgs)	3,303.42	33.02	2,883.89	30.29	1,996.63	33.02
Welding Electrodes (Pcs)	670.41	6.70	941.65	9.89	1,307.84	21.63
Welding Electrodes (MTRs)	0.67	0.01	-	0.00	-	0.00
Flux Cored wire	5,074.77	50.73	4,833.88	50.77	2,336.86	38.65
Abrasive Wheels	16.41	0.16	12.19	0.13	5.39	0.09
Electro Slag Welding	6.63	0.07	0.01	0.00	-	-
Saw Flux	15.62	0.16	-	-	-	-
Tig Mig Wire	858.70	8.58	567.95	5.97	377.68	6.25
Packing Material	5.54	0.06	0.01	0.00	0.08	0.00
Powder	36.34	0.36	140.57	1.48	-	-
M S Wire	-	0.00	140.08	1.47	20.13	0.33
Testing Equipment	-	0.00	-	-	1.99	0.03
S.S Strip	0.15	0.00				
Saw Wire	14.85	0.15	-	-	-	-
<b>Total</b>	<b>10,003.51</b>	<b>100.00</b>	<b>9,520.23</b>	<b>100.00</b>	<b>6,046.60</b>	<b>100.00</b>

<b>Add/(Less):</b>						
Rate Difference, Freight Charges, Discounts, etc.	(31.05)		173.54		244.37	
<b>Sale of Products</b>	<b>9,972.46</b>		<b>9,693.77</b>		<b>6,290.97</b>	

*Process wise*

Particulars	March 31, 2024		March 31, 2023		March 31, 2022	
	(₹in lakhs)	%	(₹in lakhs)	%	(₹in lakhs)	%
Manufacturing	9,049.27	90.46	8,659.42	90.96	5,641.33	93.30
<b>Add/(Less):</b>						
Rate Difference, Freight Charges, Discounts, etc.	(31.05)		173.54		244.37	
<b>Net Revenue from Manufacturing Activity</b>	<b>9,018.22</b>		<b>8,832.96</b>		<b>5,885.70</b>	
Trading	954.24	9.54	860.81	9.04	405.27	6.70
<b>Sale of Products</b>	<b>9,972.46</b>	<b>100.00</b>	<b>9,693.77</b>	<b>100.00</b>	<b>6,290.97</b>	<b>100.00</b>

*Geography wise revenue*

The following table sets forth a breakdown of our revenue from operations from domestic and export market, in absolute terms and as a percentage of total revenue from operations, for the periods indicated basis the location of the customers:

Particulars	March 31, 2024		March 31, 2023		March 31, 2022	
	(₹in lakhs)	%	(₹in lakhs)	%	(₹in lakhs)	%
<b>Domestic</b>	8,537.45	85.56	7,981.66	82.34	4,606.27	73.22
Australia	-	-	0.50	0.01	-	-
Bhutan	0.80	0.01	-	-	-	-
Chile	43.50	0.44	40.35	0.42	91.27	1.45
Congo	26.62	0.27	23.34	0.24	-	-
Guatemala	136.87	1.36	137.09	1.41	129.81	2.06
Kenya	-	-	-	-	79.95	1.27
Kuwait	86.89	0.87	144.41	1.49	93.45	1.49
Latvia	2.56	0.03	3.64	0.04	1.89	0.03
Libya	16.29	0.16	-	-	-	-
Morocco	2.87	0.03	2.90	0.03	-	-
Nepal	0.16	0.00	2.56	0.03	-	-
Nigeria	872.94	8.74	1,163.72	11.99	1,109.83	17.64
Oman	5.59	0.06	3.86	0.04	3.61	0.06
Peru	90.37	0.91	36.81	0.38	99.18	1.58

Poland	-	-	-	-	23.28	0.37
Qatar	25.43	0.25	24.62	0.25	42.41	0.67
Russia	3.60	0.04	-	-	-	-
U. A. E	100.17	1.00	90.15	0.93	10.02	0.16
Uganda	-	-	38.41	0.40	-	-
Trinidad and Tobago	3.60	0.04	-	-	-	-
Tanzania	21.76	0.22	-	-	-	-
United Kingdom	1.28	0.01	-	-	-	-
<b>Total</b>	<b>9,978.75</b>	<b>100.00</b>	<b>9,694.02</b>	<b>100.00</b>	<b>6,290.97</b>	<b>100.00</b>

**Location presence:**

Our company is based out in Mumbai, Maharashtra having its manufacturing unit in Valsad Gujarat and supplies its products across various states in Bharat and exports to 20+ countries as detailed above.

**Our Competitive Strength:**

**Geographically spread across Bharat and overseas market**

We sell our products across various states in Bharat with a diverse customer base through our network of dealers and distributor and also directly to our end customers. We also have a sales and marketing team of 8 (eight) employees as at May 31, 2024, who aid the distribution process and are primarily engaged in distributor/dealer relationship management, appointment of dealers and distributors, procuring orders and collections. Our geographical widespread across Bharat have enabled us to cater to the growing demand for our products. For instances, our revenue across various zones in Bharat is as detailed herein below:

Zone	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	% of revenue from operation	Amount (₹ in lakhs)	% of revenue from operations	Amount (₹ in lakhs)	% of revenue from operations
West	4,518.40	45.28%	4,265.45	44.00%	2,849.42	45.29%
South	745.40	7.47%	436.52	4.50%	550.05	8.74%
North	659.35	6.61%	603.61	6.23%	85.20	1.35%
East	864.32	8.66%	845.28	8.72%	183.68	2.92%
Central	1,749.98	17.54%	1,830.80	18.89%	937.92	14.91%
<b>Total</b>	<b>8,537.45</b>	<b>85.56%</b>	<b>7,981.66</b>	<b>82.34%</b>	<b>4,606.27</b>	<b>73.21</b>

Further, during the financial period under disclosure our Company has exported its products to over 20+ countries such as, Australia, Nigeria, UAE, etc. We believe that our wide geographical spread help us to expand our customer base and increase the demand for our product. For instance, our export sales in Fiscal 2024 was ₹1441.30 lakhs representing 14.44% of our revenue from operations.

**Long-standing relationships with customers across industries**

We have over 2.5 decades of business operations and have been engaged in the business of welding consumables since our incorporation. Over the years, we have a supplied our products to a diversified customer base such as, railways, roadways, airport infrastructure, refineries, shipyards, mines, sugar industries, telecom industries, thermal power stations, PEB sectors, etc. We believe our focus on quality, providing customized solutions to our customers and timely delivery of our product offerings have helped us establish and maintain long term relationships with our customers.

We have been able to retain our existing customers and attract new customers. The table below sets forth below our revenue from customers, segregated on the basis of the years of relationship with such customers:

Period of Customer Relationship	Fiscal 2024			Fiscal 2023		Fiscal 2022	
	Number of Customers	Revenue From such Customers (₹ Lakhs)	% of Revenue from operations	Revenue From such Customers (₹ Lakhs)	% of Revenue from operations	Revenue From such Customers (₹ Lakhs)	% of Revenue from operations
Three years and more	108	6872.75	68.87	6862.63	70.79	4613.77	73.34

Further, our diversification of revenue across multiple customers allows us to minimize any adverse impact from customer-specific challenges. We believe that our enduring customer relationships serve as a testament to our commitment to quality, as well as our manufacturing capabilities. Our enduring relationships with customers enable us to understand their diverse requirements, including the development of new products.

The table below sets forth the breakdown of our revenue from operations across our top ten customers, as a percentage of our revenue from operations on restated financial statement for Fiscal 2024, Fiscal 2023 and Fiscal 2022.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	%	Amount (₹ in lakhs)	%	Amount (₹ in lakhs)	%
Customer 1	872.94	8.75	1,094.33	11.29	732.71	11.65
Customer 2	673.74	6.75	606.89	6.26	472.47	7.51
Customer 3	489.62	4.91	414.20	4.27	387.80	6.16
Customer 4	417.45	4.18	396.47	4.09	377.13	5.99
Customer 5	404.52	4.05	355.76	3.67	343.40	5.46
Customer 6	337.41	3.38	346.62	3.58	276.50	4.40
Customer 7	317.86	3.19	310.38	3.20	238.58	3.79
Customer 8	311.88	3.13	297.77	3.07	199.61	3.17
Customer 9	303.70	3.04	277.26	2.86	179.83	2.86
Customer 10	280.67	2.81	231.51	2.39	151.91	2.41
<b>Total</b>	<b>4,409.79</b>	<b>44.19</b>	<b>4,331.19</b>	<b>44.68</b>	<b>3,359.94</b>	<b>53.40</b>

*Our Company has requested our customers to provide their consent to disclose their name in the DRHP through an email. Thus name of the customers is not disclose due to non-receipt of the consent.*

### **Consistent financial performance**

Over the years, our Company has grown into a multi-product welding consumable manufacturing company. We have demonstrated consistent growth in terms of revenues and profitability. Our revenue from operations has grown from ₹6,290.97 lakhs in Fiscal 2022 to ₹9978.75 lakhs in Fiscal 2024, registering a CAGR of 25.94%. Our PAT has grown from ₹212.13 lakhs in Fiscal 2022 to ₹1,192.63 lakhs in Fiscal 2024, registering a CAGR of 137.11%. We believe that we have been able to maintain our consistent financial growth, due to efficient business model over the years. We strive to maintain a robust financial position with emphasis on having a strong balance sheet and cash flows. Our balance sheet and cash flows enable us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations.

### **Experienced promoters and strong management team**

We are led by our Promoter Directors comprising our Chairman & Managing Director, Bipin Sanghvi, our Whole Time Director, Swagat Sanghvi and our Whole Time Director & CFO, Hardik Sanghvi who have a collective experience of over 3 decades in the welding consumable industry. Our Promoter Directors are involved in various aspects of our business, including manufacturing process, finance, procurement and marketing. We believe that the experience, depth, and diversity of our Promoter Directors have enabled our Company to scale our operations in domestic market. Their industry experience enables us to anticipate and address market trends, manage and grow our operations, maintain and leverage customer relationships and respond to changes in customer preferences.

In addition to our Promoters, directors and our key management team includes experienced and skilled professionals who possess requisite experience across various division of our business. We believe the stability of our management team and the industry experience brought on by our Promoters enable us to continue to take advantage of future market opportunities. For further details relating to our Key Managerial Personnel and Senior

Management Personnel, please refer to chapter titled “*Our Management – Key Managerial Personnel and Senior Management Personnel*” beginning on page 194 of this Draft Red Herring Prospectus.

## **Strategies**

### ***Increasing our manufacturing capacity to focus on the growing demand of our core products***

We have over the years increased our production capacities through consistent growth and innovation. Our Company commenced manufacturing of welding consumables of welding electrodes and flux cored wire with an installed capacity of 18,000 MTPA in our manufacturing unit situated at Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Umbergaon Valsad, Gujarat, Bharat. In order to capture the market and cater to the growing demand, in the year 2003, we increased our manufacturing capacity and thereafter we further expanded our manufacturing facility in 2014 spread over approx. 2,69,000 sq ft. We believe that our strong presence in the Indian market positions us well to capitalise on the anticipated growth in demand of our products. We intend to expand the manufacturing capacity by establishing a new factory shed in the same premises as our manufacturing facility, which will increase the present capacity and subsequently boost our sales and profitability. As part of such investment, we intend to incur expenditure towards pre-fabricated shed, plinth and cementing and other related expenses for factory construction for ₹ 373.82 Lakhs and solar installation for ₹ 114.84 lakhs, from Net Proceeds of the Issue. The strategic decision to add an additional factory shed, will increase our ability to cater to the expected increase in demand of our products. We believe that our strategic decision to expand our manufacturing unit will significantly increase our product offering and we also expect to benefit from economies of scale. For further details, please refer to chapter titled “*Objects of the Offer*” beginning on page 103 of this Draft Red Herring Prospectus.

### ***Strengthen our brand value and create awareness for our new products***

The industry is seeing a shift in market share from the unorganised to the organised sector. We seek to capture a greater market share in this environment and it is important to invest in the brand to strengthen the top of the mind recall and consequently we shall continue to invest in our brands. Since the industry is highly unorganized, a good distribution network is essential in this industry. We are focusing on expanding on our dealership network by opening new marketing offices or by way of appointment of new dealers, including smaller towns and rural areas.

### ***Strengthen our marketing network***

We continue to enhance our business operations by ensuring that our customer/dealer base increases through our marketing efforts. Our core competency lies in the thorough understanding of our customers’ needs and preferences, our vision to engage in sustainable practices and providing unparalleled quality of our products thereby achieving customer loyalty. We intend to strengthen our existing marketing team by inducting qualified and experienced personnel, who will supplement our existing marketing strategies in the domestic and international markets.

We would aim our business strategies to be dynamic and proactive, given the macro and micro market environments in which we operate or where we may expand in the future. Our Company shall always strive to:

- achieve maximum operational efficiency;
- strengthen and expand our market position and product portfolio;
- enhance our depth of experience, knowledge-base and know-how; and
- increase our network of dealers, customers and geographical reach.

Increasing our penetration in existing regions with new range of products, will enable us to penetrate into new catchment areas within these regions and optimize our infrastructure. As a result, of these measures, our company will be able to increase its market share and profitability.

### ***Improving operational efficiencies***

Our Company intends to improve efficiencies to achieve cost reductions so that they can be competitive. We believe that this can be done through automation of the manufacturing process and through energy saving. For instance, we upgraded our manufacturing process by induction of XRF machinery. Further, we have also installed 450 KWp of rooftop solar installation which reduce our dependency on grid for our energy requirement and also reduce our cost of power. In addition to this, our Company also use gas-fired furnace technology for baking of electrodes, which helps in energy efficiency.

## **Our Manufacturing Facility**



We carry our manufacturing operations from our unit located at Zaroli, Umbergaon Valsad, Gujarat, Bharat having approx. land area 2,69,000 sq. ft our of which 1,00,000 sq. ft is constructed. Our Unit is supported by an infrastructure for the storage of raw materials, manufacturing of our products, storage of finished goods, together with a quality control laboratory.



#### *Capacity and Capacity utilization*

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

Particulars	Fiscal 2024			Fiscal 2023			Fiscal 2022		
	Installed Capacity (MT)	Production (MTPA)	Utilisation (%)	Installed Capacity (MT)	Production (MTPA)	Utilisation (%)	Installed Capacity (MT)	Production (MTPA)	Utilisation (%)
Welding Electrodes	10,800	3,459	32.03	10800	2944	27.26	10800	3522	32.61

Flux Cored Wire	7,200	2,879	39.99	6480	2624	40.49	6480	1477	22.79
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*\*As certified by Shivabhai Patel, Chartered Engineer vide the certificate dated April 30, 2024*

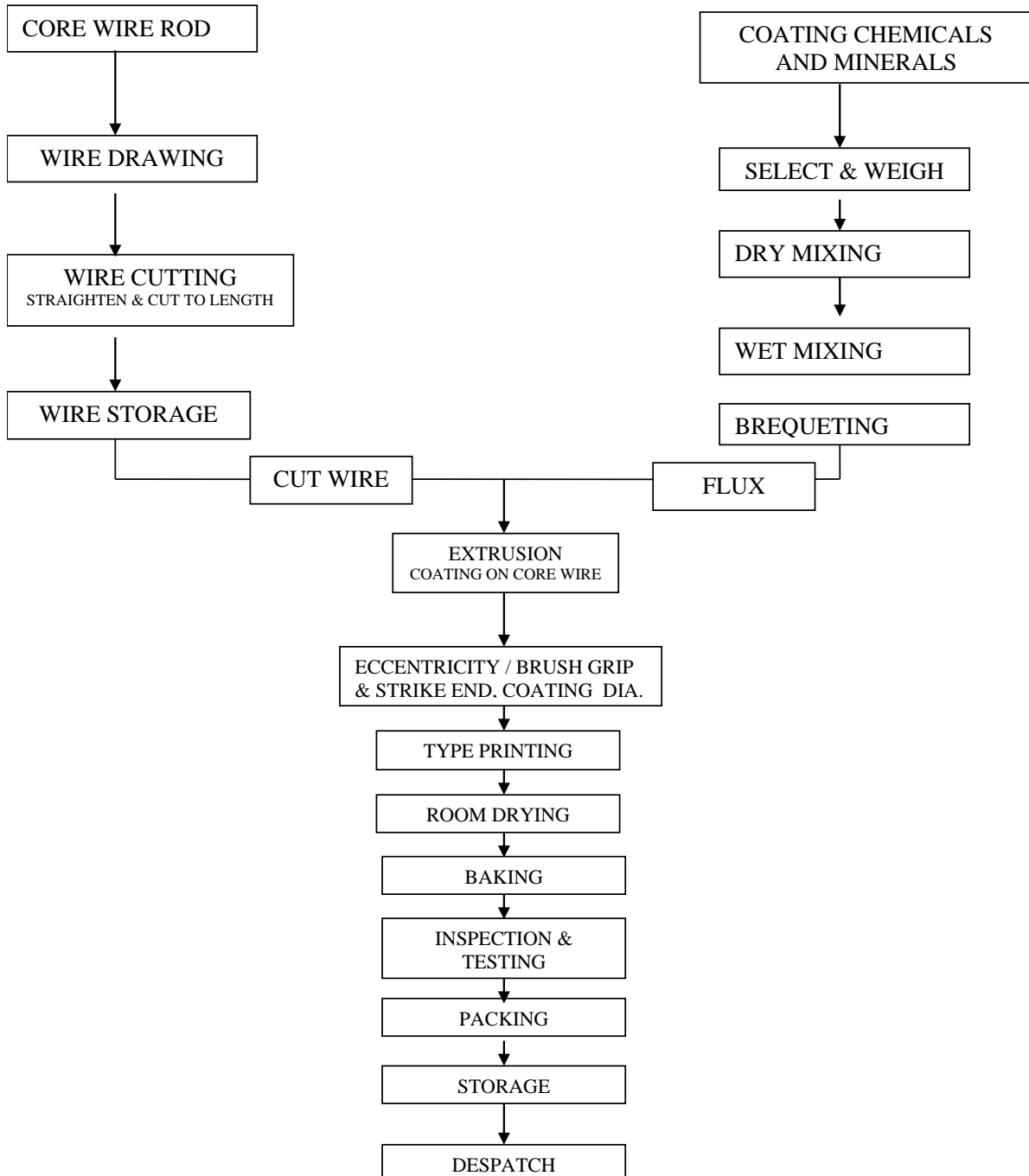
The information relating to the installed production capacity of our Unit, as included above and elsewhere in this Draft Red Herring Prospectus are based on various assumptions and estimates that have been considered by the chartered engineer for calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of the welding and anti-wear consumables, wear plates/wear parts, and heavy engineering equipment industry after examining the calculations and explanations provided by us.

Actual production levels and utilization rates may vary from the capacity information of our Units included in this Draft Red Herring Prospectus and undue reliance should not be placed on such information. Please refer to chapter titled ***“Risk Factor No. 11 - Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, future prospects and future financial performance.”*** beginning on page 41 of this Draft Red Herring Prospectus.

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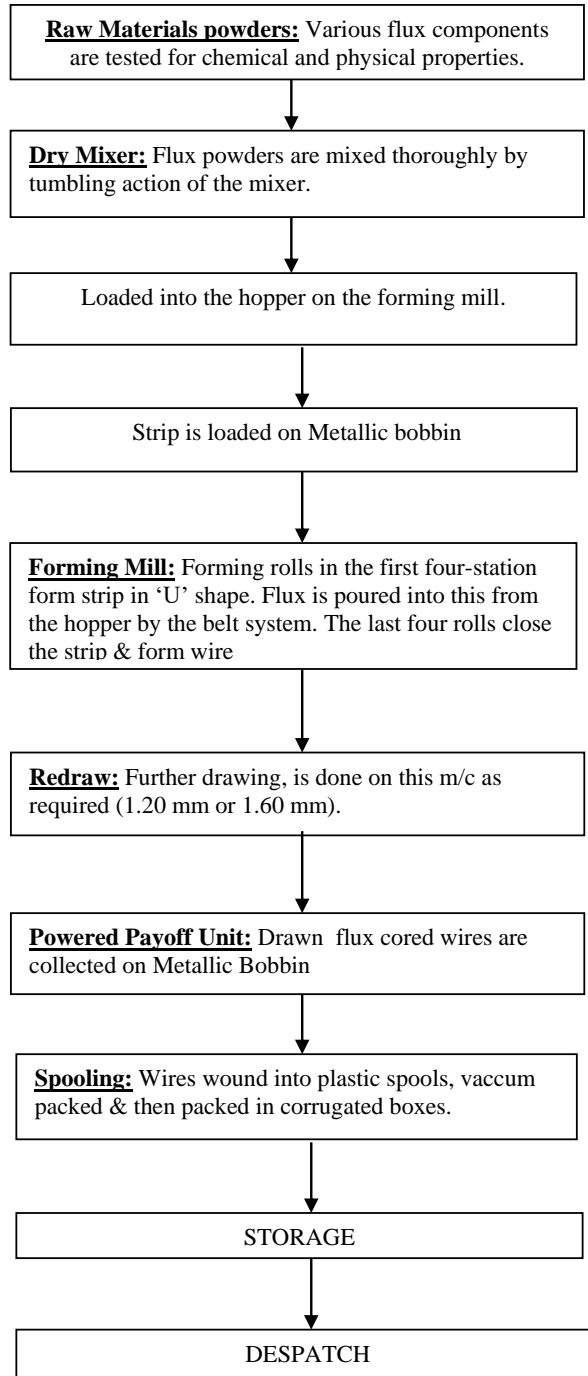
## PROCESS FLOW CHART

### WELDING ELECTRODES



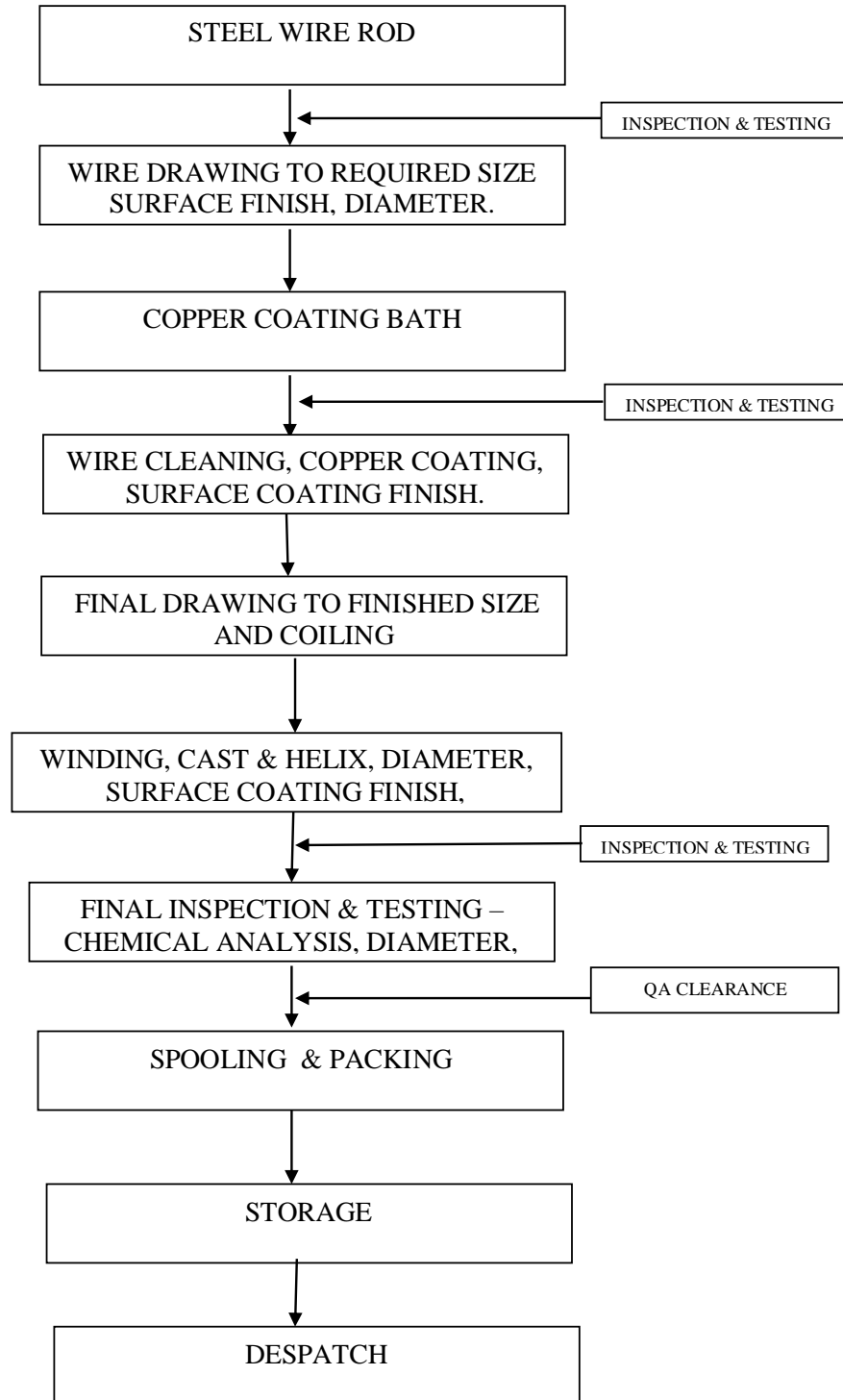


## PROCESS FLOW CHART FLUX CORED WIRE (FCAW)

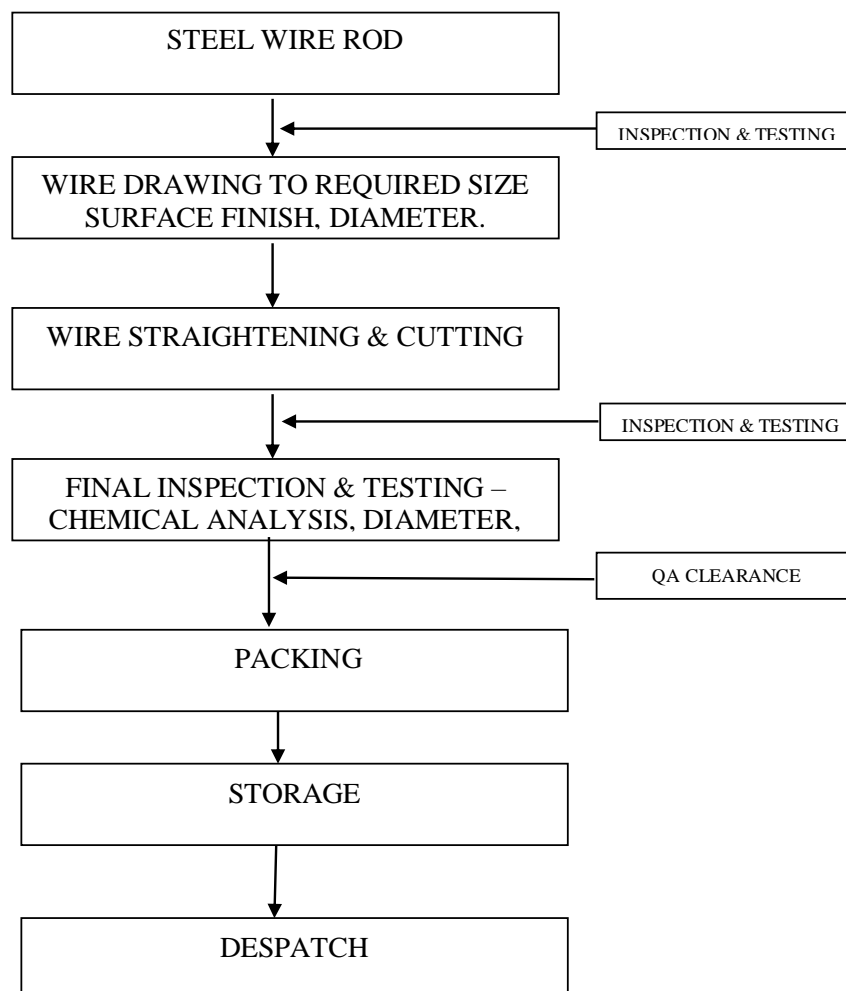


## PROCESS FLOW CHART

### **COPPER COATED MILD STEEL SOLID WIRE (GMAW)**



## TIG WIRE



## COMPETITION

We operate in a highly competitive industry with reasonable entry barriers, making us susceptible to competition from new entrants. The market comprises numerous players, including both unorganized and organized entities. Our goal is to deliver branded, standardized, and high-quality products at competitive prices to our consumers. In this competitive landscape, we compete with regional and product line-based strategies. Some of our competitors have greater financial resources and offer a broader range of products. However, our focus on client relationships, reputation, employee expertise, market focus, and product quality help us stay competitive. We strive to ensure consistent product quality, timely delivery, and competitive pricing to strengthen our brand over time. Our integrated and cost-effective offerings, coupled with our commitment to customer satisfaction, reliability, and quality consciousness, give us a competitive advantage. With our technical capabilities, industry experience, and quality assurance, we are confident in overcoming competition from both organized and unorganized players in the market.

### Customer Network and Sales

Our diversified customers vary from established players in the market to leaders as well as small and medium-sized companies in the industry in India and overseas. We supply our products directly to our customers, through a network of dealer and distributor and also by participating in tender. For Fiscal 2024, Fiscal 2023 and Fiscal 2022, our revenue distribution based on our top customers is as detailed below:

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	As % of Revenue from Operations	Amount (₹ in lakhs)	As % of Revenue from Operations	Amount (₹ in lakhs)	As % of Revenue from Operations
Top ten customer	4,409.79	44.19	4,331.19	44.68	3,359.94	53.40
Top five customer	2,858.27	28.64	2,867.65	29.58	2,313.51	36.77
Top one customer	872.94	8.75	1,094.33	11.29	732.71	11.65

#### Collaborations/ Tie Ups/ Joint Vent

Our Company has not entered into any Collaborations/ Tie-Ups/ Joint Ventures as on the date of this Draft Red Herring Prospectus.

#### Export and Export Obligation

Our Company has earned export revenue of ₹1,441.30 lakhs, ₹1,712.36 lakhs and ₹1,684.71 lakhs during Fiscal 2024, Fiscal 2023 and Fiscal 2022, respectively. However, our Company does not have any export obligation as on date of this Draft Red Herring Prospectus.

#### Technology:

We use information technology systems to enhance our performance and efficiency. We use third party software such as tally accounting software for accounting record keeping and other reporting purposes. We believe that this system allows us to streamline our processes while enhancing our monitoring and control functions.

#### Utilities & Infrastructure Facilities:

##### Raw Material:

We procure raw materials from our suppliers based on purchase orders and we do not have any purchase agreements or firm commitments executed with them. We reserve the right to reject defective materials. We primarily source MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder, packing material etc. to manufacture our products. We source raw materials from our suppliers based on quality specifications and cost effectiveness. In Fiscal 2024, Fiscal 2023 and Fiscal 2022 the cost of raw materials and components consumed represented 63.97%, 66.72% and 76.90% respectively, of our revenue from operations.

We source raw materials from our suppliers based on quality specifications and cost effectiveness. We currently import some portion of our raw materials from countries such as, Australia, China, Sri Lanka, etc. Details of source of raw materials from our suppliers as detailed in restated financial statement is as below:

Cost of Raw material / components consumables	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount (₹ in lakhs)	As % of Revenue from Operations	Amount (₹ in lakhs)	As % of Revenue from Operations	Amount (₹ in lakhs)	As % of Revenue from Operations
Indigenous	6,821.08	68.36	6,083.39	62.75	4,713.32	74.92
Imported	69.24	0.69	129.12	1.33	193.99	3.08
<b>Total</b>	<b>6,890.34</b>	<b>69.05</b>	<b>6,212.51</b>	<b>64.08</b>	<b>4,907.31</b>	<b>78.00</b>

#### Logistics

We rely on third party transporters for the delivery of our products to our customers and for procurement of raw materials from suppliers.

#### Water Facility

At our Registered Office, work sites/ projects, we require water only for general purposes for which we utilize water supply from local authorities to meet water requirements.

#### Electricity and Power Setup

We typically source power supply from Dakshin Gujarat Vij Company and solar installed at manufacturing facility. In cases where additional power is needed, we have access to Diesel Generator sets from nearby locations to ensure uninterrupted operations. Further, we are using gas-fired furnace technology as well as electric furnace technology for baking of electrodes. We receive our supply of gas from Cookwell Marketing Private Limited.

### Human Resources

As a Company, we highly value our human resources and recognize their crucial role in our growth. We believe that our well-structured organization plan aims to foster their growth and motivation. With a prudent mix of experienced and young professionals, we benefit from both stability and growth. Our skilled and diverse workforce, along with efficient work processes, has enabled successful execution of our growth plans.

As of May 31, 2024, we have a total workforce of 134 permanent employees. We prioritize meeting manpower requirements as per contractual agreements and client needs. The bifurcation of employees is provided below:

Sr. No	Particulars	Count
1.	Accounts & Finance	3
2.	Admin	2
3.	Production	91
4.	Logistics	2
5.	Quality Control	8
6.	Sales	3
7.	Exports	2
8.	Human Resource	2
9.	Stores	8
10.	Purchase	2
11.	Marketing	5
12.	Maintenance	2
13.	Management	3
14.	Compliance Officer	1
<b>Grand Total</b>		<b>134</b>

### INSURANCE

Our Company recognizes the potential risks and uncertainties in our business operations, such as theft, fire, natural calamities, terrorism, and force majeure events. To address these challenges, we prioritize risk management and have a comprehensive insurance strategy in place.

Except as mentioned below, our Company does not have any insurance policies as on date of this Draft Red Herring Prospectus:

Name of the Insurance Company	Type of Policy	Validity Period	Description of Assets covered under the Policy	Policy No.	Total Sum Insured (in lakhs)	Premium p.a. including taxes (in lakhs)
HDFC ERGO General Insurance Company Ltd	Property Insurance (All Risk Cover)	March 31, 2025	Other Office along with Office Equipment	2949206310078900000	26.00	0.02

Name of the Insurance Company	Type of Policy	Validity Period	Description of Assets covered under the Policy	Policy No.	Total Sum Insured (in lakhs)	Premium p.a. including taxes (in lakhs)
HDFC ERGO General Insurance Company Ltd	Property Insurance (All Risk Cover)	March 31, 2025	Other Office along with Office Equipment	2949206309102900000	26.00	0.02
HDFC ERGO General Insurance Company Ltd	Property Insurance (All Risk Cover)	March 31, 2025	Registered Office along with Office Equipment	2949206307294600000	36.00	0.04
HDFC ERGO General Insurance Company Ltd	Property Insurance (All Risk Cover)	March 31, 2025	Registered Office along with Office Equipment	2949206307348700000	36.00	0.04
HDFC ERGO General Insurance Company Ltd	Property Insurance (All Risk Cover)	March 31, 2025	Building incl Plinth & Foundation and Furniture fixtures, P&M, Other electronic equipment, stock	06000254240000	10,600.00	5.52
Future Generali India Insurance Company Ltd	Marine Insurance	March 31, 2025	Stock	C2480621	13,220.34	1.95
Bajaj Allianz General Insurance Company Ltd.	Vehicle Insurance	September 26, 2024	Jeep Compass Car	OG-24-1934-1870-00001987	19.00	0.35
ICICI Lombard General Insurance Company Ltd.	Vehicle Insurance	September 25, 2026	Mini Cooper Car	3001/307751881/00/000	47.98	1.58
Bajaj Allianz General Insurance	Liability Only Policy for	April 8, 2025	Voltas DVX 405 FORKLIFT	OG-24-1911-1807-00000020	45.22	0.09

Name of the Insurance Company	Type of Policy	Validity Period	Description of Assets covered under the Policy	Policy No.	Total Sum Insured (in lakhs)	Premium p.a. including taxes (in lakhs)
Company Ltd.	Commercial Vehicle					
Bajaj Allianz General Insurance Company Ltd.	Commercial Vehicle Package Policy	March 31, 2025	Voltas FC BC HVT 2125 S4 FORK LIFTFORKL IFT	OG-24-1911-1807-00000020	3.29	0.08
Bajaj Allianz General Insurance Company Ltd.	Two Wheeler Vehicle Package Policy	April 9, 2025	Bajaj Platina	OG-24-1911-1802-00002510	0.20	0.01
Future Generali Total Insurance Solutions	Vehicle Insurance	May 26, 2025	MAHINDRA XUV700AX7 DSL AT 7 STR	VC972370	14.56	0.19
Liberty General Insurance Limited	Vehicle Insurance	May 22, 2025	Maruti/Ertiga 1.5 VXi CNG/Muv	2025-400402-24-7000578-00-000	8.03	0.23

Our Company believes that our insurance coverage is in accordance with industry custom, including the terms of and the coverage provided by such insurance. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and Our Company cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of or outside the relevant coverage of our insurance policies.

#### AWARDS AND RECOGNITION

For details of the awards received by our Company and recognition bestowed upon our Company, please refer to chapter titled “*History and Certain Corporate Matters– Major Events, Milestones, Key Awards, Achievements And Accolades Of Our Company*” beginning on page 179 of this Draft Red Herring Prospectus.

#### OUR PROPERTIES

##### *Immovable Properties*

The brief details of property on leased by our Company are set out below:





Description	Address	Leased/ Owned	Name of licensor	Amount	Lease period	Usage
Office Premises	72 B, Bombay Talkies Compound, Malad West, Mumbai 400064, Maharashtra	Lease and License Agreement	Vikas Welding traders (proprietor firm of Bipin Shantilal Sanghvi)	a) ₹ 75,000/- per month for the first 12 months, b) ₹ 82,500/- per month for the next 12 months,	36 months w.e.f. April 01, 2024 valid till March 31, 2027	Registered Office

				c) ₹ 90,750/ per month for the next 12 months		
Office Premises	72, Bombay Talkies Compound, Malad West, Mumbai 400064, Maharashtra	Leave and License Agreement	Bipin Shantilal Sanghvi	₹ 40,000/- per month and after 12 months monthly compensated will be increased in 10%	36 months w.e.f. February 01, 2023 valid till January 31, 2026	Office
Residential Flats	A 101, Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka	Owned	-	-	-	Investment
Residential Flats	A102, Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka	Owned	-	-	-	Investment
Residential Flats	B101, Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka	Owned	-	-	-	Investment
Residential Flats	B103, Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka	Owned	-	-	-	Investment
Factory	Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Umbergaon, District Valsad, Gujarat	Owned	-	-	-	Factory

### ***Intellectual Property***

Our Company has obtained registration and/or made applications for the registration of the following trademark with Trademark Registry, Government of India



Serial No.	Particulars of the Mark	Application No. /Registration No.	Trademark Holder	Class of Registration	Date of Application
1.		2043085	Bipin Sanghvi Transferred to Our Company	9	October 25, 2010  September 15, 2020 (Renewed)
2.	 (Assigned to our Company; it is currently opposed)	4213336	Tarulata Bipinbhai Sanghvi	6	June 21, 2019
3.	 (Assigned to our Company)	4213337	Tarulata Bipinbhai Sanghvi	7	June 21, 2019
4.	 (Assigned to our Company)	4213338	Tarulata Bipinbhai Sanghvi	8	June 21, 2019
5.	ROYALARC	511854	Bipin Sanghvi Transferred to Our Company	9	June 14, 1989  June 14, 2023 (Renewed)

For risk associated with our intellectual property please see, "Risk Factors- We may be unable to sufficiently obtain, maintain, protect, or enforce our intellectual property and other proprietary rights" on page 45 of this Draft Red Herring Prospectus.

#### Domain

Sr. No.	Domain Name and Domain ID	Registrant Name, ID and Address	Creation Date	Registry Expiry Date
1.	<a href="http://www.royalarc.in/">www.royalarc.in/</a> Domain ID: 90441950	GoDaddy.com, LLC	April 1, 2023	March 31, 2026

		Address: 2155 E GoDaddy Way Tempe Arizona 85286 USA		
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**CORPORATE SOCIAL RESPONSIBILITY (“CSR”)**

In terms of section 135 and Schedule VII of the Companies Act, 2013, our Company is not required to constitute CSR Committee as per Regulation 135(9) of the Companies Act, 2013 as the amount spent by us is less than ₹ 50 Lakhs. However, the functions of the such CSR committee provided under the section of the Companies Act 2013 shall be discharged by the Board of Directors of our Company.

## KEY INDUSTRY REGULATIONS AND POLICIES

*In carrying on our business as described in the chapter titled “Our Business” beginning on page 151 of this Draft Red Herring Prospectus, our Company is 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 in compliance with these regulations, please refer to chapter titled “Government and Other Statutory Approvals” beginning on page 269 this Draft Red Herring Prospectus.*

Our business is governed by various central and state legislations that regulate the substantive and procedural aspects of our Company’s businesses. Our Company is 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 our Company:

### **A. Industry Related Laws**

#### ***Factories Act, 1948***

The Factories Act, 1948, sets the safety standards for workers employed in factories. It is applied to factories manufacturing goods. The Factories Act, 1948, regulates the working hours for all workers. According to the Act, a working week should not exceed 60 hours.

The Factories Act, 1948, mandates the payment of minimum wages to the workers by prescribing a fixed pay rate. An employer shall pay their employees at least the prescribed minimum wage rate. If an employee is paid less than minimum wage, the employer should pay that employee at least what the law requires. This Act reminds employers that any failure on their part to comply with its provisions will have serious legal consequences.

The Act requires employers to allow a weekly holiday to their workers. It further makes it obligatory for the employer to provide proper sanitary facilities and a clean potable water supply in the factory or workplace. Strict action will be taken against the employer if they fail in providing these facilities to the workers.

The Factory Act, 1948, has provisions for the constitution of a Child Labour Committee in every factory. This committee should consist of employers, workers, representatives from local authorities and a medical officer. The committee is responsible for regulating and controlling employment in the age group of 14 to 18 years at factories where more than 20 persons are employed.

#### ***Industrial Disputes Act, 1947, as amended (the “ID Act”)***

The ID Act provides for statutory mechanism of settlement of all industrial disputes, a term which primarily refers to a dispute or difference between employers and workmen concerning employment or the terms of employment or with the conditions of labour of any person. The Industrial Dispute (Central) Rules, 1957 inter-alia specify procedural guidelines for lock-outs, closures, layoffs and retrenchment.

#### ***Industrial Employment (Standing Orders) Act, 1946***

In order to strengthen the bargaining powers of the workers this act is enacted, it requires the employers to formally define the working conditions to the employee. As per this act, an employer is required to submit five copies of standing orders required by him for adoption of his industrial establishment. An employer failing to submit the draft standing orders as required by this act shall be liable to pay fine as per section 13 of this act.

#### ***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 GoI.

#### ***Bureau of Indian Standards Act, 2016***

Act to provide for the establishment of a national standards body for the harmonious development of the activities of standardisation, conformity assessment and quality assurance of goods, articles, processes, systems and services and for matters connected therewith or incidental thereto.

#### ***The Welding Rods and Electrodes Quality Control Order 2023***

The Welding Rods and Electrodes Quality Control Order 2023 mandates that goods or articles specified shall conform to the corresponding Indian Standard and shall bear the Standard Mark under a license from the Bureau as per Scheme-1 of Schedule-II of the Bureau of Indian Standards (Conformity Assessment) Regulations, 2018. Any person who contravenes the provisions of this Order shall be punishable under the provisions of the Bureau of Indian Standards Act, 2016.

#### ***Consumer protection Act, 1986***

An Act to provide for protection of the interests of consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers' disputes and for matters connected therewith. The Act establish a Council to be known as the Central and State Consumer Protection Council. The Act establish Consumer Disputes Redressal Agencies. The Act provide speedy and simple redressal to consumer disputes, a quasi-judicial machinery is sought to be set up at the district, State and Central level. These quasi-judicial bodies will observe the principles of natural justice and have been empowered to give relief of a specific nature and to award, wherever appropriate, compensation to consumers. Penalties for non-compliance of the orders given by the quasi-judicial bodies have also been provided.

#### ***Legal Metrology Act, 2009 (“Legal Metrology Act”)***

Legal Metrology Act enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The Standards of Weights and Measures Act, 1976 (60 of 1976) and the Standards of Weights and Measures (Enforcement) Act, 1985 (54 of 1985), is hereby repealed by the Legal Metrology Act, 2009.. The Act contain provisions that no person shall manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless such package is in such standard quantities or number and bears thereon such declarations and particulars in such manner as may be prescribed. It also contain that no person shall manufacture, repair or sell, or offer, expose or possess for repair or sale, any weight or measure unless he holds a licence issued by the Controller. The provisions of this Act shall not apply to any weight or measure, manufactured exclusively for export.

### **B. Laws relating to Employment**

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) Relevant state specific shops and commercial establishment legislations; (iii) Employees’ Provident Funds and Miscellaneous Provisions Act, 1952; (iv) Employees’ State Insurance Act, 1948; (v) Minimum Wages Act, 1948; (vi) Payment of Bonus Act, 1965; (vii) Payment of Gratuity Act, 1972; (viii) Payment of Wages Act, 1936; (ix) Maternity Benefit Act, 1961; (x) Apprenticeship Act, 1961; (xi) Equal Remuneration Act, 1976; (xii) Employees’ Compensation Act, 1923; and (xiii) Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 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:

#### ***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.

#### ***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's Welfare Cess Act, 1996 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organisations such as the Employee's Provident Fund Organisation 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.

***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.

**C. Environment Laws**

***The Environment (Protection) Act, 1986 (the "EPA")***

The EPA has been enacted with the objective of protecting and improving the environment and for matters connected therewith. As per the EPA, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the EPA, including the power to direct the closure, prohibition or regulation of any industry, operation or process.

***The Environmental Impact Assessment Notification, 2006 (the "Notification")***

As per the Notification, any construction of new projects or activities or the expansion or modernisation of existing projects or activities as listed in the Schedule attached to the notification entailing capacity addition with change in process and or technology can be undertaken only after the prior environmental clearance from the Central government or as the case may be, by the State Level Environment Impact Assessment Authority, duly constituted by the Central government under the provisions of the Environment (Protection) Act, 1986, in accordance with the procedure specified in the notification. The environmental clearance process for new projects comprises of four stages viz. screening, scoping, public consultation and appraisal. However, in 2016, MoEF issued a notification for integrating standard and objectively monitorable environmental conditions with building permissions for buildings of different sizes with rigorous monitoring mechanism for implementation of environmental concerns and obligations in building projects. This is in line with the objective of the Central government to streamline the permissions for buildings and construction sector so that affordable housing can be provided to weaker sections in urban area under the scheme 'Housing for All by 2022' and is proposing to remove the requirement of seeking a separate environment clearance from the MoEF for individual buildings having a total build up area between 5,000 square metre and 150,000 square metre, apart from adhering to the relevant bye-laws of the concerned State authorities.

***The Water (Prevention and Control of Pollution) Act, 1974 (the "Water Act")***

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set out by the concerned PCB. The Water Act also provides that the consent of the concerned PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

***Air (Prevention and Control of Pollution) Act, 1981 (the "Air Act")***

The Air Act requires that any industry or institution emitting smoke or gases must apply in a prescribed form and obtain consent from the state PCB prior to commencing any activity. The state PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed.

**D. Corporate and Commercial Laws**

***The Companies Act, 2013***

The consolidation and amendment in the law relating to the Companies Act, 1956 made way for the enactment of the Companies Act, 2013. The Companies Act, 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The act deals with incorporation of companies and the procedure for incorporation and post-incorporation. The conversion of the private company into a public company and vice versa is also laid down under the Companies Act, 2013. The procedure relating to winding up, voluntary winding up, the appointment of liquidator also forms part of the act. The provision of this act shall apply to all the companies incorporated either under this act or under any other previous law. It shall also apply to bank companies, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of a public company and by two or more persons in case of a private company. A company can even be formed by one person i.e., a One-Person Company. The provisions relating to forming and allied procedures of One Person Company are mentioned in the act.

Further, Schedule V (read with Sections 196 and 197), Part I lay down the conditions to be fulfilled for the appointment of a managing or whole-time director or manager. It provides the list of acts under which if a person is prosecuted, he cannot be appointed as the director or Managing Director or Manager of the firm. The provisions relating to remuneration of the director's payable by the companies is under Part II of the said schedule.

Further, the Companies Act also provides for reporting and disclosure relating to financial statement, and corporate social responsibility, disclosure under boards report, general meeting, and disclosure in the Draft Red Herring Prospectus.

### ***Competition Act, 2002***

The Competition Act, 2002 came into effect on June 1, 2011, and has been enacted to "prohibit anti-competitive agreements, abuse of dominant positions by enterprises" and regulates "combinations" in India. The Competition Act also established the Competition Commission of India (the "CCI") as the authority mandated to implement the Competition Act. The Act prohibits Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India.

### ***Indian Contract Act, 1872***

Indian Contract Act codifies the way we enter into a contract, execute a contract, implementation of provisions of a contract and effects of breach of a contract. The Act consists of limiting factors subject to which contract may be entered into, executed and breach enforced as amended from time to time. It determines the circumstances in which promise made by the parties to a contract shall be legally binding on them. It is the essential Act which is being used for each and every commercial transaction.

### ***Negotiable Instruments Act, 1881***

In India, cheques are governed by the Negotiable Instruments Act, 1881, which is largely a codification of the English Law on the subject. The Act provides effective legal provision to restrain people from issuing cheques without having sufficient funds in their account or any stringent provision to punish them in the event of such cheque not being honored by their bankers and returned unpaid. Section 138 of the Act creates statutory offence in the matter of dishonor of cheques on the ground of insufficiency of funds in the account maintained by a person with the banker which is punishable with imprisonment for a term which may extend to two years, or with fine which may extend to twice the amount of the cheque, or with both.

### ***The Registration Act, 1908 ("Registration Act")***

The Registration Act was passed to consolidate the enactments relating to the registration of documents. The main purpose for which the Registration Act was designed 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.

### ***Indian Stamp Act, 1899 (the “Stamp Act”)***

Under the Indian Stamp Act, 1899, stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title, or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. 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 and it also provides for impounding of instruments that are not sufficiently stamped or not stamped at all.

### ***The Arbitration and Conciliation Act, 1996***

This Act was enacted by Parliament in the Forty-seventh Year of the Republic of India to consolidate and amend the law relating to domestic arbitration, international commercial arbitration, and enforcement of foreign arbitral awards as also to define the law relating to conciliation and for matters connected therewith or incidental thereto. The main objectives of the Act is to comprehensively cover international and commercial arbitration and conciliation as also 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 minimise 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 were 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 that, for purposes of enforcement of foreign awards, every arbitral award made in a country to which one of the two International Conventions relating to foreign arbitral awards to which India is a party applies, will be treated as a foreign award.

### ***The Insolvency and Bankruptcy Code, 2016 (the “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 otherwise it is put on liquidation.

## **E. Intellectual Property Laws**

### ***The Trademarks Act, 1999 (“Trademarks Act”)***

Under the 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. Section 18 of the Trademarks Act requires that any person claiming to be the proprietor of a trademark used or proposed to be used by him, must apply for registration in writing to the registrar of trademarks. 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 renewals.

## **F. Foreign Investment Regulations**

The foreign investment in India is governed, among others, by the Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 ("FEMA Rules") and the consolidated FDI policy (effective from October 15, 2020) issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion ("FDI Policy")), each as amended. Further, the

Reserve Bank of India has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 on October 17, 2019 which regulates mode of payment and remittance of sale proceeds, among others. The FDI Policy and the FEMA Rules prescribe inter alia the method of calculation of total foreign investment (i.e. direct foreign investment and indirect foreign investment) in an Indian company.

***Foreign Trade (Development and Regulation) Act, 1992 ("FTDRA"), the Foreign Trade (Regulation) Rules, 1993 ("FTRR") and the Foreign Trade Policy 2015-2020 ("Foreign Trade Policy")***

The FTDRA provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India. The FTDRA empowers the Central Government to formulate and amend the foreign trade policy. The FTDRA prohibits any person from making an import or export except under an Importer-exporter Code Number ("IEC") granted by the director general or any other authorised person in accordance with the specified procedure. The IEC may be suspended or cancelled if the person who has been granted such IEC contravenes, amongst others, any of the provisions of the FTDRA, or any rules or orders made thereunder, or the foreign policy or any other law pertaining to central excise or customs or foreign exchange. The FTDRA also prescribes the imposition of penalties on any person violating its provisions. The FTRR prescribes the procedure to make an application for grant of a license to import or export goods in accordance with the foreign trade policy, the conditions of such license, and the grounds for refusal of a license. The FTDRA empowers the Central Government to, from time to time, formulate and announce the foreign trade policy. The Foreign Trade Policy came into effect in 2017 and requires all importers and exporters to obtain an IEC. Further, pursuant to the policy, the Director General of Foreign Trade may impose prohibitions or restrictions on the import or export of certain goods, for reasons including the protection of public morals, protection of human, animal or plant life or health, and the conservation of national resources. The Foreign Trade Policy also prescribes restrictions on imports or exports in relation to specific countries, organisations, groups, individuals or products. The Foreign Trade Policy also provides for various schemes, including the export promotions capital goods scheme and duty exemption/remission schemes. India's current Foreign Trade Policy (2015-20) (as extended until September 30, 2022 and thereafter, extended till March 31, 2023) envisages helping exporters leverage benefits of GST, closely monitoring export performances, increasing ease of trading across borders, increasing realization from India's agriculture-based exports and promoting exports from MSMEs and labour-intensive sectors.

***Foreign Exchange Management Act, 1999 ("the FEMA") and Rules and Regulations thereunder***

Export of goods and services outside India is governed by the provisions of the Foreign Exchange Management Act, 1999, read with the applicable regulations. The Foreign Exchange Management (Export of goods and services) Regulations, 2000 have been superseded by the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 ("Export of Goods and Services Regulations 2015") issued by the RBI on January 12, 2016 (last amended on June 23, 2017). The RBI has also issued a Master Circular on Export of Goods and Services. The export is governed by these Regulations which make various provisions such as declaration of exports, procedure of exports as well as exemptions.

**G. Other Applicable Laws**

***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.

***Municipality Laws***



State governments are empowered to endow municipalities with such powers and authority as may be necessary to enable them to perform functions in relation to permitting the carrying on of trade and operations. Accordingly, State governments have enacted laws authorizing municipalities to regulate use of premises, including regulations for issuance of a trade license to operate, along with prescribing penalties for non-compliance.

#### ***Shops and Establishments Legislations***

Under the provisions of local shops and establishments legislations applicable in different states, commercial establishments are required to be registered. Such legislations regulate the working and employment conditions of workers employed in shops and 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.

#### ***Fire Prevention Laws***

State governments have enacted laws that provide for fire prevention and life safety. Such laws may be applicable to our offices and Training Centres and include provisions in relation to providing fire safety and life saving measures by occupiers of buildings, obtaining certification in relation to compliance with fire prevention and life safety measures and impose penalties for non-compliance.

#### ***Taxation Laws***

The tax related laws that are applicable to our Company include the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017 and the relevant state legislations for goods and services tax.

#### ***Professional Tax***

Professional tax is a state level tax which is imposed on income earned by way of profession, trade, calling or employment. At present, professional tax is imposed only in Karnataka, Bihar, West Bengal, Andhra Pradesh, Telangana, Maharashtra, Tamil Nadu, Gujarat, Assam, Kerala, Meghalaya, Odisha, Tripura, Madhya Pradesh, and Sikkim.

#### ***Other Laws***

In addition to the above, our Company is required to comply with the provisions of the Prevention of Corruption Act, 1988, Rent Control Act, Information technology act and other applicable laws and regulations imposed by the Central and State Governments and other authorities for its day-to-day operations.

## HISTORY AND CERTAIN CORPORATE MATTERS

### HISTORY AND BACKGROUND

Our Company was incorporated in Mumbai, Maharashtra, as a “Royalarc Electrodes Private Limited”, a private limited company under the Companies Act, 1956, pursuant to a certificate of incorporation dated January 15, 1996, issued by the Additional Registrar of Companies, Maharashtra. Thereafter, our Company was converted from a private limited company to a public limited company pursuant to a special resolution passed by our Shareholders at the Extraordinary General Meeting held on March 9, 2005, and consequent upon conversion, the name of our Company was changed to “Royalarc Electrodes Limited” and a certificate of change of name dated March 31, 2005, issued by Registrar of Companies, Maharashtra, Mumbai. Subsequently, the name of our Company was changed to “Royal Arc Electrodes Limited” pursuant to the special resolution passed by the Shareholders of our Company at the Extra-Ordinary General Meeting held on May 29, 2023. The Assistant Registrar of Companies, Maharashtra, Mumbai / Deputy Registrar of Companies, Maharashtra, Mumbai /Registrar of Companies, Maharashtra, Mumbai issued a fresh certificate of incorporation dated June 16, 2023, upon change of the name of the Company.

### Changes in the Registered Office of our Company since incorporation

Except as stated below, there has been no change in the address of our registered office since incorporation

Date	From	To	Reasons for change
February 07, 2005	72/B, Bombay Talkies Compound, S.V. Road, Malad West, Mumbai-400064	203-205, Business Classic, Chincholi Bunder Road, Malad west Mumbai- 400064	Operational convenience
April 01, 2020	203-205, Business Classic, Chincholi Bunder Road, Malad west Mumbai- 400064	72 B, Bombay Talkies Compound, S.V. Road, Malad West, Mumbai-400064	Operational convenience

### MAIN OBJECTS OF OUR COMPANY

The main objects of our Company as set forth in the Memorandum of Association of our Company are as follows:

1. *To buy, sell and manufacture all kinds of welding electrodes and its allied products, and electrodes rodes for industrial use.*
2. *a) To buy, sell and manufacture grinding/cutting wheels, mig/tig wires for industrial use.*

### Amendments to the Memorandum of Association of our Company in last 10 years

In last 10 (ten) years, the following amendments have been made to the MoA:

Date of Meeting	Meeting	Nature of Amendment
May 29, 2023	EGM	<p>Change in name of the Company was changed from Royalarc Electrodes Limited to Royal Arc Electrodes Limited</p> <p>Changes to the Object Clause of the Memorandum of Association of the Company</p> <p>a) Clause III A of the existing Object Clause “<b>MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION</b>” be substituted by new heading titled as “<b>THE OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPROATIOIN ARE: -</b>”:</p> <p>b) The existing Clause III B “<b>MAIN OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS</b>” be substituted by the new heading titled as “<b>MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS SPECIFIED IN CLAUSE III A</b>”.</p> <p>c) The existing Clause III C titled “<b>OTHER OBJECTS</b>” be deleted</p>

January 20, 2024	EGM	Increase of Authorized share Capital from ₹2,00,00,000/- consisting of 20,00,000 equity shares of ₹10 each to ₹18,00,00,000/- consisting of 1,80,00,000 equity shares of ₹10 each.
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## MAJOR EVENTS, MILESTONES, KEY AWARDS, ACHIEVEMENTS AND ACCOLADES OF OUR COMPANY

*The following tables set forth the major events and milestones in the history of our Company:*

Financial Year	Major Events
1996	Incorporated as Private Limited Company and started manufacturing of welding consumables
2003	Expanded the manufacturing capacity by adding state-of the art facility
2005	Converted to Public Company
2014	Manufacturing facility spread over 269,000 sq. ft.
2021	One of the few companies to have received BIS approval for manufacturing flux cored wire.

## HOLDING / SUBSIDIARY COMPANY/ JOINT VENTURE AND ASSOCIATE

As on the date of this Draft Red Herring Prospectus, our Company does not have a holding or subsidiary company or any joint venture or any associate.

## STRATEGIC PARTNERS

Our Company does not have any strategic partners as on the date of this Draft Red Herring Prospectus.

## FINANCIAL PARTNERS

Apart from the arrangements with bankers and lenders which our Company undertakes in the ordinary course of business, as on the date of this Draft Red Herring Prospectus, our Company does not have any financial partners.

## LOCK-OUT AND STRIKES

There have been no instances of strikes or lock-outs at any time in our Company.

## TIME/COST OVERRUN IN SETTING UP PROJECTS

As on the date of this Draft Red Herring Prospectus, our Company has not experienced any time/cost overrun in setting up any projects or business operations.

## DETAILS OF LAUNCH OF KEY PRODUCTS, ENTRY IN NEW GEOGRAPHIES OR EXIT FROM EXISTING MARKETS

For details pertaining to launch of key products, entry in new geographies or exit from existing markets, please refer chapter titled “*Business Overview*” beginning on page 151 of this Draft Red Herring Prospectus.

## CAPACITY/FACILITY CREATION, LOCATION OF PLANTS

For details pertaining to capacity / facility creation, location of plant refers chapter titled “*Business Overview*” beginning on page 119 of this Draft Red Herring Prospectus.

## DEFAULTS OR RESCHEDULING /RESTRUCTURING OF BORROWINGS OF OUR COMPANY WITH FINANCIAL INSTITUTIONS / BANKS

As on the date of this Draft Red Herring Prospectus, there have been no defaults or rescheduling/restructuring of borrowings with any of the financial institutions/banks or conversion of loans into equity in relation to our Company.

## ACQUISITION OR DIVESTMENTS OF BUSINESS / UNDERTAKINGS, MERGERS AND AMALGAMATIONS

Our Company has not acquired any entity, business or undertakings nor has undertaken any mergers or amalgamation during the last ten (10) years.

## REVALUATION OF ASSETS

Our Company has not revalued its assets since incorporation and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

## SHAREHOLDERS AND OTHER MATERIAL AGREEMENTS

Except as disclosed below there are no shareholders and other material agreements, other than those entered into in the ordinary course of business carried on or intended to be carried on by our Company.

*Share Purchase Agreement dated May 25, 2022, by and between Kishore Shetty, Savita Shetty and Usha Shetty (collectively referred to as “transferer” or “outgoing shareholders”) and Bipin Sanghvi Tarulata Sanghvi Hardik Sanghvi Swagat Sanghvi and Ami Sanghvi (collectively referred to as “transferee” or “continuing shareholders”) and Pooja Sanghvi (referred as incoming shareholder) and Royal Arc Electrodes Limited (referred as the Company)*

#### **CHANGES IN THE ACTIVITIES OF OUR COMPANY HAVING MATERIAL EFFECT**

As on date of this Draft Red Herring Prospectus, there has been no change in the activities being carried out by our Company which may have a material effect on the profits/ loss of our Company, including discontinuance of the current lines of business, loss of projects or markets and similar factors.

#### **AGREEMENTS WITH KEY MANAGERIAL PERSONNEL OR A DIRECTOR OR PROMOTERS OR ANY OTHER EMPLOYEE OF THE COMPANY**

There are no agreements entered into by key managerial personnel or a Director 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.

#### **DETAILS OF GUARANTEES GIVEN TO THIRD PARTIES BY OUR PROMOTER:**

As on the date of this Draft Red Herring Prospectus, Mr. Bipin Sanghvi, Ms. Tarulata Sanghvi, Mr. Hardik Sanghvi and Mr. Swagat Sanghvi. This guarantee is in the nature of personal guarantees and has been issued towards contractual obligations in respect of loans availed by our Company.

(₹ in lakhs)

Sr. No.	Lender	Name of the Borrower	Nature of facility Sanction	Amount Guaranteed (₹)	Outstanding as on May 31, 2024
1.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Overdraft	1,150.00	1.67
2.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Working Capital Loan	1,150.00	Nil
3.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Export Line (Control Limit)	400.00	Nil
4.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Export/Seller Facility: Pre-Shipment Seller Loan (Export/Domestic)	400.00	Nil
5.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Export/Seller Facility: Post Shipment Seller Loan (Open Account)	400.00	Nil
6.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Letter of Credit Bill Discounting (LCBD) Post acceptance from issuing Bank	100.00	Nil
7.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import Line (Controlling Limit)	300.00	Nil
8.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import/Buyer Facility: Import Documentary Credit Facility – Import documentary credit Issuance	300.00	Nil

9.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Guarantee/Bond Facility	300.00	Nil
10.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import Line (Controlling Limit)	300.00	Nil
11.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Import/Buyer Facility: Post- shipment buyer loan- Loan Against Import	300.00	Nil
12.	Hong Kong and Shanghai Banking Corporation Limited	Our Company	Working Capital Term Loan	110.00	Nil

For more details refer to chapter titled Risk Factor- ***Our Promoter has extended personal guarantee in connection with some of our debt facilities to our company. There can be no assurance that such personal guarantee will be continued to be provided by our Promoters in future or can be called at any time, affecting the financial arrangements*** on page 42

The abovementioned guarantee is typically effective for a period till the underlying loan is repaid by the respective borrower. The financial implications in case of default by the relevant borrower would entitle the lenders to invoke the personal guarantee by our Promoter to the extent of the outstanding loan amount. For details of security provided by the borrowers, please refer to chapter titled “***Financial Indebtedness***” beginning on page 264 of this Draft Red Herring Prospectus.

## OUR MANAGEMENT

### BOARD OF DIRECTORS DETAILS ARE AS FOLLOWS

As on the date of this Draft Red Herring Prospectus, we have 6 directors on our Board, comprising of 1 Managing Director, 2 Whole-time Directors, and 3 Non-Executive Independent Directors out of which 1 is women Independent Director. The present composition of our Board of Directors and its committees are in accordance with the Companies Act, 2013.

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus.

Name, date of birth, designation, address, occupation, term, period of directorship and DIN	Other Directorships
<p><b>BIPIN SANGHVI</b></p> <p><b>Designation:</b> Chairman and Managing Director</p> <p><b>DIN:</b> 00462839</p> <p><b>Date of birth:</b> July 7, 1953</p> <p><b>Age (years):</b> 71</p> <p><b>Address:</b> Flat No. 701 Adarsh Harmony CHS. Ltd., Adarsh Dugdhalaya Lane, off. Marve Road, Malad West, Mumbai 400 064</p> <p><b>Occupation:</b> Business</p> <p><b>Period of directorship:</b> Since January 15, 1996</p> <p><b>Period of current directorship:</b> For term of 3 years from April 1, 2024 till March 31, 2027. Appointed as Chairman with effect from January 16, 2024 and liable to retire by rotation</p>	<p><b>Private Limited Company</b></p> <ul style="list-style-type: none"> <li>• Royal Arc Infrastructure Private Limited</li> </ul> <p><b>Public Limited Company</b></p> <p>Nil</p> <p><b>Foreign Company</b></p> <p>Nil</p>
<p><b>HARDIK SANGHVI</b></p> <p><b>Designation:</b> Whole-time Director and Chief Financial Officer</p> <p><b>DIN:</b> 00617415</p> <p><b>Date of birth:</b> August 17, 1982</p> <p><b>Age (years):</b> 42</p> <p><b>Address:</b> Flat No. 701 Adarsh Harmony CHS. Ltd. Adarsh Dugdhalaya Lane, off. Marve Road, Malad West, Mumbai 400 064</p> <p><b>Occupation:</b> Business</p> <p><b>Period of directorship:</b> Since December 1, 2002</p> <p><b>Period of current directorship:</b> For term of 3 years from April 1, 2024 till March 31, 2027 and liable to retire by rotation</p>	<p><b>Private Limited Company</b></p> <p>Nil</p> <p><b>Public Limited Company</b></p> <p>Nil</p> <p><b>Foreign Company</b></p> <p>Nil</p>

Name, date of birth, designation, address, occupation, term, period of directorship and DIN	Other Directorships
<p><b>SWAGAT SANGHVI</b></p> <p><b>Designation:</b> Whole-time Director</p> <p><b>DIN:</b> 01695341</p> <p><b>Date of birth:</b> October 15, 1986</p> <p><b>Age (years):</b> 38</p> <p><b>Address:</b> Flat No. 701 Adarsh Harmony CHS. Ltd., Adarsh Dugdhalaya Lane. off. Marve Road, Malad West, Mumbai 400 064</p> <p><b>Occupation:</b> Business</p> <p><b>Period of directorship:</b> Since August 16, 2010</p> <p><b>Period of current directorship:</b> For term of 3 years from April 1, 2024 till March 31, 2027 and liable to retire by rotation</p>	<p><b>Private Limited Company</b> Nil</p> <p><b>Public Limited Company</b> Nil</p> <p><b>Foreign Company</b> Nil</p>
<p><b>KUNAL TURAKHIA</b></p> <p><b>Designation:</b> Non-Executive Independent Director</p> <p><b>DIN:</b> 10455417</p> <p><b>Date of birth:</b> June 4, 1989</p> <p><b>Age (years):</b> 35</p> <p><b>Address:</b> 215/10, Nilan Sagar Building, Jawahar Nagar, Motilal Nagar, Goregoan West, Mumbai 400104</p> <p><b>Occupation:</b> Professional</p> <p><b>Period of directorship:</b> Since January 16, 2024</p> <p><b>Period of current directorship:</b> 5 consecutive years with effect from January 20, 2024 and shall not be liable to retire by rotation</p>	<p><b>Private Limited Company</b> Nil</p> <p><b>Public Limited Company</b> Nil</p> <p><b>Foreign Company</b> Nil</p>
<p><b>JAYNA MEHTA</b></p> <p><b>Designation:</b> Non-Executive Independent Director</p> <p><b>DIN:</b> 10455416</p> <p><b>Date of birth:</b> May 1, 1986</p> <p><b>Age (years):</b> 38</p> <p><b>Address:</b> 2001, 20<sup>th</sup> Floor, Shivganga Building, Plot No. 25 S. V. Road, Jawahar Nagar, Motilal Nagar, Goregoan West Mumbai, 400104</p>	<p><b>Private Limited Company</b> Nil</p> <p><b>Public Limited Company</b> Nil</p> <p><b>Foreign Company</b> Nil</p>

Name, date of birth, designation, address, occupation, term, period of directorship and DIN	Other Directorships
<p><b>Occupation:</b> Professional</p> <p><b>Period of directorship:</b> Since January 16, 2024</p> <p><b>Period of current directorship:</b> 5 consecutive years with effect from January 20, 2024 and shall not be liable to retire by rotation</p>	
<p><b>RAHUL VATTAMPARAMBIL</b></p> <p><b>Designation:</b> Non-Executive Independent Director</p> <p><b>DIN:</b> 10455717</p> <p><b>Date of birth:</b> May 1, 1997</p> <p><b>Age (years):</b> 27</p> <p><b>Address:</b> 90/892, MHB Colony, Mahavir Nagar, Behind Petrol Pump, Kandivali West, Mumbai 400 067 Maharashtra</p> <p><b>Occupation:</b> Private Employment</p> <p><b>Period of Directorship:</b> Since January 16, 2024</p> <p><b>Change in Designation:</b> January 20, 2024</p> <p><b>Period of Directorship:</b> 5 consecutive years with effect from January 20, 2024 and shall not be liable to retire by rotation</p>	<p><b>Private Limited Company</b></p> <p>Nil</p> <p><b>Public Limited Company</b></p> <p>Nil</p> <p><b>Foreign Company</b></p> <p>Nil</p>

#### Brief profiles of our Directors:

**Bipin Sanghvi** is the Chairman and Managing Director of our Company. He has no formal education. He has been associated with our Company since inception and is currently responsible for handling the overall management of the Company. He has around 35+ years of experience of experience in the line of business in which our Company operate.

**Hardik Sanghvi** is the Whole Time Director and Chief Financial Officer of our Company. He holds a degree of master of business administration in 2006. He has been associated with our Company since 2002 and currently responsible for handling the sales & marketing strategy of the Company. He has 16+ years of experience in the field in the line of business in which our Company operate.

**Swagat Sanghvi** is the Whole Time Director of our Company. He has no formal education. He has been associated with our Company since 2010 and currently responsible for handling production and strategic planning departments of the Company. He has over 12+ years of experience in the line of business in which our Company operate.

**Kunal Turakhia** is a Non-Executive Independent Director of our Company. He is a member of the Institute of Chartered Accountants of India and a practising chartered accountant. He has around 8+ years of experience of in the field of accounting, taxation and finance. He was appointed on the Board of our Company w.e.f. January 16, 2024.

**Jayna Mehta** is a Non-Executive Independent Director of our Company. She holds a bachelor's degree in Commerce from University of Mumbai and is an Associate member of the Institute of Chartered Accountants of India. She has over 5 + years of experience in the field of statutory audit and income tax. She was appointed on the Board of our Company w.e.f. January 16, 2024.

**Rahul Vattamparambil** is a Non-Executive Independent Director of our Company. He holds a bachelor's of arts degree in Business studies from the University of Derby. He was appointed on the Board of our Company w.e.f.



January 16, 2024. He has around 2 years of experience in strategic planning and project management.

#### **Relationship between Directors and Key Managerial Personnel or Senior Management**

Except as mentioned below, as on the date of this Draft Red Herring Prospectus, none of our directors, KMPs and SMPs are related to each other as per section 2(77) of the Companies Act, 2013.

<b>Director</b>	<b>Other Director</b>	<b>Relationship</b>
Bipin Sanghvi	Hardik Sanghvi	Son
	Swagat Sanghvi	Son
Hardik Sanghvi	Bipin Sanghvi	Father
	Swagat Sanghvi	Brother
Swagat Sanghvi	Bipin Sanghvi	Father
	Hardik Sanghvi	Brother

#### **Details of any arrangement or understanding with major shareholders, customers, suppliers or others**

As on the date of this Draft Red Herring Prospectus, our Company has no arrangement or understanding with any major shareholders, customers or suppliers, and none of our Directors or members of senior management were appointed pursuant to any arrangement or understanding with any major shareholders, customers, suppliers or others.

#### **Service contracts with Directors**

Our Company do not have any service contract with the Directors pursuant to which they are entitled to any benefits upon termination of employment.

#### **Borrowing Powers**

Our Articles of Association, subject to applicable law, authorize our Board to raise or borrow money or secure the payment of any sum of money for the purposes of our Company. Pursuant to a resolution passed by the at the EGM of the Company held on January 20, 2024 pursuant to Section 180(1)(c) and other applicable provisions of the Companies Act and rules made thereunder, our Board has been authorized to borrow any sum of money from time to time notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital and free reserves of our Company, provided that the total outstanding amount so borrowed shall not any time exceed the limit of ₹ 200.00 crores.

#### **Terms of Appointment & Remuneration to Executive Directors**

##### **BIPIN SANGHVI**

He was appointed as a Chairman and Managing Director of our Company in the extra-ordinary general meeting held March 07, 2024 for the period of three (3) consecutive years with effect from April 01, 2024.

<b>Particulars</b>	<b>Remuneration</b>
Salary, Commission, Perquisites, allowance & other benefits	₹ 15.00 Lakhs per month.

##### **HARDIK SANGHVI**

He was appointed as a Whole Time Director of our Company in the extra-ordinary general meeting held March 07,2024, for the period of three (3) consecutive years with effect from April 01, 2024.

<b>Particulars</b>	<b>Remuneration</b>
Salary, Commission, Perquisites, allowance & other benefits	₹ 15.00 Lakhs per month.

##### **SWAGAT SANGHVI**

He was appointed as a Whole Time Director of our Company in the extra-ordinary general meeting held March 07, 2024 for the period of three (3) consecutive years with effect from April 01, 2024 .

<b>Particulars</b>	<b>Remuneration</b>
Salary, Commission, Perquisites, allowance & other benefits	₹ 15.00 Lakhs per month.

#### **Payments or benefits to Executive Directors**

In Fiscal 2024, our Company has not paid any compensation or granted any benefit on an individual basis to any of our Executive Directors (including contingent or deferred compensation) other than the remuneration, sitting fees and/or commission paid to them for such period. The remuneration paid to our Executive Directors in Fiscal 2024 is as follows:

### Executive Directors

The details of the remuneration paid to our Executive Directors in Fiscal 2024 is as set out below:

(₹ in Lakhs)

Sr No	Name of Directors	Current Designation	Remuneration*
1.	Bipin Sanghvi	Chairman and Managing Director	125.77
2.	Hardik Sanghvi	Whole-time Director and Chief Financial Officer	125.77
3.	Swagat Sanghvi	Whole-time Director	125.77

\*Including bonus

### Payment or benefit to Non -Executive Independent Directors of our Company

Pursuant to Board resolution dated March 6, 2024, our Non-Executive Independent Directors are entitled to receive sitting fees of ₹ 2,500 per meeting for attending meetings of the Board and the committees of the Board, within the limits prescribed under the Companies Act, 2013, and the rules made thereunder. Our Non-Executive Independent Director are not entitled to receive any commission from the Company.

No sitting fees or commission was paid by our Company to any Non-Executive Independent Directors in Financial Year 2023- 2024.

### Remuneration paid or payable to our Directors by our Subsidiary

As on the date of this Draft Red Herring Prospectus, our Company has no subsidiary.

### Details of compensation paid to our Directors pursuant to a bonus or profit-sharing plan

Our Company does not have any bonus or profit sharing plan for its Directors.

### Shareholding of our Directors

Our Articles of Association do not require our Directors to hold any qualification shares.

The table below sets forth details of Equity Shares held by the Directors, as on the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Director	No. of shares held	Percentage (%)
1	Bipin Sanghvi	8,92,717	9.60%
2	Hardik Sanghvi	26,82,750	28.85%
3	Swagat Sanghvi	26,82,750	28.85%
<b>Total</b>		<b>62,58,217</b>	<b>67.30%</b>

### Confirmations

None of our Directors is or was a director of any listed companies, whose shares have been or were suspended from being traded on any stock exchanges having nationwide terminals, during the five (5) years preceding from the date of this Draft Red Herring Prospectus, during their term of directorship in such company.

None of our Directors is or was, a director of any listed companies, which has been or were delisted from any stock exchange(s), during their term of directorship in such company.

None of our Directors have been or was identified as a wilful defaulter or a fraudulent borrower as defined under SEBI ICDR Regulations.

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm, trust or company in which he is interested, in connection with the promotion or formation of our Company.

### Interest of Directors

All our Non-Executive Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board or a committee thereof and as well as to the extent of reimbursement

of expenses payable to them under the Articles. Our Executive Directors deemed to be interested to the extent of remuneration payable to them pursuant to Articles of the Company and resolution approved by the Board of Directors/ members of our Company, as the case may be, time to time for services rendered as an officer or employee of our Company. The Directors may also be deemed to be interested in the Equity Shares, if any, held by them and/or any Equity Shares that may be held by their relatives, the companies, firms and trusts, in which they are interested as directors, members, partners, trustees, beneficiaries and promoters and in any dividend distribution which may be made by our Company in the future. For the shareholding of the Directors, please refer chapter titled **“Our Management - Shareholding of Directors in our Company”** beginning on page 143 of this Draft Red Herring Prospectus.

Bipin Sanghvi, Hardik Sanghvi and Swagat Sanghvi may be considered to be interested to the extent of personal guarantees given in favour of our Company against loans sanctioned to our Company. For further details, please see chapter titled **“Restated Financial Statement”** beginning on page 205 of this Draft Red Herring Prospectus.

Our Directors may be deemed to be interested in the contracts, transactions, agreements/ arrangements entered into or to be entered into by our Company with any entity which is promoted by them or in which they are members, or in which they hold directorships or any partnership firm in which they are partners in the ordinary course of business. For further details, please see chapter titled **“Restated Financial Statement”** and **“Our Promoter and Promoter Group”** beginning on page 205 and 197 of this Draft Red Herring Prospectus.

i. *Interest in the promotion or formation of our Company*

Except for Promoters of our Company, none of the other Directors have any interest in the promotion of our Company other than in the ordinary course of business.

ii. *Interest in property acquired or proposed to be acquired by our Company*

Except as stated below, our Directors do not have any interest in any property acquired by our Company in the three (3) preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by it:

- a) Our Company has entered into leave and license agreement with our Director i.e, Vikas Welding traders (proprietor firm of Bipin Sanghvi) as regards usage of commercial properties located at 72 B, Bombay Talkies Compound, Malad West, Mumbai 400064, Maharashtra as Registered office. For further details please refer to chapter titled **“Business Overview – Immovable Properties”** beginning on page 167 of this Draft Red Herring Prospectus.
- b) Our Company has entered into leave and license agreement with our Director i.e., Bipin Sanghvi as regards usage of commercial properties located at 72, Bombay Talkies Compound, Malad West, Mumbai 400064, Maharashtra as Office. For further details, please refer to chapter titled **“Business Overview – Immovable Properties”** beginning on page 167 of this Draft Red Herring Prospectus.
- c) Our Company had purchase four flats in Fiscal 2022-23 from our Group Company i.e., Royal Arc Infra Private Limited situated at Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka having block number A101, A102, B101 & B103 for sale consideration ₹ 31.54 Lakhs, ₹ 31.54 Lakhs, ₹ 31.54 Lakhs and ₹ 33.25 Lakhs. For further details please refer to chapter titled **“Business Overview – Immovable Properties”** beginning on page 167 of this Draft Red Herring Prospectus.
- d) Our Company had purchase our factory from our Group Company i.e., Royal Arc Infra Private Limited situated at Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Gujarat in October 10, 2013 for sale consideration of ₹ 60 Lakhs. For further details please refer to chapter titled **“Business Overview – Immovable Properties”** beginning on page 167 of this Draft Red Herring Prospectus.

iii. *Interest in any transaction for acquisition of land, construction of building, supply of machinery*

Except as stated in above **“Interest in property acquired or proposed to be acquired by our Company”**, our Directors do not have any other interest in our Company or in any transaction by our Company including, for acquisition of land, construction of buildings or supply of machinery.

iv. *Interest of our Directors in being a member of a firm or company*

No sum has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they interested in as members, in cash or shares or otherwise, by any person, either to induce them to become, or to qualify them as Directors, or otherwise for services rendered by them or by such firms or companies in which they are interested, in connection with the promotion or formation of our Company.

**Payment of benefits (non-salary related)**

Except as disclosed above, no amount or benefit has been paid or given since incorporation or is intended to be paid or given to any of our Directors except the remuneration for services rendered and/or sitting fees as Directors.

**Bonus or profit-sharing plan for the Directors**

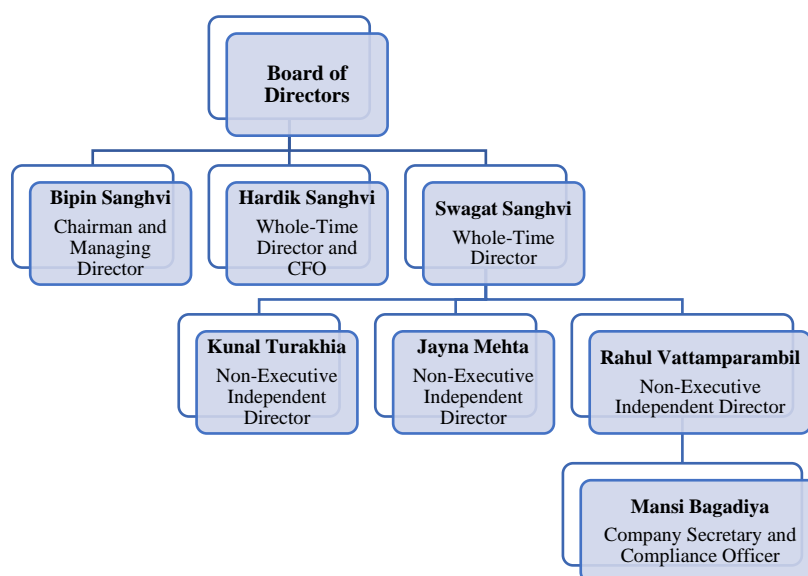
None of the Directors are party to any bonus or profit-sharing plan of our Company.

**Changes in our Board during the last three years**

<b>Name of Director</b>	<b>Date</b>	<b>Reason</b>
Swagat Sanghvi	April 01, 2024	Reappointed as Whole Time Director
Hardik Sanghvi	April 01, 2024	Reappointed as Whole Time Director
Bipin Sanghvi	April 01, 2024	Reappointed as Chairman & Managing Director
Jayna Mehta	January 20, 2024	Appointed as Non-executive Independent Director
Kunal Turakhia	January 20, 2024	Appointed as Non-executive Independent Director
Rahul Vattamparambil	January 20, 2024	Appointed as Non-executive Independent Director
Bipin Sanghvi	January 16, 2024	Appointed as Chairman & Managing Director
Jayna Mehta	January 16, 2024	Appointed as Additional Non-executive Independent Director
Kunal Turakhia	January 16, 2024	Appointed as Additional Non-executive Independent Director
Rahul Vattamparambil	January 16, 2024	Appointed as Additional Non-executive Independent Director
Savita Shetty	August 10, 2021	Resigned as Director
Kishore Shetty	August 10, 2021	Resigned as Director

*[The Remainder of this Page has intentionally been left blank]*

## Management Organization Structure



### Corporate Governance

As on the date of this Draft Red Herring Prospectus, we have 6 directors on our Board, comprising of 1 Managing Director, 2 Whole-time Directors and 3 Non-Executive Independent Directors (including woman director). The present composition of our Board of Directors and its committees are in accordance with the Companies Act, 2013, and SEBI Listing Regulations.

The present composition of our Board and its committees is in accordance with the corporate governance requirements provided under the Companies Act, 2013 in relation to the composition of our Board and constitution of committees thereof. Our Company undertakes to take all necessary steps to continue to comply with all applicable requirements of the Companies Act.

### Board committees

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

- a. Audit Committee;
- b. Nomination and Remuneration Committee;
- c. Stakeholders Relationship Committee;

Details of each of these committees are as follows:

#### Audit Committee

The Audit Committee was constituted pursuant to a meeting of our Board held on February 01, 2024

The Audit Committee currently consists of:

- a) Jayna Mehta (*Chairperson*)
- b) Kunal Turakhia (*Member*); and
- c) Hardik Sanghvi (*Member*).

Further, the Company Secretary of our Company shall act as the secretary to the Audit Committee.

The scope, functions and the terms of reference of the Audit Committee is in accordance with the Section 177 of the Companies Act, 2013.

The role of the audit committee shall include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or

- removal of the statutory auditor and the fixation of audit fees;
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  4. Reviewing, with the management, the annual financial statements 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;
    - (g) Qualifications in the draft audit report
  5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Red Herring Prospectus/ Prospectus /notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
  7. Review and monitor the auditor's independence, performance and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the company with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the company, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
  13. 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;
  14. Discussion with internal auditors any significant findings and follow up there on;
  15. 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;
  16. 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;
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non – payment of declared dividends) and creditors;
  18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases;
  19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board;
  20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate;
  21. To investigate any other matters referred to by the Board of Directors;

22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Further, the Audit Committee shall mandatorily review the following:

- (a) Management discussion and analysis of financial condition and results of operations;
- (b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- (c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- (d) Internal audit reports relating to internal control weaknesses; and
- (e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the Audit Committee;
- (f) Statement of deviations:
  - 1. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of regulation 32(1);
  - (a) Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

#### **Nomination and Remuneration Committee:**

The Nomination and Remuneration committee was constituted by a resolution of our Board dated February 01, 2024

The Nomination and Remuneration Committee currently consists of:

- a) Jayna Mehta (*Chairperson*);
- b) Kunal Turakhia (*Member*); and
- c) Rahul Rajan (*Member*)

The scope, functions and the terms of reference of the Nomination and Remuneration Committee is in accordance with the Section 178 of the Companies Act, 2013. The terms of reference of Nomination and Remuneration Committee shall include the following:

- a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

- i. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- ii. relationship of remuneration to performance is clear and meets appropriate performance benchmarks;  
and
- iii. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the workings of the Company and its goals.

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:

- i. use the services of an external agencies, if required;
  - ii. consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - iii. consider the time commitments of the candidates.
- b) Formulation of criteria for evaluation of performance of independent directors and the Board;
  - c) Devising a policy on Board diversity;

- d) Identifying persons who are qualified to become directors of the Company and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal;
- e) Analysing, monitoring and reviewing various human resource and compensation matters;
- f) 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;
- g) Recommending the remuneration, in whatever form, payable to the senior management personnel and other staff (as deemed necessary);
- h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;
- i) Determining 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;
- j) 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;
- k) Administering, monitoring and formulating the employee stock option scheme/plan approved by the Board and shareholders of the Company in accordance with the applicable laws:
  - i. Determining the eligibility of employees to participate under the ESOP Scheme;
  - ii. Determining the quantum of option to be granted under the ESOP Scheme per employee and in aggregate;
  - iii. Date of grant;
  - iv. Determining the exercise price of the option under the ESOP Scheme;
  - v. The conditions under which option may vest in employee and may lapse in case of termination of employment for misconduct;
  - vi. The exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period;
  - vii. The specified time period within which the employee shall exercise the vested option in the event of termination or resignation of an employee;
  - viii. The right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
  - ix. Re-pricing of the options which are not exercised, whether or not they have been vested if stock option rendered unattractive due to fall in the market price of the equity shares;
  - x. The grant, vest and exercise of option in case of employees who are on long leave;
  - xi. Allow exercise of unvested options on such terms and conditions as it may deem fit;
  - xii. Formulate the procedure for funding the exercise of options;
  - xiii. The procedure for cashless exercise of options;
  - xiv. Forfeiture/ cancellation of options granted;
  - xv. Formulate the procedure for buy-back of specified securities issued under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, if to be undertaken at any time by the Company, and the applicable terms and conditions, including: permissible sources of financing for buy-back; any minimum financial thresholds to be maintained by the Company as per its last financial statements; and limits upon quantum of specified securities that the Company may buy-back in a financial year.
  - xvi. Formulating and implementing the procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as rights issues, bonus issues, mergers, sales of divisions and others. In this regard, the following shall be taken into consideration:
    - the number and the price of stock option shall be adjusted in a manner such that total value of the option to the employee remains the same after the corporate action;



- for this purpose, global best practices in this area including the procedures followed by the
  - derivative markets in India and abroad may be considered; and
  - the vesting period and the life of the option shall be left unaltered as far as possible to protect the rights of the employee who is granted such an option.
- l) 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;
  - m) Framing suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:
    - i. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended;
    - ii. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, as amended; and
    - iii. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 by the Company and its employees, as applicable.
  - n) Performing such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration Committee;
  - o) Such terms of reference as may be prescribed under the Companies Act, SEBI Listing Regulations and other applicable laws or by any regulatory authority and performing such other functions as may be necessary or appropriate for the performance of its duties.

#### **Stakeholders' Relationship Committee**

The Stakeholders' Relationship Committee was constituted pursuant to a meeting of our Board held on February 01, 2024. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act, 2013. The Stakeholders' Relationship Committee currently consists of:

- a) Kunal Turakhia (*Chairperson*);
- b) Swagat Sanghvi (*Member*); and
- c) Hardik Sanghvi (*Member*)

#### **Role of Stakeholders' Committee**

The role of Stakeholder Relationship Committee, together with its powers, is as follows:

- (1) Resolving grievances of our security holders, including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc;
- (2) Review of measures taken for effective exercise of voting rights by shareholders;
- (3) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- (4) Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and rematerialisation 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
- (5) Review of adherence to the service standards adopted by our Company in respect of various services being rendered by the Registrar & Share Transfer Agent;
- (6) Reviewing the adherence to the service standards by the Company with respect to various services rendered by the registrar and transfer agent of our Company and to recommend measures for overall improvement in the quality of investor services;
- (7) Review of various measures and initiatives taken by our Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

## **POLICY ON DISCLOSURES AND INTERNAL PROCEDURE FOR PREVENTION OF INSIDER TRADING**

The provisions of the Sub-Regulation (1) of Regulation 9 of SEBI (Prohibition of Insider Trading) Regulations, as amended, will be applicable to our Company immediately upon the listing of Equity Shares. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, as amended, on listing of Equity Shares. Further, Board of Directors at their meeting held on July 3, 2024, has approved and adopted the policy on insider trading in view of the proposed public issue.

The Compliance Officer of our Company will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the Board.

## **POLICY FOR DETERMINATION OF MATERIALITY & MATERIALITY OF RELATED PARTY TRANSACTIONS AND ON DEALING WITH RELATED PARTY TRANSACTIONS**

The provisions of the SEBI (LODR) Regulations will be applicable to our Company immediately upon the listing of Equity Shares of our Company. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, as amended, on listing of Equity Shares. The Board of Directors at their meeting held on March 6, 2024 has approved and adopted the policy for determination of materiality and determination of materiality of related party transactions and on dealing with related party transactions.

### **Key Managerial Personnel and Senior Management Personnel**

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Following are the Key Managerial Personnel of our Company:

#### **Brief Profile of Key Managerial Personnel:**

The details of the Key Management Personnel, in addition to our Managing Director and Whole Time Directors, are set out below:

#### **Mansi Bagadiya, Company Secretary & Compliance Officer**

Mansi Bagadiya, aged 34 years is is the Company Secretary and Compliance Officer of our Company. She was appointed as Company Secretary and Compliance Officer by our Board of Directors in their meeting held on February 1, 2024 and March 6, 2024, respectively. She is an associate member of the Institute of Company Secretaries of India and holds an experience of more than 5 years in secretarial compliances. She has been working with our Company since February 01, 2024. She is an Associate Member of the Institute of Company Secretaries. Prior to joining our Company, she was associated with GEPL Capital Private Limited.

#### **Bipin Sanghvi, Chairman and Managing Director**

For the complete profile of **Bipin Sanghvi**, along with details of his educational qualifications, professional experience, position/posts held in the past, directorships held, special achievements and business and financial activities, please refer to chapter titled "*Our Management - Brief profiles of our Directors*" beginning on page 184 of this Draft Red Herring Prospectus.

#### **Hardik Sanghvi, Whole-Time Director and Chief Financial Officer**

For the complete profile of **Hardik Sanghvi**, along with details of his educational qualifications, professional experience, position/posts held in the past, directorships held, special achievements and business and financial activities, please refer to chapter titled "*Our Management - Brief Biographies of our Directors*" beginning on page 184 of this Draft Red Herring Prospectus.

#### **Swagat Sanghvi, Whole-Time Director**

For the complete profile of **Hardik Sanghvi**, along with details of his educational qualifications, professional experience, position/posts held in the past, directorships held, special achievements and business and financial activities, please refer to chapter titled "*Our Management - Brief Biographies of our Directors*" beginning on page 184 of this Draft Red Herring Prospectus.

### **Senior Management**

Except as stated above in "**Key Management Personnel**", there are no other Senior Management Personnel in our Company.

### **Service Contracts with Key Managerial Personnel or Senior Management Personnel**

No Key Managerial Personnel and Senior Management has entered into a service contract with our Company

pursuant to which they are entitled to any benefits upon termination of employment.

#### **Nature of any family relation between any of the Key Managerial Personnel and Senior Management Personnel**

Except as disclosed in the *"Our Management - Relationship between Directors and Key Managerial Personnel or Senior Management"*, none of our Key Managerial Personnel and Senior Management Personnel are related to each other.

#### **Arrangements and understanding with major shareholders, customers, suppliers or others**

As on the date of this Draft Red Herring Prospectus, our Company has no arrangement or understanding with any major shareholders, customers or suppliers or others, pursuant to which any of the Key Managerial Personnel and Senior Management Personnel were selected as a Key Managerial Personnel and Senior Management Personnel.

#### **Payment or benefit to officers of our Company (non-salary related)**

Except as disclosed in this Draft Red Herring Prospectus other than any statutory payments made by our Company to its KMPs and Senior Management Personnel in last three (3) Preceding Financial Years, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees.

For further details, please refer Chapter titled *"Restated Financial Statements"* beginning on page 205 of this Draft Red Herring Prospectus.

#### **Contingent and deferred compensation payable to our Key Managerial Personnel and Senior Management Personnel**

There is no contingent or deferred compensation payable to any of our Key Managerial Personnel and Senior Management Personnel, which does not form part of their remuneration.

#### **Compensation paid to Key Managerial Personnel and Senior Management Personnel during last financial year i.e., 2023-24**

For details with respect to the compensation paid to our Key Managerial Personnel during preceding Financial Year 2023-24, please refer to chapter titled *"Terms of Appointment & Remuneration to Executive Directors"* of our Company on page 185 and *"Restated Financial Statements"* beginning on page 205 of this Draft Red Herring Prospectus.

Mansi Bagadiya has been appointed as Company Secretary and Compliance Officer w.e.f. February 1, 2024 and March 6, 2024, respectively. Hence, she has received remuneration of ₹ 0.45 Lakhs during preceding Financial Year 2023-24.

Hardik Sanghvi has been appointed as Chief Financial Officer w.e.f. January 16, 2024. Hence, he has received remuneration ₹ of 125.77 Lakhs in his capacity as Whole time Director during preceding Financial Year 2023-24.

#### **Bonus or profit-sharing plan for the Key Managerial Personnel and Senior Management Personnel**

None of the Key Management Personnel and Senior Management Personnel is party to any bonus or profit-sharing plan of our Company other than the performance linked incentives given to each Key Management Personnel and Senior Management.

#### **Status of Key Managerial Personnel and Senior Management Personnel**

All our Key Managerial Personnel and Senior Management Personnel mentioned above are permanent employees of our Company.

#### **Shareholding of Key Managerial Personnel and Senior Management Personnel**

Except as stated below, none of the Key Managerial Personnel and Senior Management Personnel hold Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>No. of shares held</b>	<b>Percentage (%)</b>
1	Bipin Sanghvi	8,92,717	9.60
2	Hardik Sanghvi	26,82,750	28.85
3	Swagat Sanghvi	26,82,750	28.85
<b>Total</b>		<b>62,58,217</b>	<b>67.30</b>

#### **Interest of Key Managerial Personnel and Senior Management**

For details of the interest of our Executive Directors in our Company, please refer to chapter titled **“Our Management-Interest of Directors”** beginning on page 186 of this Draft Red Herring Prospectus.

Our Key Managerial Personnel (other than our Directors) and Senior Management are interested in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service. Further, Hardik Sanghvi, our Chief Financial Officer, Bipin Sanghvi, our Managing Director and Swagat Sanghvi, our Whole time Director is interested to the extent of Equity Shares held by him, his relatives or by entities in which he is associated as a director, in our Company and to the extent of benefits arising out of such shareholding. For details, please refer to chapter titled **“Our Management – Shareholding of the Key Managerial Personnel”** above.

#### **Changes in Key Managerial Personnel and Senior Management Personnel during the last three years**

Except as mentioned below, there has been no change in Key Managerial Personnel and Senior Management during the last three (3) years:

<b>Name of KMP/SMP</b>	<b>Date</b>	<b>Reason</b>
Swagat Sanghvi	April 01, 2024	Reappointed as Whole Time Director
Hardik Sanghvi	April 01, 2024	Reappointed as Whole Time Director
Bipin Sanghvi	April 01, 2024	Reappointed as Chairman & Managing Director
Mansi Bagadiya	February 01, 2024	Appointed as Company Secretary
Hardik Sanghvi	January 16, 2024	Appointed as Chief Financial Officer
Mansi Bagadiya	March 06, 2024	Appointed as Compliance Officer

#### **Attrition of Key Managerial Personnel and Senior Management Personnel**

The attrition of Key Managerial Personnel and Senior Management Personnel is not high in our Company.

#### **Employee Stock Options and Stock Purchase Schemes**

As on date of this Draft Red Herring Prospectus, our Company does not have any Employee Stock Options and other Equity-Based Employee Benefit Schemes.

## OUR PROMOTER AND PROMOTER GROUP



### OUR PROMOTER

The Promoters of our Company are Bipin Sanghvi, Tarulata Sanghvi, Hardik Sanghvi and Swagat Sanghvi.

As on the date of this Draft Red Herring Prospectus, our Promoters collectively hold an aggregate 80,21,678 Equity Shares of face value ₹ 10.00/- each, representing 86.25% of the issued, subscribed and paid-up Equity Share Capital of our Company.

For details of the build-up of our Promoters' shareholding in our Company, please refer to the chapter titled "*Capital Structure – Details of shareholding of our Promoters*" beginning on page 94 of this Draft Red Herring Prospectus.

### BRIEF PROFILE OF OUR PROMOTERS ARE AS FOLLOWS:

 A portrait of Bipin Sanghvi, a middle-aged man with dark hair, a mustache, and glasses. He is wearing a dark suit jacket, a white shirt, and a red striped tie.	<p><b>Bipin Sanghvi</b>, aged 71 years, is one of our Promoters and is also the Chairman &amp; Managing Director on our Board.</p> <p><b>Date of Birth:</b> August 16, 1952</p> <p><b>Address:</b> Flat no. 701, Adarsh Harmony CHS. Ltd, Adarsh Dugdhalaya Lane, off. Marve Road, Malad West, Mumbai, Maharashtra-400064.</p> <p><b>Permanent Account Number:</b> AAJPS1042B</p> <p>For the complete profile of Bipin Sanghvi along with the details of his experience in the business, educational qualifications, positions / posts held in the past and other directorships, special achievements, business and other activities, please refer to the chapter title "<i>Our Management – Brief profile of our Directors</i>" beginning on page 184 of this Draft Red Herring Prospectus.</p>
 A portrait of Tarulata Sanghvi, an elderly woman with dark hair pulled back, wearing glasses and a bindi on her forehead. She is wearing a dark grey blazer over a white collared shirt.	<p><b>Tarulata Sanghvi</b>, aged 70 years, is one of our Promoters and do not hold any board position. She has no formal education.</p> <p><b>Date of Birth:</b> May 27, 1953</p> <p><b>Address:</b> Flat no. 701, Adarsh Harmony CHS. Ltd, Adarsh Dugdhalaya Lane, off. Marve Road, Malad West, Mumbai, Maharashtra-400064.</p> <p><b>Permanent Account Number:</b> ALKPS6990E</p> <p><b>Directorship:</b> As on date of this Draft Red Herring Prospectus, she does not hold DIN number.</p>

	<p><b>Hardik Sanghvi</b>, aged 41 years, is one of our Promoters and is also the Whole-Time Director and Chief Financial Officer on our Board.</p> <p><b>Date of Birth:</b> August 17, 1982</p> <p><b>Address:</b> Flat no. 701, Adarsh Harmony CHS. Ltd, Adarsh Dugdhalaya Lane, off. Marve Road, Malad West, Mumbai, Maharashtra-400064.</p> <p><b>Permanent Account Number:</b> AOBPS1550E</p> <p>For the complete profile of Hardik Sanghvi along with the details of her experience in the business, educational qualifications, positions / posts held in the past and other directorships, special achievements, business and other activities, please refer to the chapter title <b><i>“Our Management – Brief profile of our Directors”</i></b> beginning on page 184 of this Draft Red Herring Prospectus.</p>
	<p><b>Swagat Sanghvi</b>, aged 37 years, is one of our Promoters and is also the Whole-Time Director on our Board.</p> <p><b>Date of Birth:</b> October 15, 1986</p> <p><b>Address:</b> Flat no. 701, Adarsh Harmony CHS. Ltd, Adarsh Dugdhalaya Lane, off. Marve Road, Malad West, Mumbai, Maharashtra-400064.</p> <p><b>Permanent Account Number:</b> BEUPS2409Q</p> <p>For the complete profile of Swagat Sanghvi along with the details of his experience in the business, educational qualifications, positions / posts held in the past and other directorships, special achievements, business and other activities, please refer to the chapter title <b><i>“Our Management – Brief profile of our Directors”</i></b> beginning on page 184 of this Draft Red Herring Prospectus.</p>

**DECLARATION**

Our Company confirms that the Permanent Account Number (PAN), Bank Account Number(s), Aadhar Card Number, Driving License Number and Passport Number(s) of our Promoters shall be submitted to the Stock Exchange at the time of filing this Draft Red Herring Prospectus.

Our Promoters have confirmed that they have not been identified as wilful defaulters or fraudulent borrowers by the RBI or any other governmental authority.

Our Promoters are not been declared as a fugitive economic offender under the provisions of Section 12 of the Fugitive Economic Offenders Act, 2018.



No violations of securities law have been committed by our Promoters or members of our Promoter Group or any Group Companies in the past or is 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**

Our present Promoters are amongst the original promoters and there has been no change in the control of our Company in the five (5) years immediately preceding the date of this Draft Red Herring Prospectus.

*Further our promoters and members of promoter group have entered into Share Purchase Agreement dated May 25, 2022, by and between Kishore Shetty, Savita Shetty and Usha Shetty (collectively referred to as “transferer” or “outgoing shareholders”) and Bipin Sanghvi Tarulata Sanghvi Hardik Sanghvi Swagat Sanghvi and Ami Sanghvi (collectively referred to as “transferee” or “continuing shareholders”) and Pooja Sanghvi (referred as incoming shareholder) and Royal Arc Electrodes Limited (referred as the Company).*

### **OTHER VENTURES OF OUR PROMOTERS**

Other than as disclosed in chapter titled “*Our Management – Other Directorships*” beginning on page 186, and Our Promoter Group entities and Group Companies, our Promoters are not involved in any other ventures. For details, please refer to chapter titled, “*Our Group Companies*” on page 202 and “*Risk Factors – 34. Our Promoters will continue to retain significant shareholding in our Company after the Offer, which will allow it to exercise control over us*” beginning on page 53 of this Draft Red Herring Prospectus. Further, except our Promoter Group entities and Group Companies our Promoters do not have any interest in a venture that is involved in any activities similar to those conducted by our Company.

### **EXPERIENCE OF OUR PROMOTER IN THE BUSINESS OF OUR COMPANY**

Our Promoters have adequate experience in the industry in which our Company conducts its business. For further details, please refer to chapter titled “*Our Management – Brief profiles of our Directors*” beginning on page 184 of this Draft Red Herring Prospectus.

### **INTEREST OF OUR PROMOTERS**

Our Promoters are interested in our Company to the extent of: (i) having promoted our Company; (ii) their shareholding and the shareholding of their relatives in our Company and the dividend payable, if any, and other distributions in respect of the Equity Shares held by him or their relatives; (iii) of remuneration payable to them as Directors of our Company; and (iv) rent received for the use of the Registered Office and Office of our Company and to the extent of deposit received against the said property. For further details, please refer to chapter titled “*Capital Structure*”, “*Our Management*”, “*Summary of the Offer Document – Summary of Related Party Transactions*”, “*Our Management - Interest in property*” and “*Restated Financial Statements*” on pages 87, 182, 29 and 205 respectively of this Draft Red Herring Prospectus.

Except as stated in, chapter titled “*Summary of the Offer Document – Related Party Transactions*” beginning on page 29 and disclosed in “*Our Management – Interest of Directors*” beginning on page 186 of this Draft Red Herring Prospectus, there has been no payment of any amount or benefit given to our Promoters or Promoter Group during the two years preceding the date of filing of the Draft Red Herring Prospectus nor is there any intention to pay any amount or give any benefit to our Promoters or Promoter Group as on the date of filing of this Draft Red Herring Prospectus.

Except as stated in, chapter titled “*Interest of Director*” beginning on page 186 of this Draft Red Herring Prospectus, our Promoters have no interest in any property acquired by our Company during the three (3) years preceding the date of this Draft Red Herring Prospectus, or proposed to be acquired by it, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery:

### **INTEREST OF OUR PROMOTERS 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 our Promoters or to any firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as a director, promoter or otherwise for services rendered by such Promoters or by such firm or company, in connection with the promotion or formation of our Company.

### **INTEREST OF OUR PROMOTERS IN THE PROPERTY OF OUR COMPANY**

Except as stated in, chapter titled “*Business Overview*” and “*Restated Financial Statement*”, beginning on pages 151 and 205 of this Draft Red Herring Prospectus respectively, our Promoters are not interested in the properties acquired by our Company within the preceding three years from the date of this Draft Red Herring Prospectus or proposed to be acquired by it, or in any transaction by our Company with respect to the acquisition of land, construction of building or supply of machinery, other than in the normal course of business.

#### **PAYMENT OF AMOUNTS OR BENEFITS TO THE PROMOTERS OR PROMOTER GROUP DURING THE LAST TWO YEARS**

Except as stated in chapter titled “*Restated Financial Statement*” beginning on page 205 of this Draft Red Herring Prospectus, there has been no payment of benefits paid or given to our Promoters or Promoter Group during the two years preceding the date of this Draft Red Herring Prospectus nor is there any intention to pay or give any amount or benefit to our Promoters or members of our Promoter Group.

#### **Compliance with the Companies (Significant Beneficial Owners) Rules, 2018 and amendments thereof**

Our Promoters and the members of our Promoter Group consist of only individuals. Therefore, the provisions of the Companies (Significant Beneficial Owners) Rules, 2018, as amended, are not applicable, as on the date of this Draft Red Herring Prospectus.

#### **MATERIAL GUARANTEES**

Except as stated in the chapters titled “*History and Certain Corporate Matters*”, “*Summary of Financial Statements*” and “*Financial Indebtedness*” on pages 178, 75 and 264, respectively of this Draft Red Herring Prospectus, our Promoters have not given any material guarantee to any third party with respect to the Equity Shares as on the date of this Draft Red Herring Prospectus.

#### **COMPANIES WITH WHICH THE PROMOTERS HAVE DISASSOCIATED IN THE LAST THREE YEARS**

Except for Tarulata Sanghvi who has retired as a partner from Star Impex (partnership Firm) due to the dissolution of firm, none of our other Promoters have disassociated themselves from any companies, firms or entities during the last three years preceding the date of this Draft Red Herring Prospectus.

#### **CONFIRMATIONS**

Our Promoters and the members of our Promoter Group have confirmed that they have not been identified as wilful defaulters or 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 have not been declared as a fugitive economic offender under the provisions of section 12 of the Fugitive Economic Offenders Act, 2018.

Our Promoters, members of our Promoter Group, are not prohibited from accessing or operating in the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

For details on litigation involving our Promoters in accordance with SEBI ICDR Regulation, please refer to chapter titled “*Outstanding Litigation and Material Developments – Litigation involving our Promoters*” beginning on page 267 of this Draft Red Herring Prospectus.

#### **OUR PROMOTER GROUP**

Our Promoters Group in terms of Regulations 2(1) (pp) of the SEBI (ICDR) Regulations 2018, are as under:

##### **A. The natural persons who are part of the Promoter Group (due to their relationships with our Promoter), other than our Promoter, are as follows:**

<b>Relationship with Promoter</b>	<b>Bipin Sanghvi</b>	<b>Tarulata Sanghvi</b>	<b>Hardik Sanghvi</b>	<b>Swagat Sanghvi</b>
<b>Father</b>	Late Shantilal Sanghvi	Late Manilal Shah	Bipin Sanghvi	Bipin Sanghvi
<b>Mother</b>	Late Samtaben Sanghvi	Late Vijayaben Shah	Tarulata Sanghvi	Tarulata Sanghvi
<b>Brother</b>	Jitendra Sanghvi Kirit Sanghvi	Mahendrakumar Shah	Swagat Sanghvi	Hardik Sanghvi



Relationship with Promoter	Bipin Sanghvi	Tarulata Sanghvi	Hardik Sanghvi	Swagat Sanghvi
		Rameshchandra Shah Prakashchandra Shah Sureshchandra Shah		
<b>Sister</b>	Madhuben Patadia	Charu Salot Chandrikaben Bagadia Heena Shah Snehalataben Vora	NA	NA
<b>Spouse</b>	Tarulata Sanghvi	Bipin Sanghvi	Ami Sanghvi	Pooja Sanghvi
<b>Son</b>	Hardik Sanghvi Swagat Sanghvi	Hardik Sanghvi Swagat Sanghvi	Dhruvin Sanghvi	Suhan Sanghvi
<b>Daughter</b>	NA	NA	Zia Sanghvi	NA
<b>Spouse's Father</b>	Late Manilal Shah	Late Shantilal Sanghvi	Dipakbhai Shah	Rajesh Modi
<b>Spouse's Mother</b>	Late Vijayaben Shah	Late Samtaben Sanghvi	Binaben Shah	Yamini Modi
<b>Spouse's Brother</b>	<ul style="list-style-type: none"> <li>• Mahendrakumar Shah</li> <li>• Rameshchandra Shah</li> <li>• Prakashchandra Shah</li> <li>• Sureshchandra Shah</li> </ul>	Jitendra Sanghvi Kirit Sanghvi	NA	NA
<b>Spouse's Sister</b>	<ul style="list-style-type: none"> <li>• Charu Salot</li> <li>• Chandrikaben Bagadia</li> <li>• Heena Shah</li> <li>• Snehalataben Vora</li> </ul>	Madhuben Patadia	Devanshi Shah Jinal Shah	Shraddha Shah

**B. Our Promoter Group as defined under Regulation 2(1) (pp) of SEBI ICDR Regulations 2018 includes entities, companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:**

Name of the Entity	Type
Bipin Sanghvi HUF	Hindu Undivided Family
Hardik Sanghvi HUF	Hindu Undivided Family
Swagat Sanghvi HUF	Hindu Undivided Family
Royal Arc Infra Private Limited	Private Limited Company
Vikas Welding	Proprietary Concern
Riddhi Siddhi Marketing	Partnership Concern
M M Brothers	Proprietary Concern
Shraddha Kitchenware LLP	LLP
Pee Kay Enterprises	Proprietary Concern

#### **SHAREHOLDING OF THE PROMOTER GROUP IN OUR COMPANY**

For details of the shareholding of our Promoter and Promoter Group as on the date of this Draft Red Herring Prospectus, please refer to the chapter titled “*Capital Structure*” beginning on page 87 of this Draft Red Herring Prospectus.

## OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, the terms “*group company*”, includes (i) such companies (other than promoters and Subsidiaries with which the relevant issuer company had related party transactions, had related party transactions during the period for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by the board of directors of the issuer company.

Accordingly, for (i) above, all such companies (other than the Promoters) with which there were related party transactions during the periods covered in the Restated Financial Statements, as covered under the applicable accounting standards, shall be considered as ‘*Group Company*’ of the Company in terms of the SEBI ICDR Regulations.

Further, for (ii) above, the Board pursuant to the Materiality Policy, has determined that a company (other than the companies covered under the schedule of related party transactions as per the Restated Financial Statements) shall be considered “*material*” and will be disclosed as a “*group company*” in the Offer documents, and the Company has entered into one or more transactions with such company during the last completed Financial year (or relevant sub period, if applicable), which individually or cumulatively in value exceeds 10% of the Profit after tax of the Company for the last completed Financial as per the Restated Financial Statements.

Accordingly, on the basis of the Materiality Policy for identification of Group Companies, the following company has been identified as our Group Company (“*Group Company*”):

### ***Royal Arc Infrastructure Private Limited***

#### **Corporate Information**

Royal Arc Infrastructure Private Limited was incorporated on November 26, 2010 with the Registrar of Companies, Mumbai, Maharashtra. The Corporate Identification Number of Royal Arc Infrastructure Private Limited is U70102MH2010PTC210344. Its registered office is situated at 202, Business Classic, Opp Seksaria Industrial Estate, Chincholi Bunder Road, Malad (West), Mumbai- 400064

#### **Financial Performance**

Royal Arc Infrastructure Private Limited does not have a website. Information with respect to (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, based on the audited financial statements for the preceding three years (for which audit has been done as on date of this Draft Red Herring Prospectus) shall be hosted on the website of our Company at <https://royalarc.in/>

#### **Litigation**

Our Group Company is not party to any pending litigation which may have a material impact on our Company. For details, please refer to chapter titled “*Outstanding Litigation and Material Developments - Litigations involving Group Companies*” beginning on page 265 of this Draft Red Herring Prospectus.

#### **Nature and extent of interest of Group Companies**

##### *In the promotion of our Company*

Our Group Company do not have any interest in the promotion of our Company.

##### *In the properties acquired by us in the preceding three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company*

Except as disclosed below, none of our Group Companies are interested in the properties acquired by our Company in the three years preceding the filing of this Draft Red Herring Prospectus or proposed to be acquired by our Company:

- a) Our Company had purchase four flats in Fiscal 2022-23 from our Group Company i.e., Royal Arc Infra Private Limited situated at Nature's Temple, Beach Road Near Bappanadu Temple Mulki -574154 Mangalore Karnataka having block number A101, A102, B101 & B103 for sale consideration ₹31.54 Lakhs, ₹ 31.54 Lakhs, ₹ 31.54Lakhs and ₹ 33.25 Lakhs. For further details please refer to chapter titled “*Business Overview – Immovable Properties*” beginning on page 167 of this Draft Red Herring Prospectus.
- b) Our Company had purchase our factory from our Group Company i.e., Royal Arc Infra Private Limited situated at Plot No.6, Survey No. 91/ Paiki-4, Near Sheela Foam, village- Zaroli, Gujarat in October 10, 2013 for sale consideration of ₹ 60 Lakhs. For further details please refer to chapter titled “*Business Overview – Immovable Properties*” beginning on page 167 of this Draft Red Herring Prospectus

*In transactions for acquisition of land, construction of building and supply of machinery, etc.*

Our Group Company are not interested in any transactions for acquisition of plant, construction of building or supply of machinery.

#### **Common Pursuits**

Our Group Company is not engaged in the same line of business as that of our Company.

#### **Related Business Transactions within the group and significance on the financial performance of our Company**

Other than the transactions disclosed in the chapter titled “*Restated Financial Statements – Related Party Transactions*” beginning on page 205 of this Draft Red Herring Prospectus, there are no other business transactions between our Company and Group Company.

#### **Business interests or other interests**

Except as disclosed in the chapter titled “*Restated Financial Statements*” beginning on page 205 of this Draft Red Herring Prospectus, our Group Company do not have or propose to have any business interest in our Company

#### **Other Confirmations**

The equity shares of our Group Company are not listed on any stock exchange. Our Group Company has not made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Red Herring Prospectus. For further details, please refer to chapter titled “*Other Regulatory and Statutory Disclosures*” beginning on page 275 of this Draft Red Herring Prospectus.

None of the securities of our Group Company has been refused listing by any stock exchange in India or abroad during last ten years, nor has our Group Company failed to meet the listing requirements of any stock exchange in India or abroad.

There are no material existing or anticipated transactions in relation to the utilization of the Offer Proceeds with our Group Company.

## DIVIDEND POLICY

The declaration and payment of dividends 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 the Companies Act. The declaration of dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the financial year, capital requirements, and surpluses, contractual restrictions, liquidity and applicable taxes including dividend distribution tax payable by our Company and any other factors considered by our Board of Directors. The Articles of Association also provides discretion to our Board to declare and pay interim dividends. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, please refer chapter titled "*Financial Indebtedness*" beginning on page 264 of this Draft Red Herring Prospectus.

All dividend payments are made in cash to the Shareholders of our Company. Our Company has not adopted any Dividend Distribution Policy as on the date of this Draft Red Herring Prospectus since the requirements under Regulation 43A of SEBI Listing Regulations are not applicable to the Company. However, depending upon the availability of distributable profits and fund flow, dividends maybe recommended by the Board of Directors and shall pay dividends in accordance with the provisions of the Companies Act, 2013, the Memorandum of Association and Articles of Association and other Applicable Laws.

Our Company has not declared and/or paid any dividend on the Equity Shares since incorporation.

**CHAPTER VI – FINANCIAL STATEMENTS**

**RESTATED FINANCIAL STATEMENT**

*[The Remainder of this Page has intentionally been left blank]*

## SECTION VI

### RESTATED FINANCIAL INFORMATION OF THE COMPANY

#### INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL STATEMENTS

To

**The Board of  
Directors**

**Royal Arc Electrodes Limited**

72B, Bombay Talkies Compound,  
S V Road, Malad (W), Mumbai,  
Maharashtra-400064

Dear Sirs,

1. We have examined the attached restated financial statements of **Royal Arc Electrodes Limited** (hereinafter referred to as "**the Company**") comprising the Restated Statement of Assets and Liabilities as at March 31, 2022, March 31, 2023 and for the year ended March 31, 2024, the Restated Statements of Profit and Loss, the Restated Cash Flow Statement for the period ended March 31, 2022, March 31, 2023 and for the year ended as on March 31, 2024, the Summary Statement of Significant Accounting Policies, the Notes and Annexures as forming part of these Restated Financial Statements (collectively, the "Restated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on July 09, 2024, for the purpose of inclusion in the **Draft Red Herring Prospectus** ("Draft Offer Document/Offer Document") prepared by the Company in connection with its proposed SME Initial Public Offer.

Offer of equity shares ("SME IPO") prepared in terms of the requirements of:

- (i) sub-clauses (i) and (iii) of clause (b) of sub-section (1) of section 26 of the Companies Act, 2013 ("the Act") read with Companies (Prospectus and Allotment of Securities) Rules 2014;
- (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018, as amended ("**ICDR Regulations**") and related amendments / clarifications from time to time issued by the Securities and Exchange Board of India ("**SEBI**")
- (iii) The Guidance Note on Reports in Company Prospectus (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 are responsible for the preparation of the Restated Financial Information for the purpose of inclusion in the Draft Offer Document/ Offer Document to be filed with Securities and Exchange Board of India, relevant stock exchange and Registrar of Companies, Mumbai in connection with the proposed SME IPO. The Restated Financial Information has been prepared by the management of the Company on the basis of preparation stated in *Annexure IV* of the Restated Financial Information. The Board of Directors responsibility includes designing implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The Board of Directors is also responsible for identifying and ensuring that the Company complies with the Companies Act, (ICDR) Regulations and the Guidance Note.
3. We, **Bagadiya & Jain** Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and holds the peer review certificate with effect from 18 March, 2024 valid till 31 March, 2027. We confirm that there is no express refusal by the peer review board of ICAI to renew the certificate and the process to renew the peer review certificate has been initiated by us.
4. We have examined such restated financial statements/information taking into consideration:
  - (i) The terms of reference and terms of our engagement agreed upon with you in accordance with our letter dated March 21, 2024 in connection with the Draft Offer Document/ Offer Document being issued by the Company for its proposed Initial Public Offering of equity shares on relevant stock exchange (“**IPO**” or “**SME IPO**”); and
  - (ii) The Guidance Note on Reports in Company Prospectus (Revised) issued by the Institute of Chartered Accountants of India (“**Guidance Note**”). The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
  - (iii) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and
  - (iv) 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.
5. These Restated Financial Statement have been compiled by the management of the company from Audited Financial Statements of the company as at and for the year ended March 31, 2024, year ended 31st March, 2023 and 31st March, 2022 prepared in accordance with Accounting Standard as specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of Directors.
6. In accordance with the requirements of the Act including the rules made there under, ICDR Regulations, Guidance Note and Engagement Letter, we report that:

- (i) The “**restated statement of asset and liabilities**” of the Company as at March 31, 2024, March 31, 2023, and March 31, 2022 examined by us, as set out in **Annexure I** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
  - (ii) The “**restated statement of profit and loss**” of the Company for the period ended on March 31, 2024, March 31, 2023 and March 31, 2022 examined by us, as set out in **Annexure II** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to the restated summary statements to this report.
  - (iii) The “**restated statement of cash flows**” of the Company for the period ended on March 31, 2024, March 31, 2023 and March 31, 2022 examined by us, as set out in **Annexure III** to this report read with significant accounting policies in **Annexure IV** has been arrived at after making such adjustments and regroupings to the audited financial statements of the Company, as in our opinion were appropriate and more fully described in notes to restated summary statements to this report.
7. Based on our examination, we are of the opinion that the restated financial statements have been prepared:
- a) after incorporating adjustments for the changes in accounting policies and regrouping/reclassifications retrospectively, if any in the financial year ended March 31, 2024, March 31, 2023 and March 31, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications; and
  - b) In accordance with the Act, ICDR Regulations and the Guidance Note.
8. We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and is annexed to this report relating to the Company for the year ended on March 31, 2024, March 31, 2023 and March 31, 2022 as on July 03, 2024, Sept 04, 2023 and Sept 03, 2022 respectively proposed to be included in the Draft Offer Document/ Offer Document.

**Annexure V -Notes to the Restated Financial Information:**

- I. Share capital as restated as appearing in Note A to this report;
- II. Reserves and surplus as restated as appearing in Note B to this report;
- III. Long-term borrowings as restated as appearing in Note C to this report;
- IV. Deferred tax asset/liability as restated as per Note D to this report;
- V. Other Long-Term Liabilities as restated as per Note E to this report;
- VI. Long-term provisions as restated as appearing in Note F to this report;
- VII. Short-term borrowings as restated as appearing in Note G to this report;
- VIII. Trade payables as restated as appearing in Note H to this report;



- IX. Other current liabilities as restated as appearing in Note I to this report;
- X. Short-term provisions as restated as appearing in Note J to this report;
- XI. Property, Plant & Equipment as restated as appearing in Note K to this report;
- XII. Non-current assets as restated as appearing in Note L to this report;
- XIII. Other Non-current assets as restated as appearing in Note M to this report;
- XIV. Inventories as restated as appearing in Note N to this report;
- XV. Trade receivables as restated as appearing in Note O to this report;
- XVI. Cash & cash equivalents as restated as appearing in Note P to this report;
- XVII. Short-term loans & advances as restated as appearing in Note Q to this report;
- XXVIII. Other current assets as restated as appearing in Note R to this report;
- XIX. Revenue from operations as restated as appearing in Note S to this report;
- XX. Other income as restated as appearing in Note T to this report;
- XXI. Raw material Consumed as restated as appearing in U to this report;
- XXII. Change in inventories of finished goods as restated as appearing in Note V to this report;
- XXIII. Employees benefit expenses as restated as appearing in Note W to this report;
- XXIV. Finance cost as restated as appearing in Note X to this report;
- XXV. Depreciation and Amortization as restated as appearing in Note Y to this report;
- XXVI. Other expenses as restated as appearing in Note Z to this report;
- XXVII. Contingent liabilities as restated as appearing in Note AD to this report;
- XXVIII. Information in respect of CSR expenditure required to be spent by the company in Note BJ to this report;
- XXIX. Related party transactions as restated as appearing in Note AI to this report;
- XXX. Tax shelter as restated as appearing in Note BK to this report;
- XXXI. Capitalization statement as at 31st March, 2024 as restated as appearing in Note BL to this report;
- XXXII. Statement of accounting ratios & additional Information as restated as appearing in Note AY to this report;

9. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned above.
10. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other firm of chartered accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
12. In our opinion, the above financial information contained in Annexure I to VII of this report read with the respective significant accounting policies and notes to restated summary statements as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.
13. Our report is intended solely for use of the Board of Directors for inclusion in the Draft Offer Document/ Offer Document in connection with the SME IPO. Our report should not be used, referred to or adjusted for any other purpose except with our 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 Bagadiya & Jain**

**CHARTERED ACCOUNTANTS**

Firm Registration no: 128719W

**Sd/-**

**Rishit Bagadiya**

**Partner**

Membership No.: 123327

UDIN: 24123327BKESQI6139

Place: Ahmedabad

Date: 09/07/2024

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure I - Restated Statement of Assets and Liabilities**  
**(Amounts in INR Lakh, unless otherwise stated)**

Particulars	Schedule	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>I. EQUITY AND LIABILITIES</b>				
<b>(1) Shareholders' funds</b>				
(a) Share Capital	A	930.02	182.00	182.00
(b) Reserves and Surplus	B	3,297.17	2,852.56	1,895.74
<b>Total</b>		<b>4,227.19</b>	<b>3,034.56</b>	<b>2,077.74</b>
<b>(2) Non-current liabilities</b>				
(a) Long-term Borrowings	C	-	43.03	152.07
(b) Deferred Tax Liabilities	D	75.96	73.26	94.71
(c) Other Long-term Liabilities	E	26.65	83.94	98.83
(d) Long-term Provisions	F	44.45	36.92	29.58
<b>Total</b>		<b>147.06</b>	<b>237.15</b>	<b>375.19</b>
<b>(3) Current liabilities</b>				
(a) Short-term Borrowings	G	19.71	98.68	629.18
(b) Trade Payables	H			
- Due to Micro and Small Enterprises		350.86	258.97	-
- Due to Others		187.41	519.92	1,022.39
(c) Other Current Liabilities	I	157.90	110.03	77.20
(d) Short-term Provisions	J	134.49	126.09	66.14
<b>Total</b>		<b>850.37</b>	<b>1,113.69</b>	<b>1,794.91</b>
<b>Total Equity and Liabilities</b>		<b>5,224.62</b>	<b>4,385.40</b>	<b>4,247.84</b>
<b>II. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment and Intangible Assets				
(i) Property, Plant and Equipment	K.1	1,625.02	1,392.27	1,452.51
(ii) Intangible Assets	K.2	0.45	1.13	1.03
(iii) Capital Work-in-progress	K.3	98.56	2.65	34.91
(b) Non-Current Investments	L	222.57	135.52	2.03
(c) Other Non-current Assets	M	71.65	55.29	77.22
<b>Total</b>		<b>2,018.25</b>	<b>1,586.86</b>	<b>1,567.69</b>
<b>(2) Current assets</b>				
(a) Inventories	N	904.22	606.69	1,083.92
(b) Trade Receivables	O	2,067.72	1,643.72	1,308.69
(c) Cash and Cash Equivalents	P	95.62	301.83	5.12
(d) Short-term Loans and Advances	Q	122.83	202.20	137.48
(e) Other Current Assets	R	15.98	44.10	144.94
<b>Total</b>		<b>3,206.37</b>	<b>2,798.54</b>	<b>2,680.15</b>
<b>Total Assets</b>		<b>5,224.62</b>	<b>4,385.40</b>	<b>4,247.84</b>

The above Restated Statement of Assets and Liabilities should be read in conjunction with Notes to the Restated Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Financial Statements appearing in Annexure - VII.

This is the Restated Statement of Assets and Liabilities referred to in our report of even date.

As per our report of even date attached

**For, Bagadia & Jain**  
**CHARTERED ACCOUNTANTS**  
**FRN: 128719W**

**For and on behalf of the Board of Directors**  
**Royal Arc Electrodes Limited**

**Sd/-**  
**Rishit M. Bagadia**  
 Partner  
 M. No.: 123327  
 UDIN: 24123327BKESQ6139

**Sd/-**  
**Bipin Sanghvi**  
 Managing Director  
 DIN No.: 00462839

**Sd/-**  
**Swagat Sanghvi**  
 Whole-time director  
 DIN No.: 01695341

Place: Ahmedabad  
 Date: 09/07/2024

**Sd/-**  
**Hardik Sanghvi**  
 Chief Financial Officer &  
 Whole-time director  
 DIN No.: 00617415

**Sd/-**  
**Mansi Bagadiya**  
 Company Secretary  
 M. No.: A56143

Place : Mumbai  
 Date: 09/07/2024

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure II - Restated Statement of Profit and Loss**  
**(Amounts in INR Lakh, unless otherwise stated)**

Particulars	Schedule	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from Operations	S	9,978.75	9,694.02	6,290.97
Other Income	T	120.50	109.46	191.26
<b>Total Income</b>		<b>10,099.25</b>	<b>9,803.48</b>	<b>6,482.23</b>
<b>Expenses</b>				
Cost of Raw Material Consumed	U	6,383.68	6,468.15	4,837.61
Change in Inventories of work in progress, finished goods and Stock in Trade	V	209.13	221.59	(140.38)
Employee Benefit Expenses	W	773.57	691.66	422.80
Finance Costs	X	9.89	60.84	97.53
Depreciation and Amortization Expenses	Y	180.85	184.29	177.48
Other Expenses	Z	916.26	871.61	806.43
<b>Total expenses</b>		<b>8,473.38</b>	<b>8,498.14</b>	<b>6,201.47</b>
<b>Restated profit/(Loss) before Exceptional and Extraordinary Item and Tax</b>		<b>1,625.87</b>	<b>1,305.34</b>	<b>280.76</b>
Exceptional Item				
<b>Restated profit/(Loss) before Extraordinary Item and Tax</b>		<b>1,625.87</b>	<b>1,305.34</b>	<b>280.76</b>
Extraordinary Item				
<b>Restated profit/(Loss) before Tax</b>		<b>1,625.87</b>	<b>1,305.34</b>	<b>280.76</b>
Tax Expenses	AA			
- Current Tax		425.25	365.12	86.04
- Deferred Tax Expenses/(Income)		2.70	(21.44)	(18.12)
- Short /(Excess) provision for income tax of earlier year		5.29	4.84	0.71
<b>Total Tax Expense</b>		<b>433.24</b>	<b>348.52</b>	<b>68.63</b>
<b>Restated profit/(Loss) after Tax</b>		<b>1,192.63</b>	<b>956.82</b>	<b>212.13</b>
Restated Earnings Per Share (Face Value per Share Rs.10 each)				
-Basic	AB	12.82	10.29	2.28
-Diluted	AB	12.82	10.29	2.28

The above Restated Statement of Profit and Loss should be read in conjunction with Notes to the Restated Financial Information appearing in

Annexure - V and Statement of Adjustments to Audited Financial Statements appearing in Annexure - VII.

This is the Restated Statement of Profit and Loss referred to in our report of even date.

As per our report of even date attached

**For, Bagadiya & Jain**  
**CHARTERED ACCOUNTANTS**  
**FRN: 128719W**

**For and on behalf of the Board of Directors**  
**Royal Arc Electrodes Limited**

**Sd/-**  
**Rishit M. Bagadia**  
Partner  
M. No.: 123327  
UDIN: 24123327BKESQI6139

**Sd/-**  
**Bipin Sanghvi**  
Managing Director  
DIN No.: 00462839

**Sd/-**  
**Swagat Sanghvi**  
Whole-time director  
DIN No.: 01695341

Place: Ahmedabad  
Date: 09/07/2024

**Sd/-**  
**Hardik Sanghvi**  
Chief Financial Officer &  
Whole-time director  
DIN No.: 00617415

**Sd/-**  
**Mansi Bagadiya**  
Company Secretary  
M. No.: A56143

Place : Mumbai  
Date: 09/07/2024

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure III - Restated Statement of Cash Flows**  
**(Amounts in INR Lakh, unless otherwise stated)**

Particulars	Schedule	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit before tax		1,625.87	1,305.34	280.76
<u>Adjustments:</u>				
(1) Non-cash and Non-operating Expenses:				
Depreciation / Amortisation Expenses		180.85	184.29	177.48
Loss on sale of assets		-	25.56	-
Finance Cost		9.89	60.84	97.53
(2) Non-operating Income:				
Profit on sale of asset		(0.39)	-	(1.15)
Interest Income		(15.61)	(4.21)	(2.63)
Rent Income		(0.18)	-	-
Net Loss/(Gain) on Sale of Investments		-	-	-
Non Cash Expenses		-	-	-
Dividend Income (Investment Income)		(0.12)	(0.12)	(0.12)
<b>Operating Profit before working capital changes</b>		<b>1,800.31</b>	<b>1,571.70</b>	<b>551.87</b>
<u>Adjustment for:</u>				
Increase/(Decrease) in Trade Payables		(240.63)	(243.49)	188.29
Increase/(Decrease) in Other Current Liabilities		47.87	32.83	(48.24)
Increase/(Decrease) in Short-Term Provisions		49.26	23.42	10.35
Increase/(Decrease) in Long-Term Provisions		7.53	7.34	4.16
(Increase)/Decrease in Inventories		(297.53)	477.23	(210.07)
(Increase)/Decrease in Trade Receivables		(424.00)	(335.03)	(233.25)
(Increase)/Decrease in Short-term Loans & Advances		(326.19)	(368.98)	(39.53)
(Increase)/Decrease in Other Current Assets		28.12	100.84	56.30
Operating Gain after working capital changes		644.74	1,265.86	279.88
<u>Other Adjustments:</u>				
(Increase)/Decrease in Other non-current assets		(16.36)	21.93	0.22
Cash generated from operating activities before taxes		628.38	1,287.79	280.10
Less: Direct Taxes Paid (Net of Refunds)		65.84	29.20	39.67
<b>Net Cash provided/(used) by operating activities</b>		<b>562.54</b>	<b>1,258.59</b>	<b>240.43</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
(Purchase) / Sale of assets		(508.44)	(117.45)	(113.87)
(Purchase) / Sale of Investments		(87.05)	(133.49)	-
Profit / (loss) on sale of asset		-	-	-
Interest received		15.61	4.21	2.63
Dividend income		0.12	0.12	0.12
Rent received		0.18	-	-
<b>Net Cash (Used in) Investing Activities</b>		<b>(579.58)</b>	<b>(246.61)</b>	<b>(111.12)</b>

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure III - Restated Statement of Cash Flows**  
**(Amounts in INR Lakh, unless otherwise stated)**

<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Increase/(Repayment) in Long-term borrowing		(43.03)	(109.04)	(54.30)
(Increase)/Decrease in Other Long term liabilities		(57.28)	(14.89)	(15.08)
Increase/(Repayment) in Short-term borrowing		(78.97)	(530.50)	12.36
Finance Cost		(9.89)	(60.84)	(97.53)
<b>Net Cash (Used in) / Generated from Financing Activities</b>		<b>(189.17)</b>	<b>(715.27)</b>	<b>(154.55)</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>		<b>(206.21)</b>	<b>296.71</b>	<b>(25.24)</b>
Opening Balance of Cash and Cash Equivalents		301.83	5.12	30.36
<b>Closing Balance of Cash and Cash Equivalents</b>	<b>18</b>	<b>95.62</b>	<b>301.83</b>	<b>5.12</b>

The above Restated Statement of Cash Flows should be read in conjunction with Notes to the Restated Financial Information appearing in Annexure - V and Statement of Adjustments to Audited Financial Statements appearing in Annexure - VII.

This is the Restated Statement of Cash Flows referred to in our report of even date.

As per our report of even date attached

**FOR, Bagadiya & Jain**  
**CHARTERED ACCOUNTANTS**  
**FRN: 128719W**

**For and on behalf of the Board of Directors**  
**Royal Arc Electrodes Limited**

**Sd/-**  
**Rishit M. Bagadia**  
 Partner  
 M. No.: 123327  
 UDIN: 24123327BKESQI6139

**Sd/-**  
**Bipin Sanghvi**  
 Managing Director  
 DIN No.: 00462839

**Sd/-**  
**Swagat Sanghvi**  
 Whole-time director  
 DIN No.: 01695341

Place: Ahmedabad  
 Date: 09/07/2024

**Sd/-**  
**Hardik Sanghvi**  
 Chief Financial Officer &  
 Whole-time director  
 DIN No.: 00617415

**Sd/-**  
**Mansi Bagadiya**  
 Company Secretary  
 M. No.: A56143

Place : Mumbai  
 Date: 09/07/2024

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure IV - Significant Accounting Policies**  
**(Amounts in INR Lakh, unless otherwise stated)**

**A COMPANY INFORMATION**

Royal Arc Electrodes Limited ('the Company') is a public company domiciled in India and was incorporated on 15th January, 1996 under the provisions of the Companies Act, 1956. The registered office of the Company is located at 72B, Bombay Talkies Compound, S V Road, Malad (W), Mumbai, Maharashtra - 400064. and the manufacturing facility of the company is located at Plot No.6, Survey No. 91/4 Nr. Sheela Foam Village Zaroli Taluka: Umargaon, Dist. Valsad (Bhilad, Gujarat).

The Company is engaged in the business of manufacturing of welding consumables such as, welding electrodes, flux cored wire, MIG/TIG wires.

**B SIGNIFICANT ACCOUNTING POLICIES**

**1 Basis of Preparation**

The financial statements have been prepared in conformity with the generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under Companies Act, 2013 and the relevant provisions of the Companies Act 2013("the Act"). The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**2 Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

**3 Property, Plant and Equipment and Depreciation**

Property, Plant & Equipment are carried at cost of acquisition less accumulated depreciation and its written down value is stated. Cost includes inward freight, duties, taxes and incidental expenses related to the acquisition, construction and installation of the fixed assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Depreciation is provided under straight-line method so as to write-off the cost of the assets over its useful life as prescribed in Schedule II of the Companies Act, 2013.

**4 Intangible Assets**

Expenditure on regulatory approval for Licenses for Sale of Goods in foreign countries is recognized as an intangible asset and the same is amortized over a period of five years & Expenditure on software development is recognized as an intangible asset and same is amortized over a period of five years.

**5 Capital Work-in-progress**

Cost and direct expense incurred for construction of assets or assets to be acquired and which are not ready for use are disclosed under "Capital Work-in-progress"

**6 Leases**

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

## Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

### Annexure IV - Significant Accounting Policies

(Amounts in INR Lakh, unless otherwise stated)

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight-line basis.

#### 7 Impairment

a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

c) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

#### 8 Investments

Long Term Investments are carried at cost. Provision is made for any diminution in value of investments, if the diminution is other than temporary.

#### 9 Employee Benefits

##### (i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognised as expense when employees have rendered services entitling them to such benefits.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested, or amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

##### (ii) Other employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

#### 10 Revenue recognition

Revenue from sales is recognized as and when the goods are dispatched to the customers and invoice is prepared.

Other income is recognized on accrual basis and when there is reasonable certainty of its collection.



## Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

### Annexure IV - Significant Accounting Policies (Amounts in INR Lakh, unless otherwise stated)

#### 11 Taxation

Current Tax is the amount of tax payable for the year as determined in accordance with the provision of the Income Tax Act, 1961.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

#### 12 Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currencies at the balance sheet date are translated at rates as at the balance sheet date. Any income or expense on account of exchange difference either on settlement or on translation is recognised in profit & loss account except in cases where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of Fixed Assets.

#### 13 Earnings per share

The basic and diluted earnings per share is computed by dividing the profit/loss after tax available for equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

#### 14 Employee benefits

Employee benefit expenses include salary, wages, performance incentives, compensated absences, medical benefits and other perquisites. It also includes post-employment benefits such as provident fund, superannuation fund, gratuity, pensionary benefits etc.

Post-employment benefits and other long term employee benefits

Short term employee benefit obligations are estimated and provided for in the statement of profit and loss.

- Defined contribution plans

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to the statement of profit and loss in the period of incurrence when the services are rendered by the employees.

- Defined benefit plans and compensated absences

Expenditure on compensated absences and termination benefits (including expenditure on gratuity, voluntary retirement scheme, etc.) is recognised in the statement of profit and loss in the period of incurrence.

## Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

### Annexure IV - Significant Accounting Policies (Amounts in INR Lakh, unless otherwise stated)

#### 15 Inventories

Inventories are valued at the lower of cost and net realisable value after providing for cost of obsolescence. The method of determination of cost is as follows:

a. Finished goods - comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods. Trade discounts, rebates and other similar items are deducted in determining the cost.

ICDS II as prescribed under section 145 of the Income Tax Act, 1961 requires 'Purchase cost' to include duties and taxes, freight inwards and other expenditure directly attributable to the acquisition.

Further section 145A of the Income Tax Act, 1961 requires valuation of purchases, sales and inventory be adjusted to include the amount of tax, duty, cess or fees (by whatever name called) actually paid and incurred to bring the goods to the place of its location and conditions as on the date of valuation.

After including taxes, duties, cess etc. to inventory as well as purchases, sales and payments made or expenditure incurred of these taxes, duties, cess, etc. to comply with the provisions of section 145A the overall impact of the adjustments made on the income of the assessee is nil. Accordingly, even the exclusive method followed as per Accounting Standards issued by ICAI for the purpose of valuation of inventory is tax neutral.

#### 16 Provisions, Contingent liabilities and Contingent assets

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### 17 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.

#### 18 Borrowing Cost

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Where, a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Substantial period of time primarily depends on the facts and circumstances of each asset. However, ordinarily, a period of twelve months is considered as substantial. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Exchange differences arising from foreign currency borrowings and considered as borrowing costs are those exchange differences which arise on the amount of principal of the foreign currency borrowings to the extent of the difference between interest on local currency borrowings and interest on foreign currency borrowings. Thus, the amount of exchange difference not exceeding the difference between interest on local currency borrowings and interest on foreign currency borrowings is considered as borrowings costs and the remaining exchange difference, if any, is accounted for under AS 11, The Effects of Changes in Foreign Exchange Rates. For this purpose, the interest rate for the local currency borrowings is considered as that rate at which the enterprise would have raised the borrowings locally had the enterprise not decided to raise the foreign currency borrowings

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure IV - Significant Accounting Policies**  
**(Amounts in INR Lakh, unless otherwise stated)**

**19 Current assets, loans and advances**

Current assets, loans and advances are of the value stated if realisable in the ordinary course of business.

**20 Loans and borrowings**

Secured as well as unsecured loans are stated at full value of liability payable on the date of balance sheet or future date.

**21 Government grants and subsidies**

Grants and subsidies from the government are recognized when there is reasonable assurance that (a) the company will comply with the conditions attached to them, and (b) the grant/subsidy will be received.

Where the grant relates to an asset, it is shown as a reduction from the gross value of the asset concerned in arriving at its book value. The grant is thus recognised in the statement of profit and loss over the useful life of the asset by way of reduced depreciation charge.

Where the grant relates to reimbursement of interest on term loan, it is recognised as a reduction from the finance cost of the term loan concerned.

As per our report of even date attached

**For, Bagadiya & Jain**  
**CHARTERED ACCOUNTANTS**  
**FRN: 128719W**

For and on behalf of the Board of Directors  
Royal Arc Electrodes Limited

**Sd/-**

**Rishit M. Bagadia**

Partner

M. No.: 123327

UDIN: 24123327BKESQI6139

**Sd/-**

**Bipin Sanghvi**

Managing Director

DIN No.: 00462839

**Sd/-**

**Swagat Sanghvi**

Whole-time director

DIN No.: 01695341

Place: Ahmedabad

Date: 09/07/2024

**Sd/-**

**Hardik Sanghvi**

Chief Financial Officer &

Whole-time director

DIN No.: 00617415

**Sd/-**

**Mansi Bagadiya**

Company Secretary

M. No.: A56143

Place : Mumbai

Date: 09/07/2024

**A Share Capital**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Authorised Share Capital</b> Equity Shares, Rs. 10 (previous year Rs. 10) par value, 1,80,00,000 (Previous Year -20,00,000) Equity Shares	1,800.00	200.00	200.00
<b>Issued, Subscribed and Fully Paid up Share Capital</b> Equity Shares, Rs. 10 (previous year Rs. 10) par value, 93,00,200 (Previous Year -18,20,000) Equity Shares paid up	930.02	182.00	182.00
<b>Total</b>	<b>930.02</b>	<b>182.00</b>	<b>182.00</b>

**(i) Reconciliation of number of shares**

Particulars	As at 31 March 2024		As at 31 March 2023	
	No. of shares	(INR in '00000)	No. of shares	(INR in '00000)
Equity Shares				
Opening Balance	18,20,000	182.00	18,20,000	182.00
Issued during the year (Bonus)	74,80,200	748.02	-	-
Deletion during the year	-	-	-	-
<b>Closing balance</b>	<b>93,00,200</b>	<b>930.02</b>	<b>18,20,000</b>	<b>182.00</b>

Particulars	As at 31 March 2022	
	No. of shares	(INR in '00000)
Equity Shares		
Opening Balance	18,20,000	182.00
Issued during the year	-	-
Deletion during the year	-	-
<b>Closing balance</b>	<b>18,20,000</b>	<b>182</b>

**(ii) Rights, preferences and restrictions attached to shares**

Equity Shares: The Company has one class of equity shares having a par value of Rs. 10 (previous year Rs. 10) per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

**(iii) Details of Shares held by shareholders holding more than 5% of the aggregate shares in the company**

Equity Shares Name of Shareholder	As at 31 March 2024		As at 31 March 2023	
	No. of shares	In %	No. of shares	In %
Bipin Sanghvi	8,92,717	9.60%	1,74,700	9.60%
Hardik Sanghvi	26,82,750	28.85%	5,25,000	28.85%
Ami H. Sanghvi	6,38,750	6.87%	1,25,000	6.87%
Swagat Sanghvi	26,82,750	28.85%	5,25,000	28.85%
Pooja S. Sanghvi	6,38,750	6.87%	1,25,000	6.87%
Tarulata Bipin Sanghvi	17,63,461	18.96%	3,45,100	18.96%

Equity Shares Name of Shareholder	As at 31 March 2022	
	No. of shares	In %
Bipin Sanghvi	1,74,700	9.60%
Hardik Sanghvi	5,25,000	28.85%
Ami H. Sanghvi	1,25,000	6.87%
Swagat Sanghvi	5,25,000	28.85%
Pooja S. Sanghvi	1,25,000	6.87%
Tarulata Bipin Sanghvi	3,45,100	18.96%

**(iv) Shares held by Promoters at the end of the year 31 March 2024**

Name of Promotor	Class of Shares	No. of Shares	% of total shares	% Change during the year
Bipin Sanghvi	Equity	8,92,717	9.60%	0.00%
Hardik Sanghvi	Equity	26,82,750	28.85%	0.00%
Swagat Sanghvi	Equity	26,82,750	28.85%	0.00%
Tarulata Bipin Sanghvi	Equity	17,63,461	18.96%	0.00%

**Shares held by Promoters at the end of the year 31 March 2023**

Name of Promotor	Class of Shares	No. of Shares	% of total shares	% Change during the year
Bipin Sanghvi	Equity	1,74,700	9.60%	0.00%
Hardik Sanghvi	Equity	5,25,000	28.85%	0.00%
Swagat Sanghvi	Equity	5,25,000	28.85%	0.00%
Tarulata Bipin Sanghvi	Equity	3,45,100	18.96%	0.00%

**Shares held by Promoters at the end of the year 31 March 2022**

Name of Promotor	Class of Shares	No. of Shares	% of total shares	% Change during the year
Bipin Sanghvi	Equity	1,74,700	9.60%	0.00%
Hardik Sanghvi	Equity	5,25,000	28.85%	0.00%
Swagat Sanghvi	Equity	5,25,000	28.85%	0.00%
Tarulata Bipin Sanghvi	Equity	3,45,100	18.96%	0.00%

**B Reserves and Surplus**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
<b>Statement of Profit and loss</b>			
Balance at the beginning of the year	2,852.56	1,895.74	1,704.63
Add: Profit during the year	1,192.63	956.82	212.13
Less: Issue of Bonus Shares during the year	(748.02)	-	-
Add: Reclassification from Asset to Deposit	-	-	6.43
Less: Effect of first time adoption of AS-15	-	-	(32.67)
Add: Reclassification from Expense to Deposit	-	-	6.37
Less: Restatement of Gratuity Fund Balances	-	-	(1.15)
	<b>3,297.17</b>	<b>2,852.56</b>	<b>1,895.74</b>
<b>Balance at the end of the year</b>	<b>3,297.17</b>	<b>2,852.56</b>	<b>1,895.74</b>

**C Long term borrowings**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Secured Term loans from banks	-	43.03	152.07
<b>Total</b>	<b>-</b>	<b>43.03</b>	<b>152.07</b>

**C.1 Particulars of Borrowings**

Name of Lender/Type of Loan	Nature of Security	Rate of Interest	Monthly Instalments	No of Instalment
MSME Working Capital Term Loan	Second charge on Current and movable fixed assets of the company. Second charge on Industrial property. Unconditional & irrevocable Guarantee from NCGTC.	9.25%	6.39	36
HDFC Bank / Car Loan	Hypothecation of Car	7.95%	0.69	36

**C.2 Details of Terms of Repayment for the other Long-Term Borrowings and security provided in respect of the secured other Long-Term Borrowings:**

**a) MSME Working Capital Term Loan**

Working capital term loan is repayable in 36 equal monthly principal instalments of Rs. 6,38,889/- @ fixed interest rate of 9.25% p.a. payable at monthly rests. The said loan is secured by way of:

Second charge on the current and movable fixed assets of the company except movable assets funded from term loan taken from yes bank.

Second charge on Industrial property located at Plot No. 6, Survey No.91/Paiki-4 of Village Zaroli, Bhilad Road, Valsad, Gujarat -396105

Unconditional & irrevocable Guarantee from NCGTC

**b) HDFC Bank Car Loan- Jeeps**

The loan is primarily secured by way of hypothecation of Jeeps Car which is repayable in 36 equal monthly instalments of Rs. 68,889/- @ interest rate of 7.95% p.a. payable at monthly rests.

**c) Loans and advances from related parties (Directors)**

Interest free loans from directors.

**D Deferred tax liabilities Net**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Deferred Tax Liability/(Asset)-Net	75.96	73.26	94.71
<b>Total</b>	<b>75.96</b>	<b>73.26</b>	<b>94.71</b>

**D.1 Significant components of Deferred Tax**

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
<b>Deferred Tax Asset</b>			
- On account of Disallowance under Section-40a(ia)	-	0.60	0.44
- On account of provision of Gratuity under Section-40A(7)	16.28	13.15	10.23
- On account of Disallowance of Bonus-Section 43B	1.92	-	-
- On account of provision of Leave encashment-Section 43B	1.74	1.60	-
<b>Gross Deferred Tax Asset (A)</b>	<b>19.94</b>	<b>15.35</b>	<b>10.67</b>
<b>Deferred Tax Liability</b>			
- On account of Difference between Book and Tax WDV	95.90	88.61	105.38
<b>Gross Deferred Tax Liability (B)</b>	<b>95.90</b>	<b>88.61</b>	<b>105.38</b>
<b>Net Deferred Tax Liability/(Asset) (A)-(B)</b>	<b>75.96</b>	<b>73.26</b>	<b>94.71</b>

**E Other long term liabilities**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Others			
-Trade deposits and security deposits	26.65	83.94	98.83
<b>Total</b>	<b>26.65</b>	<b>83.94</b>	<b>98.83</b>

**F Long term provisions**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits			
- Provision for Gratuity (Note-AG)	39.38	32.42	29.58
- Provision for Compensated Absences (Note-AG)	5.07	4.50	-
<b>Total</b>	<b>44.45</b>	<b>36.92</b>	<b>29.58</b>

**F.1 Provision for Gratuity**

In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method.

**F.2 Provision for Compensated Absences**

In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method.

**G Short term borrowings**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Secured</b>			
Loan repayable on demand from Bank			
- Cash credit / Overdraft	-	-	492.27
<b>Unsecured</b>			
Loan repayable on demand from Bank			
- Credit card	1.97	0.31	-
Unsecured Term loans from related parties	13.04	14.14	25.02
	15.01	14.45	517.29
<b>Current maturity of long term borrowings</b>			
Term loans from Bank			
-Hdfc Bank Car Loan	4.70	7.56	6.99
-Msme Wc Hsbc Term Loan	-	76.67	76.67
-Axis Bank Car Loan	-	-	28.23
	4.70	84.23	111.89
<b>Unsecured</b>			
Loans and advances from related parties			
- From directors	-	-	-
- Intercorporate deposits	-	-	-
Loans and advances from other parties			
- Others	-	-	-
	-	-	-
<b>Total</b>	<b>19.71</b>	<b>98.68</b>	<b>629.18</b>

**G.1 a) Loan repayable on demand from bank;**

Cash credit is secured by way of exclusive charge on Industrial property located at Plot No. 6, Survey No.91/Paiki-4 of Village Zaroli, Bhilad Road, Valsad, Gujarat - 396105. Also, the said facility is secured by way of a second charge on the current and movable fixed assets of the company. Further, the said facility is secured by way of a Personal Guarantee from the directors Bipin Sanghvi, Hardik Sanghvi, and Swagat Sanghvi, and the relative of director Tarulata Sanghvi for Rs 13,00,00,000/- each.

**b) Current maturities of long term borrowing**

Refer Note No-C.1 and C.2 for details of securities, rate of interest and terms of repayments related to current maturities of long term borrowing

**H Trade payables**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Due to Micro and Small Enterprises	350.86	258.97	-
Due to Others	187.41	519.92	1,022.39
<b>Total</b>	<b>538.27</b>	<b>778.89</b>	<b>1,022.39</b>

H.1 Trade Payable ageing schedule as at 31 March 2024

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	350.86	-	-	-	350.86
Others	182.91	0.65	3.84	-	187.41
Disputed dues- MSME	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-
Sub total	533.77	0.65	3.84	-	538.27
MSME - Undue	-	-	-	-	-
Others - Undue	-	-	-	-	-
Total	533.77	0.65	3.84	-	538.27

H.2 Trade Payable ageing schedule as at 31 March 2023

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	258.94	0.03	-	-	258.97
Others	516.12	3.80	-	-	519.92
Disputed dues- MSME	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-
Sub total	775.06	3.83	-	-	778.89
MSME - Undue	-	-	-	-	-
Others - Undue	-	-	-	-	-
Total	775.06	3.83	-	-	778.89

H.3 Trade Payable ageing schedule as at 31 March 2022

Particulars	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	-	-	-	-
Others	1,004.67	8.32	0.19	9.21	1,022.39
Disputed dues- MSME	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-
Sub total	1,004.67	8.32	0.19	9.21	1,022.39
MSME - Undue	-	-	-	-	-
Others - Undue	-	-	-	-	-
Total	1,004.67	8.32	0.19	9.21	1,022.39

I Other current liabilities

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
Advance from Customers	7.53	23.88	19.44
Trade deposits and security deposits	-	-	-
<b>Other payables</b>			
- ESIC payable	0.31	0.02	0.02
- GST payable	30.38	6.79	2.03
- Provident Fund payable	1.78	1.78	1.61
- TDS payable	74.52	37.33	17.59
- TCS payable	0.52	1.52	0.32
- Professional Tax payable	0.17	0.48	0.48
- Salary and wages payable	41.31	36.82	33.80
- Other Expenses payable	1.38	1.41	1.91
Total	157.90	110.03	77.20

J Short term provisions

Particulars	As at	As at	As at
	31 March 2024	31 March 2023	31 March 2022
<b>Provision for employee benefits</b>			
- Provision for Bonus	7.63	12.76	16.49
- Provision for Gratuity (Note-AG)	25.30	19.81	11.05
- Provision for Compensated Absences (Note-AG)	1.84	1.85	-
<b>Others</b>			
- Provision for Audit Fees	6.08	6.25	5.00
- Provision for Tax (Net of advance tax)	21.65	62.51	25.98
- Provision for Corporate Social Responsibility	21.84	12.26	-
- Provision for Expenses	50.15	10.65	7.62
Total	134.49	126.09	66.14

J.1 Provision for Gratuity

In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method.

J.2 Provision for Compensated Absences

In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method.

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Annexure V - Notes to the Restated Financial Information  
(Amounts in INR Lakh, unless otherwise stated)

K.1 Property, Plant and Equipment

Particulars	Plant & Machinery	Computers & Data Processing Units	Electrical Installations & Equipment	Tools	Lab Equipment	Office Equipment	Furniture & Fittings	Motor Vehicles	Building	Land	Total
<b>Gross carrying amount</b>											
As at April 2021	1,458.89	5.26	104.39	120.46	63.47	39.75	21.98	180.80	750.31	63.61	2,808.93
Addition	8.80	2.50	6.25	-	1.09	11.58	-	25.25	37.15	-	92.61
Deduction	-	-	9.18	-	-	9.46	2.71	32.56	-	-	53.91
As at March 2022	1,467.69	7.75	101.46	120.46	64.57	41.87	19.27	173.49	787.46	63.61	2,847.62
As at April 2022	1,467.69	7.75	101.46	120.46	64.57	41.87	19.27	173.49	787.46	63.61	2,847.62
Addition	190.24	1.04	2.09	-	-	2.92	3.50	33.75	-	-	233.55
Deduction	35.51	-	3.64	70.80	7.24	-	-	142.10	-	-	259.29
As at March 2023	1,622.42	8.79	99.91	49.66	57.33	44.79	22.77	65.14	787.46	63.61	2,821.88
As at April 2023	1,622.42	8.79	99.91	49.66	57.33	44.79	22.77	65.14	787.46	63.61	2,821.88
Addition	359.49	1.62	-	-	-	1.86	0.83	52.03	-	-	415.82
Deduction	3.50	-	-	-	-	-	-	5.29	-	-	8.79
As at March 2024	1,978.41	10.41	99.91	49.66	57.33	46.65	23.60	111.88	787.46	63.61	3,228.92
<b>Accumulated depreciation</b>											
As at April 2021	724.64	4.99	78.75	97.40	52.95	35.47	11.81	49.45	203.51	-	1,258.96
Addition	98.24	0.55	7.50	6.78	3.52	1.91	1.93	20.46	36.20	-	177.09
Deduction	-	-	6.43	-	-	9.46	1.11	23.92	-	-	40.94
As at March 2022	822.88	5.54	79.82	104.18	56.46	27.92	12.62	45.98	239.72	-	1,395.12
As at April 2022	822.88	5.54	79.82	104.18	56.46	27.92	12.62	45.98	239.72	-	1,395.12
Addition	103.21	1.09	7.73	5.16	3.31	3.66	2.04	20.81	36.72	-	183.74
Deduction	16.83	-	2.29	67.82	6.91	(0.00)	-	55.40	-	-	149.24
As at March 2023	909.26	6.63	85.25	41.52	52.87	31.58	14.66	11.39	276.44	-	1,429.61
As at April 2023	909.26	6.63	85.25	41.52	52.87	31.58	14.66	11.39	276.44	-	1,429.61
Addition	111.06	1.33	7.62	2.86	3.11	3.85	2.35	11.26	36.72	-	180.17
Deduction	2.23	-	-	-	-	-	-	3.66	-	-	5.89
As at March 2024	1,018.09	7.96	92.87	44.38	55.98	35.43	17.01	19.00	313.16	-	1,603.90
<b>Net carrying amount</b>											
As at March 2022	644.81	2.22	21.65	16.28	8.10	13.95	6.65	127.51	547.74	63.61	1,452.51
As at March 2023	713.16	2.17	14.66	8.14	4.46	13.21	8.10	53.74	511.02	63.61	1,392.27
As at March 2024	960.32	2.45	7.04	5.29	1.35	11.22	6.58	92.88	474.30	63.61	1,625.02



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**Annexure V - Notes to the Restated Financial Information**  
**(Amounts in INR Lakh, unless otherwise stated)**

**K.2 Intangible Assets**

<b>Particulars</b>	<b>Computers Software</b>	<b>Total</b>
<b>Gross carrying amount</b>		
As at April 2021	0.95	0.95
Addition	0.48	0.48
Deduction	-	-
As at March 2022	1.43	1.43
As at April 2022	1.43	1.43
Addition	0.65	0.65
Deduction	-	-
As at March 2023	2.08	2.08
As at April 2023	2.08	2.08
Addition	-	-
Deduction	-	-
As at March 2024	2.08	2.08
<b>Accumulated amortisation and impairment</b>		
As at April 2021	0.02	0.02
Addition	0.39	0.39
Deduction	-	-
As at March 2022	0.40	0.40
As at April 2022	0.40	0.40
Addition	0.55	0.55
Deduction	-	-
As at March 2023	0.95	0.95
As at April 2023	0.95	0.95
Addition	0.68	
Deduction	-	
As at March 2024	1.63	0.95
<b>Net carrying amount</b>		
As at March 2022	1.03	1.03
As at March 2023	1.13	1.13
As at March 2024	0.45	0.45

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**Annexure V - Notes to the Restated Financial Information**  
**(Amounts in INR Lakh, unless otherwise stated)**

**K.3 Capital Work-in-progress**

<b>Particulars</b>	<b>Building</b>	<b>Total</b>
<b>Gross carrying amount</b>		
As at April 2021	-	-
Addition	34.91	34.91
Deduction	-	-
As at March 2022	34.91	34.91
As at April 2022	34.91	34.91
Addition	2.65	2.65
Deduction	34.91	34.91
As at March 2023	2.65	2.65
As at April 2023	2.65	2.65
Addition	95.91	95.91
Deduction	-	-
As at March 2024	98.56	98.56

**K.3.1 CWIP ageing schedule**

<b>CWIP</b>	<b>Amount in CWIP for a period of</b>				<b>Total</b>
	<b>Less than 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
Project in progress	95.91	2.65	-	-	98.56
<b>Total</b>	<b>95.91</b>	<b>2.65</b>	<b>-</b>	<b>-</b>	<b>98.56</b>

**L Non-current investments**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Investment in Property	145.66	133.49	-
Investment in Equity Instruments			
<b>Unquoted investments</b>			
- 4000 Equity Shares of SVC Co. Op. Bank Face Value of Rs.25 each, fully paid-up	1.00	1.00	1.00
- 10323 Equity Shares of BMC Co. Op. Bank Face Value of Rs.10 each, fully paid-up	1.03	1.03	1.03
<b>Quoted investments</b>			
- 1839 Equity Shares of Larsen and Toubro Limited Face Value of Rs.2 each, fully paid-up Market Value: Rs 69.22 lakhs	65.55	-	-
- 250 Equity Shares of Elecon Engineering Co.Ltd Face Value of Rs.2 each, fully paid-up Market Value: Rs 2.37 lakhs	2.51	-	-
- 90 Equity Shares of Bajaj Auto Ltd Face Value of Rs.10 each, fully paid-up Market Value: Rs 8.23 lakhs	6.82	-	-
<b>Total</b>	<b>222.57</b>	<b>135.52</b>	<b>2.03</b>

**M Other non current assets**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Security deposits			
- Trade deposits	5.95	3.24	9.62
- Deposit with Government authorities	-	0.20	1.66
- Rent deposit	1.00	1.00	0.75
- Electricity deposit	51.09	37.02	30.65
- Earnest money deposit	11.75	11.75	32.55
- Less: Provision for doubtful deposits	(1.75)	-	-
	<b>68.04</b>	<b>53.21</b>	<b>75.23</b>
- Other Deposits	0.10	0.57	0.47
Others			
- Prepaid Expenses	2.09	0.19	0.25
- Fixed deposit with bank	1.42	1.32	1.27
<b>Total</b>	<b>71.65</b>	<b>55.29</b>	<b>77.22</b>

**N Inventories**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Raw Materials	717.62	210.96	466.60
Finished Goods	152.49	385.18	570.66
Work in Process	34.11	10.55	46.66
<b>Total</b>	<b>904.22</b>	<b>606.69</b>	<b>1,083.92</b>

**O Trade receivables**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Receivables outstanding for a period exceeding six months</b>			
Unsecured, considered good	331.01	500.56	68.09
Doubtful	8.73	-	-
<b>Other receivables</b>			
Unsecured, considered good	1,736.71	1,143.16	1,240.60
Less: Allowance for Bad and Doubtful Debts	(8.73)	-	-
<b>Total</b>	<b>2,067.72</b>	<b>1,643.72</b>	<b>1,308.69</b>

**O.1 Trade Receivables ageing schedule as at 31 March 2024**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good	1,736.71	222.64	106.60	1.25	0.52	2,067.72
Undisputed Trade Receivables-considered doubtful	-	-	0.07	-	8.66	8.73
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
<b>Sub total</b>	<b>1,736.71</b>	<b>222.64</b>	<b>106.67</b>	<b>1.25</b>	<b>9.18</b>	<b>2,076.45</b>
Undue - considered good	-	-	-	-	-	-
Undue - considered doubtful	-	-	-	-	-	-
Less: Allowance for Bad and Doubtful Debts	-	-	(0)	-	(8.66)	(8.73)
<b>Total</b>	<b>1,736.71</b>	<b>222.64</b>	<b>106.60</b>	<b>1.25</b>	<b>0.52</b>	<b>2,067.72</b>

**O.2 Trade Receivables ageing schedule as at 31 March 2023**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good	1,143.16	446.18	28.71	17.36	8.31	1,643.72
Undisputed Trade Receivables-considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
<b>Sub total</b>	<b>1,143.16</b>	<b>446.18</b>	<b>28.71</b>	<b>17.36</b>	<b>8.31</b>	<b>1,643.72</b>
Undue - considered good	-	-	-	-	-	-
Undue - considered doubtful	-	-	-	-	-	-
Less: Allowance for Bad and Doubtful Debts	-	-	-	-	-	-
<b>Total</b>	<b>1,143.16</b>	<b>446.18</b>	<b>28.71</b>	<b>17.36</b>	<b>8.31</b>	<b>1,643.72</b>

**O.3 Trade Receivables ageing schedule as at 31 March 2022**

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables-considered good	1,240.63	34.33	15.42	3.47	14.84	1,308.69
Undisputed Trade Receivables-considered doubtful	-	-	-	-	-	-
Disputed Trade Receivables considered good	-	-	-	-	-	-
Disputed Trade Receivables considered doubtful	-	-	-	-	-	-
<b>Sub total</b>	<b>1,240.63</b>	<b>34.33</b>	<b>15.42</b>	<b>3.47</b>	<b>14.84</b>	<b>1,308.69</b>
Undue - considered good	-	-	-	-	-	-
Undue - considered doubtful	-	-	-	-	-	-
Less: Allowance for Bad and Doubtful Debts	-	-	-	-	-	-
<b>Total</b>	<b>1,240.63</b>	<b>34.33</b>	<b>15.42</b>	<b>3.47</b>	<b>14.84</b>	<b>1,308.69</b>

**P Cash and cash equivalents**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
- Cash on hand	7.82	9.83	1.28
<b>- Balances with banks</b>			
HSBC Bank CC A/C	42.43	121.74	-
HSBC EFC A/C	41.65	17.72	0.42
State Bank of India	3.17	0.92	3.14
ICICI Bank	-	-	-
	<b>95.07</b>	<b>150.21</b>	<b>4.84</b>
- Deposits held as a margin money	0.55	0.28	0.28
- Deposit with bank with original maturity of more than 3 months but less than 12 months	-	151.34	-
<b>Total</b>	<b>95.62</b>	<b>301.83</b>	<b>5.12</b>

**Q Short term loans and advances**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Balances with Government Authorities</b>			
- Advance Tax, TDS and TCS	-	-	-
- GST Receivable/ ITC Credit	8.32	29.75	40.39
- Excide/CVD/VAT Receivable/Refundable	-	-	12.35
<b>Other loans and advances (Unsecured, considered good)</b>			
- Advance to employees	5.46	2.65	1.40
- Advances to suppliers	109.05	169.80	83.34
<b>Total</b>	<b>122.83</b>	<b>202.20</b>	<b>137.48</b>

**R Other current assets**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Export Incentive Receivable	9.76	16.04	20.15
Accrued interest	2.97	2.02	2.05
Prepaid Expenses	2.95	25.74	8.61
Other current assets	0.30	0.30	114.13
<b>Total</b>	<b>15.98</b>	<b>44.10</b>	<b>144.94</b>

**S Revenue from operations**

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023	For the Year ended 31 March 2022
Sale of products	10,003.51	9,520.23	6,046.60
<b>Add/(Less):</b>			
Rate Difference, Freight Charges, Discounts, etc.	(31.05)	173.54	244.37
Sale of Services	9,972.46	9,693.77	6,290.97
	6.29	0.25	-
<b>Total</b>	<b>9,978.75</b>	<b>9,694.02</b>	<b>6,290.97</b>

**T Other Income**

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023	For the Year ended 31 March 2022
Export incentives	31.98	37.88	34.56
<b>Interest Income</b>			
- Bank Deposit	9.50	1.40	1.37
- Security Deposit	3.30	1.30	1.26
- Other Interest Income	2.81	1.51	0.01
<b>Others</b>			
- Dividend Income	0.12	0.12	0.12
- Insurance Claim	-	6.52	121.37
- Rent Income	0.18	-	-
- Net Gain/(Loss) on foreign currency transactions and translation	20.12	60.73	25.64
- Gain on Property, Plant and Equipment's (Net)	0.39	-	1.15
- Deposit written off	47.25	-	-
- Miscellaneous Income	4.85	-	5.78
<b>Total</b>	<b>120.50</b>	<b>109.46</b>	<b>191.26</b>

**U Cost of materials consumed**

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023	For the Year ended 31 March 2022
Opening Stock	210.96	466.60	396.90
Add: Purchases	6,890.34	6,212.51	4,907.31
	7,101.30	6,679.11	5,304.21
Less: Closing Stock	717.62	210.96	466.60
<b>Total</b>	<b>6,383.68</b>	<b>6,468.15</b>	<b>4,837.61</b>

**U.1 Break up of consumption**

Particulars	For the Year ended 31 March 2024		For the Year ended 31 March 2023	
	Value	%	Value	%
Raw materials/Components Consumables				
- Imported	64.63	1.01%	134.43	2.08%
- Indigenous	6,319.05	98.99%	6,333.72	97.92%
<b>Total</b>	<b>6,383.68</b>	<b>100%</b>	<b>6,468.15</b>	<b>100%</b>
Spare parts & Components				
- Imported	-	0.00%	-	0.00%
- Indigenous	-	0.00%	-	0.00%
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Particulars	For the Year ended 31 March 2022	
	Value	%
Raw materials/Components		
- Imported	191.24	3.95%
- Indigenous	4,646.37	96.05%
<b>Total</b>	<b>4,837.61</b>	<b>100%</b>
Spare parts & Components		
- Imported	-	0.00%
- Indigenous	-	0.00%
<b>Total</b>	<b>-</b>	<b>-</b>

#### U.2 Value of Import on CIF basis

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023	For the year ended 31 March 2022
Raw Materials	46.70	129.12	193.99
<b>Total</b>	<b>46.70</b>	<b>129.12</b>	<b>193.99</b>

#### V Change in Inventories of work in progress, finished goods and stock in trade

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023	For the year ended 31 March 2022
<b>Opening Inventories</b>			
- Work - in - process	10.55	46.66	107.16
- Finished Goods	385.18	570.66	369.78
	395.73	617.32	476.94
<b>Less: Closing Inventories</b>			
- Work - in - process	34.11	10.55	46.66
- Finished Goods	152.49	385.18	570.66
	186.60	395.73	617.32
<b>Total</b>	<b>209.13</b>	<b>221.59</b>	<b>(140.38)</b>

#### V.1 Work in progress (Items)

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Opening stock</b>			
WIP RM	10.55	46.66	107.16
<b>Total</b>	<b>10.55</b>	<b>46.66</b>	<b>107.16</b>
<b>Closing stock</b>			
WIP RM	34.11	10.55	46.66
<b>Total</b>	<b>34.11</b>	<b>10.55</b>	<b>46.66</b>

#### V.2 Sales and stock of finished goods and stock in trade (Items)

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Opening stock</b>			
ABRASIVE WHEELS	16.27	-	-
ELECTRODES KGS	230.20	230.53	125.82
ELECTRODES PCS	45.31	264.99	67.76
FLUX CORED WIRE	86.62	48.87	176.20
TIG MIG WIRE	6.78	26.27	-
<b>Total</b>	<b>385.18</b>	<b>570.66</b>	<b>369.78</b>
<b>Closing stock</b>			
ABRASIVE WHEELS	4.44	16.27	-
ELECTRODES KGS	113.80	230.20	230.53
ELECTRODES PCS	2.70	45.31	264.99
FLUX CORED WIRE	25.54	86.62	48.87
TIG MIG WIRE	2.58	6.78	26.27
SAW FLUX	0.01	-	-
Saw Wire	0.03	-	-
ELECTRO SLAG WELDING	3.39	-	-
<b>Total</b>	<b>152.49</b>	<b>385.18</b>	<b>570.66</b>

<b>Turnover</b>			
ABRASIVE WHEELS	16.41	12.19	5.39
ELECTRODES KGS	3,303.42	2,883.89	1,996.63
ELECTRODES PCS	670.41	941.65	1,307.84
ELECTRO SLAG WELDING	6.63	0.01	-
FLUX CORED WIRE	5,074.77	4,833.88	2,336.86
SAW FLUX	15.62	-	-
TIG MIG WIRE	858.70	567.95	377.68
Packing Material	5.54	0.01	0.08
Powder	36.34	140.57	-
S.S STRIP	0.15	-	-
M S Wire	-	140.08	20.13
TESTING EQUIPMENT	-	-	1.99
SAW WIRE	14.85	-	-
Electrodes_MTR	0.67	-	-
<b>Add/(Less):</b>			
Rate Difference, Freight Charges, Discounts, etc.	(31.05)	173.54	244.37
<b>Total</b>	<b>9,972.46</b>	<b>9,693.77</b>	<b>6,290.97</b>

### V.3 Turnover from manufacturing and trading activities

Particulars	For the Year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Turnover</b>			
<b>Manufacturing</b>			
ELECTRODES KGS	3,303.42	2,883.89	1,996.63
ELECTRODES PCS	670.41	941.65	1,307.84
Electrodes_MTR	0.67	-	-
FLUX CORED WIRE	5,074.77	4,833.88	2,336.86
TIG MIG WIRE	-	-	-
<b>Add/(Less):</b>			
Rate Difference, Freight Charges, Discounts, etc.	(31.05)	173.54	244.37
	<b>9,018.22</b>	<b>8,832.96</b>	<b>5,885.70</b>
<b>Trading</b>			
ABRASIVE WHEELS	16.41	12.19	5.39
ELECTRODES KGS	-	-	-
ELECTRO SLAG WELDING	6.63	0.01	-
SAW FLUX	15.62	-	-
TIG MIG WIRE	858.70	567.95	377.68
Packing Material	5.54	0.01	0.08
Powder	36.34	140.57	-
S.S STRIP	0.15	-	-
M S Wire	-	140.08	20.13
TESTING EQUIPMENT	-	-	1.99
SAW WIRE	14.85	-	-
	<b>954.24</b>	<b>860.81</b>	<b>405.27</b>
<b>Total</b>	<b>9,972.46</b>	<b>9,693.77</b>	<b>6,290.97</b>

### W Employee benefit expenses

Particulars	For the Year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Salaries and wages	720.13	643.34	384.42
Contribution to provident and other funds	14.40	10.91	9.86
Gratuity Expenses	21.02	13.07	12.99
Leave encashment Expenses	1.49	7.31	0.99
Staff welfare expenses	16.53	17.03	14.54
<b>Total</b>	<b>773.57</b>	<b>691.66</b>	<b>422.80</b>

**W.1 Defined benefit plan – gratuity:** In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method.

**W.2 Defined benefit plan – Leave encashment:** In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method.

### X Finance costs

Particulars	For the Year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest Expenses	5.01	52.73	92.28
Other borrowing costs			
–Bank Charges	4.88	8.11	5.25
<b>Total</b>	<b>9.89</b>	<b>60.84</b>	<b>97.53</b>

### Y Depreciation and amortization expenses

Particulars	For the Year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation	180.17	183.74	177.09
Amortization	0.68	0.55	0.39
<b>Total</b>	<b>180.85</b>	<b>184.29</b>	<b>177.48</b>

Z Other expenses

Particulars	For the Year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Clearing & Forwarding Charges	39.82	22.49	21.90
Electricity Expenses - Factory	187.42	169.88	124.94
Spares, Tools & Consumables	52.07	53.64	50.54
Power and Fuel	5.26	9.01	13.68
Packing and Forwarding	2.26	6.55	1.38
Transport Charges	152.40	203.34	295.00
Labour Charges	7.75	3.93	6.51
Repairs and Maintenance related to - Others	44.19	41.60	58.85
Brokerage and commission	34.65	63.52	21.97
Auditor's Remuneration	6.75	6.25	5.00
Rent on Machinery	1.26	1.37	1.44
Rent-Others	15.58	14.25	12.58
Rates & Taxes	4.80	0.03	2.17
Legal & professional Charges	93.11	60.33	63.84
Insurance Expenses	9.24	7.53	7.87
Travelling & conveyance	50.92	34.33	20.33
Bad debts	18.74	-	12.46
Sundry Balance Written off (Net)	-	-	-
Donation Expenses	0.37	1.37	-
Electricity Expenses-Office	1.92	1.63	1.21
Telephone & Internet Expenses	2.41	1.69	1.58
Loading-Unloading Charges	10.35	11.39	0.91
Printing & Stationery Expenses	2.37	0.80	0.41
Refreshment Expenses	0.46	0.42	0.35
Postage & Courier Expenses	3.35	2.77	2.31
Software Expenses	0.33	0.30	0.25
Vehicle Expenses	0.86	1.09	2.08
Advertisement & Marketing Expenses	9.02	16.23	2.65
Testing & Inspection Charges	25.21	20.48	14.02
Loss on sale of fixed assets	-	25.56	-
Loss on Sale of MEIS Licenses / Written off	-	0.23	7.99
Registration & Renewal charges	0.50	5.45	0.78
VAT Expenses	-	8.00	-
Late Delivery Charges	0.66	3.68	1.46
Membership & Subscription Charges	1.58	1.18	0.93
Security Expenses	11.33	9.02	9.17
Business Promotion Expenses	11.77	14.61	8.45
Sundry Office and Factory Expenses	20.21	20.70	18.58
CSR Expenditure	21.84	12.26	-
Placement & Recruitment Charges	0.63	1.17	0.81
Provision for doubtful deposits	1.75	-	-
Provision for doubtful debts	8.73	-	-
Exhibition Expenses	41.84	4.57	12.03
Miscellaneous Expenses	12.55	8.96	-
<b>Total</b>	<b>916.26</b>	<b>871.61</b>	<b>806.43</b>

AA Tax Expenses

Particulars	For the Year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Current tax			
- Current tax expenses	425.25	365.12	86.04
- Excess/Short Provision Written back/off	5.29	4.84	0.71
	430.54	369.96	86.75
Deferred tax			
- Deferred tax (income)/Expenses	2.70	(21.44)	(18.12)
	2.70	(21.44)	(18.12)
<b>Total</b>	<b>433.24</b>	<b>348.52</b>	<b>68.63</b>

AA.1 Significant components of Deferred Tax charged during the year

Particulars	For the Year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Difference between book depreciation and tax depreciation	(7.28)	16.76	7.45
Expenses provided but allowable in Income tax on Payment basis	4.58	4.68	10.67
<b>Total</b>	<b>(2.70)</b>	<b>21.44</b>	<b>18.12</b>



**AB Earning per share**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Restated profit attributable to equity shareholders (Rs)	11,92,62,678	9,56,81,904	2,12,12,622
Weighted average number of equity shares	93,00,200	93,00,200	93,00,200
Restated Earnings per share basic (Rs)	12.82	10.29	2.28
Restated Earnings per share diluted (Rs)	12.82	10.29	2.28
Face value per equity share (Rs)	10	10	10

**AC Auditors' Remuneration**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Payments to auditor as</b>			
- Audit matters	5.50	5.00	4.00
- Taxation matters	1.25	1.25	1.00
<b>Total</b>	<b>6.75</b>	<b>6.25</b>	<b>5.00</b>

**AD Contingent Liabilities and Commitments**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Contingent liabilities</b>			
- Contingent liabilities on account of pending litigations	130.25	130.25	141.42
<b>Total</b>	<b>130.25</b>	<b>130.25</b>	<b>141.42</b>

\*The Company has received a notice under clause (b) of Section 148A of the Income Tax Act, 1961 for AY 2020-21 with the liability amount not being ascertainable.

\*The Company has received a Show Cause Notice under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2019-20 involving Rs. 33.46 lakhs. The proceedings are currently on-going and the liability amount has not been ascertained till date.

\*The Company has received intimation under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2020-21 involving Rs. 17.96 lakhs. The proceedings are currently on-going and the liability amount has not been ascertained till date.

\*The Company has received notice for completing the Tax Assessment of Local Body Taxes of the past years. The proceedings are currently on-going and the liability amount has not been ascertained till date.

\*The Company has received a show cause notice for discrepancy in the number of employees in the compliance under EPF & MP Act, 1952. The proceedings are currently on-going and the liability amount has not been ascertained till date.

\*Our Company received notice dated June 11, 2024 under section 201 of income tax Act, 1961, bearing number ITBA/COM/F/17/2024-25/1065545447(1) for non-payment on TDS amount on certain expenses amounting to Rs.5.86 lakhs for the assessment Year 2022-23, as the matter is sub judice we shall not be able to ascertain liability that may arise upon the company in this matter.

**AE Earnings in Foreign Currencies**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Export of Goods	1,436.01	1,712.11	1,684.71
Export of Services	5.29	0.25	-
<b>Total</b>	<b>1,441.30</b>	<b>1,712.36</b>	<b>1,684.71</b>

**AF Expenditure in foreign currency**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Exhibition Expenses	5.79	21.10	-
Bank Charges	2.07	2.76	2.39
Registration & Renewal Charges	0.07	3.36	-
Miscellaneous Expenses	-	0.10	-
Repairs & Maintenance	-	1.21	-
Commission Expenses	2.19	-	-
Travelling Expenses	6.04	3.26	-
<b>Total</b>	<b>16.16</b>	<b>31.79</b>	<b>2.39</b>

**AG Disclosure of liability of gratuity and compensated absences**

**1 Defined benefit plan – gratuity:**

In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method.

**2 Defined benefit plan – leave encashment:**

In accordance with Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the aforesaid defined benefit plans using projected unit credit method. The detail of same as follows:

The details of the above are as follows:

**i) Membership data**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022
	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)
Number of employees	120.00	120.00	129.00	129.00	133.00
Total Monthly Salary (Rs. In lakhs)	27.97	27.97	24.51	24.51	24.59
Average age (in Years)	34.56	34.56	33.07	33.07	33.21
Average past service (in years)	3.34	3.34	3.22	3.22	3.13
Average Future Service (in Years)	23.56	23.44	25.09	25.09	24.99

**ii) Actuarial Assumptions:**

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022
	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)
Discount rate	7.20%	7.20%	7.30%	7.30%	6.10%
Salary growth	7.00%	7.00%	7.00%	7.00%	7.00%
<b>Withdrawal rate (per annum) age band</b>					
25 & Below	20.00%	20.00%	20.00%	20.00%	20.00%
25 to 35	20.00%	20.00%	20.00%	20.00%	20.00%
35 to 45	20.00%	20.00%	20.00%	20.00%	20.00%
45 to 55	20.00%	20.00%	20.00%	20.00%	20.00%
55 & above	20.00%	20.00%	20.00%	20.00%	20.00%
<b>Mortality Rates (per annum) age in year</b>					
20	0.09%	0.09%	0.09%	0.09%	0.09%
30	0.10%	0.10%	0.10%	0.10%	0.10%
40	0.17%	0.17%	0.17%	0.17%	0.17%
50	0.44%	0.44%	0.44%	0.44%	0.44%
60	1.12%	1.12%	1.12%	1.12%	1.12%

**Note:**

The estimates of future salary increase, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

iii) Statement showing changes in present value of obligations during the year:

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022
	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)
Present value of obligation as at the beginning of year	52.23	6.35	40.63	-	32.67
Interest cost	3.12	0.40	2.14	-	1.63
Past service cost	-	-	-	-	-
Current service cost	10.48	1.28	9.94	7.31	9.05
Benefit Paid	(8.57)	(0.94)	(1.48)	(0.96)	(3.86)
Actuarial (gain)/loss on obligations	7.42	(0.18)	1.00	-	1.14
Present value of obligation at the end of the year	64.68	6.91	52.23	6.35	40.63

iv) Actuarial gain/loss recognized for the year:

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022
	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)
Actuarial (gain)/loss for the period –recognized	7.42	(0.18)	1.00	-	1.14
Actuarial (gain)/loss for the period –unrecognized	-	-	-	-	-

v) Amount to be recognized in balance sheet:

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022
	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)
Present value of obligation	64.68	6.91	52.23	6.35	40.63
Funded status	-	-	-	-	-
Net Liability recognized in balance sheet	64.68	6.91	52.23	6.35	40.63
Long term provision	39.38	5.07	32.42	4.50	29.58
Short term provision	25.30	1.84	19.81	1.85	11.05

vi) Expenses recognized in the statement of profit and loss:

Particulars	As at 31 March 2024		As at 31 March 2023		As at 31 March 2022
	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)	Leave encashment (unfunded)	Gratuity (unfunded)
Current service cost	10.48	1.28	9.94	7.31	9.05
Present value of obligation as at the end of the year	64.68	6.91	52.23	6.35	40.63
fair value of planned asset as at the end of the year	-	-	-	-	-
Past service cost	-	-	-	-	-
Interest cost	3.12	0.40	2.14	-	1.63
Expected return on planned assets	-	-	-	-	-
Net actuarial (gain)/loss recognized	7.42	(0.18)	1.00	-	1.14
Expenses recognized in the statement of profit and loss	21.02	1.49	13.07	7.31	11.82

AH Value of imported and indigenous raw materials, spare parts and components consumed

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
Raw Materials			
- Imported	64.63	122.99	188.06
- Indigenous	6,319.05	5,794.62	4,573.80
Spare parts and components			
- Imported	-	-	-
- Indigenous	-	-	-
Capital Goods			
- Imported	235.59	157.43	-
- Indigenous	180.23	76.76	93.10
Capital WIP	95.91	2.65	34.91
<b>Total</b>	<b>6,895.41</b>	<b>6,154.45</b>	<b>4,889.87</b>

AI Related Party Disclosure

As per Accounting Standard 18, the disclosures of transactions with the related parties as defined in the parties as defined in the accounting standard.

(i) List of Related Parties

Particulars	Relationship
Bipin Sanghvi	Director
Tarulata B Sanghvi	Relative of Directors
Hardik Sanghvi	Director
Ami H. Sanghvi	Relative of Directors
Swagat Sanghvi	Director
Pooja S. Sanghvi	Relative of Directors
Royal Arc Infrastructure Pvt Ltd	Associate Entity
Star Impex	Associate Entity
Pee kay Enterprises	Associate Entity

(ii) Related Party Transactions

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Salary / Remuneration (incl. Bonus)</b>			
Bipin Shantilal Sanghvi	125.77	100.07	30.85
Hardik Bipin Sanghvi	125.77	100.07	30.85
Ami Hardik Sanghvi	-	13.17	5.54
Swagat Bipin Sanghvi	125.77	100.07	30.85
Pooja Swagat Sanghvi	-	13.17	5.54
	<b>377.31</b>	<b>326.55</b>	<b>103.63</b>
<b>Loan given during the year</b>			
Bipin Shantilal Sanghvi		727.62	547.10
	-	<b>727.62</b>	<b>547.10</b>
<b>Loan received back during the year</b>			
Bipin Shantilal Sanghvi	-	727.62	630.98
	-	<b>727.62</b>	<b>630.98</b>
<b>Loan taken during the year</b>			
Bipin Shantilal Sanghvi	33.03	4.04	24.29
Hardik Bipin Sanghvi	4.95	76.88	152.50
Swagat Bipin Sanghvi	6.01	155.10	375.30
	<b>43.99</b>	<b>236.02</b>	<b>552.09</b>
<b>Loan repaid during the year</b>			
Bipin Shantilal Sanghvi	28.01	22.88	24.29
Hardik Bipin Sanghvi	9.90	67.33	202.48
Swagat Bipin Sanghvi	1.19	155.28	545.04
	<b>39.10</b>	<b>245.49</b>	<b>771.81</b>
<b>Rent Expense</b>			
Bipin Shantilal Sanghvi	11.40	6.80	6.00
	<b>11.40</b>	<b>6.80</b>	<b>6.00</b>
<b>Investment in Property</b>			
Royal Arc Infrastructure Private Limited	12.17	127.88	-
	<b>12.17</b>	<b>127.88</b>	-
<b>Trademark Purchase</b>			
Tarulata Bipin Sanghvi	-	-	0.10
	-	-	<b>0.10</b>
<b>Purchase of Goods</b>			
Star Impex (Up to Dec-23)	793.86	360.76	301.32
	<b>793.86</b>	<b>360.76</b>	<b>301.32</b>
<b>Sales of Goods</b>			
Star Impex (Up to Dec-23)	36.34	139.98	-
Pee kay Enterprises	-	-	3.99
	<b>36.34</b>	<b>139.98</b>	<b>3.99</b>

(iii) Related Party Balances

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>Loans Outstanding</b>			
Bipin Shantilal Sanghvi	3.07	4.04	24.29
Hardik Bipin Sanghvi	5.06	10.01	0.46
Swagat Bipin Sanghvi	4.91	0.09	0.27
	<b>13.04</b>	<b>14.14</b>	<b>25.03</b>
<b>Advance to supplier</b>			
Star Impex	-	-	42.48
	-	-	<b>42.48</b>
<b>Due from supplier</b>			
Star Impex	4.59	-	-
	<b>4.59</b>	-	-

Royal Arc Electrodes Limited  
CIN: U31100MH1996PLC096296  
Annexure V - Notes to the Restated Financial Information  
(Amounts in INR Lakh, unless otherwise stated)

<b>Rent Outstanding</b>			
Bipin Shantilal Sanghvi	0.86	0.81	-
	<b>0.86</b>	<b>0.81</b>	-
<b>Salary Outstanding</b>			
Bipin Shantilal Sanghvi	3.61	2.84	1.81
Hardik Bipin Sanghvi	3.71	2.84	1.78
Ami Hardik Sanghvi	-	0.90	0.43
Swagat Bipin Sanghvi	3.71	2.84	1.78
Pooja Swagat Sanghvi	-	0.90	0.43
	<b>11.03</b>	<b>10.32</b>	<b>6.23</b>

**AJ MSME**

On the basis of confirmation obtained from the supplier who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) and based on the information available with the company, the following are the details:

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
<b>a)</b> The principle amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting period			
- Principle amount	350.86	258.97	-
- Interest due thereon	-	-	-
<b>b)</b> The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting period;	-	-	-
<b>c)</b> The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-	-
<b>d)</b> The amount of interest accrued and remaining unpaid at the end of each accounting period; and	-	-	-
<b>e)</b> The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
<b>Total</b>	<b>350.86</b>	<b>258.97</b>	-

Management has initiated the process of identifying enterprises, which have provided goods and services to the company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMEDA) and circularized the letters for this purpose. But the company has received intimation from few suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosures relating to amount unpaid as at the end of the year together with interest payable as required under the said act has not been furnished accurately and provision for interest, if any, on delayed payment is not ascertainable at this stage. However, in the opinion of the management it would not be material. The details of MSME classification for FY 2021-22 are not available.

**AK Segment reporting**

The Company is engaged is one segment only i.e. hence there are no separate reportable segment.

**AL Title deed pf immovable property not held in the name of company**

The company holds all the title deeds of immovable property in its name.

**AM Benami property**

The company does not have any Benami property, where any proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and the rules made thereunder.

**AN Security of Current Assets Against Borrowings**

The company has filed monthly returns or statements of current assets with Banks for borrowing facility against the security of the current assets from banks.

**AO Wilful defaulter**

The company is not declared as wilful defaulter by any bank or financial Institution or other lender.

**AP Transactions with struck off companies**

The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013.

**AQ Registration of charges or satisfaction with Registrar of Companies**

The company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**AR Scheme of Arrangements**

There is no Scheme of Arrangements approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013.

**AS Utilisation of Borrowed funds and share premium:**

- 1 The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 2 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:
  - (i) 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
  - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**AT Undisclosed income**

The company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the years 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), unless there is immunity for disclosure under any scheme.

**AU Compliance with number of layers of companies**

The Company does not have any subsidiaries therefore disclosure of compliance with number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017 is not applicable.

**AV Disclosure pertaining to 'details of crypto currency or virtual currency**

The company has not traded or invested in Crypto currency or Virtual Currency during the reporting periods

**AW Revaluation of PPE and Intangible assets**

The company has not revalued its Property, Plant and Equipment and Intangible assets during the reporting periods. The disclose as to whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 is not applicable.

**AX Disclosure pertaining to 'corporate social responsibility activities'**

In terms of section 135 and Schedule VII of the Companies Act, 2013, our Board of Directors have constituted CSR Committee, which has developed a CSR policy by way of which our Company will strive to meet our commitment towards the community by committing our resources and energies to social development. Our focus areas include education, environment, health and sports promotion.

AY Ratio analysis and its elements

AY.1 Ratio

Particulars	31 March 2024	31 March 2023	31 March 2022	% change from March 31, 2023 to March 31, 2024	% change from March 31, 2022 to March 31, 2023
Current Ratio	3.77	2.51	1.49	50.05%	68.29%
Debt-Equity Ratio	0.00	0.05	0.38	-90.01%	-87.58%
Debt Service Coverage Ratio	218.64	15.24	5.39	1334.55%	182.50%
Return on Equity Ratio	32.85%	37.43%	10.70%	-12.25%	249.78%
Inventory Turnover Ratio	8.73	7.91	4.80	10.27%	64.92%
Trade Receivables Turnover Ratio	5.38	6.57	5.30	-18.11%	23.88%
Trade Payables Turnover Ratio	10.46	6.90	5.38	51.68%	28.19%
Net Capital Turnover Ratio	4.94	7.54	7.37	-34.53%	2.41%
Net Profit Ratio	11.95%	9.87%	3.37%	21.09%	192.72%
Return on Capital Employed	37.73%	41.81%	12.63%	-9.75%	230.92%
Return on Investment	0.13%	0.09%	5.90%	52.22%	-98.50%

AY.2 Elements of Ratio

Particulars	Numerator/Denominator	31 March 2024	31 March 2023	31 March 2022
(a) Current Ratio	<u>Current Assets</u> Current Liabilities	3,206.37 850.37	2,798.54 1,113.69	2,680.15 1,794.91
(b) Debt-Equity Ratio	<u>Total Debts</u> Equity	19.71 4,227.18	141.71 3,034.56	781.25 2,077.74
(c) Debt Service Coverage Ratio	<u>Earning available for Debt Service</u> Interest + Instalments	1,807.41 8.27	1,504.70 98.73	483.35 89.59
(d) Return on Equity Ratio	<u>Profit after Tax</u> Average Shareholder's Equity	1,192.63 3,630.87	956.82 2,556.15	212.13 1,982.18
(e) Inventory Turnover Ratio	<u>COGS</u> Average Inventories	6,592.81 755.45	6,689.74 845.30	4,697.23 978.88
(f) Trade Receivables Turnover Ratio	<u>Total Turnover</u> Average Account Receivable	9,978.75 1,855.72	9,694.02 1,476.20	6,290.97 1,186.75
(g) Trade Payables Turnover Ratio	<u>Total Purchases</u> Average Account Payable	6,890.34 658.58	6,212.51 900.64	4,907.31 912.01
(h) Net Capital Turnover Ratio	<u>Total Turnover</u> Net Working Capital	9,978.75 2,020.42	9,694.02 1,285.04	6,290.97 854.01
(i) Net Profit Ratio	<u>Net Profit after tax</u> Total Turnover	1,192.63 9,978.75	956.82 9,694.02	212.13 6,290.97
(j) Return on Capital Employed	<u>Earning before interest and taxes</u> Capital Employed	1,630.88 4,322.40	1,358.07 3,248.39	373.03 2,952.67
(k) Return on Investment	<u>Return on Investment</u> Total Investment	0.30 222.57	0.12 135.52	0.12 2.03



**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure V - Notes to the Restated Financial Information**  
**(Amounts in INR Lakh, unless otherwise stated)**

This Restated Financial Information were authorised for issue in accordance with a resolution of the Board of Directors on July 09, 2024.

AZ

BA

**Disputed Statutory Dues Payable**

(Rs. In lakhs)

Name of the Statute	Nature of Dues	Disputed Amount (net off appeal deposits) (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Maharashtra Value Added Tax	VAT	130.25	FY 2004-05	Maharashtra Sales Tax Tribunal

Balance of Debtors, Creditors and Loans & Advances are subject to Confirmation and hence subject to adjustments, if any, arising out of reconciliation.

BB

Where external evidence in the form of cash memos, bill, stamped receipts etc. were not available the internal vouchers have been prepared by the company and authorized by authorized signatory.

BC

Closing Stock has been taken, valued and certified by the Directors.

BD

In the opinion of the Board of Directors, Current Assets and Loans & Advances have a value on realization in the ordinary course of business equal to the amount at which they are stated in the Balance Sheet.

BE

The Management is of the opinion that as at the Balance Sheet date, there are no indications of a material impairment in the value of fixed assets. Hence, the need to provide for an impairment loss does not arise.

BF

The previous year figures have been accordingly regrouped / re-classified to comparable to the current year's classification.

BG

During the year, the management has carried out the reconciliations of deposits paid and received which were lying in the balance sheet as at the beginning of the year. Based on the said reconciliations, the management has identified the balances of some deposits that are not recoverable or payable and has written off the said balances in the books of accounts. The net written-off amounts are disclosed as "Other Income" in the Financial Statements.

BH

The company has allotted bonus shares on February 1, 2024 in the ratio of 411:100 of Rs. 10 each held in the company on the record date. The Basic and Diluted Earnings Per Share (EPS) has been calculated for the current year and previous year after taking into account the bonus issue as required by AS-20 "Earnings Per Share".

BI

**Royal Arc Electrodes Limited**

CIN: U31100MH1996PLC096296

Annexure V - Notes to the Restated Financial Information

(Amounts in INR Lakh, unless otherwise stated)

BJ

<b>Restated Statement Of CSR Expenditure</b>			
<b>Particulars</b>	<b>31 March 2024</b>	<b>31 March 2023</b>	<b>31 March 2022</b>
Amount required to be spent by the company during the year (A)	12.26	-	-
Provision made during the year (B)	21.84	12.26	-
Amount of expenditure incurred during the year (C)	-12.26	-	-
Shortfall at the end of the year (D) = (A) + (C)	-	-	-
Previous years shortfall (E)	-	-	-
Provision (shortfall) outstanding at end of the year (F)=(B)+(D)+(E)	21.84	12.26	-
Reason for amount outstanding at end of the year (Refer Sub Note 1)	NA	NA	NA
Nature of CSR Activities	Note 2	Note 2	NA

Company has been determined CSR expenditure on basis ROC filing by the management and relied upon by the Auditors. The Auditors have not performed any other procedure.

**Sub Note 1:** CSR provision has been made during the year which is spent in the subsequent year

**Sub Note 2:** Nature of CSR Activities:

**FY 2023-24:**

1) Upliftment of Eco –Socio backward Society by providing Health Education and Self-Employment and also intends to undertake the Housing Project wherein it is proposed to provide affordable housing to those who are Blind, Handicapped, Deaf, Widow, Divorcee, Helpless Women, Mentally Challenged, Orphans, Cancer, Dialysis, kidney Patients, Heart Disease Patients, HIV Patients, Homosexual and the people below poverty line.

BK

**Restated Statement Of Tax Shelter**

**Reconciliation of tax expenses and the accounting profit multiplied by Tax Rate**

Particulars	31-Mar-24	31-Mar-23	31-Mar-22
<b>Restated profit before tax as per books (A)</b>	<b>1,625.87</b>	<b>1,305.34</b>	<b>280.76</b>
<b>Tax Rates</b>			
Income Tax Rate	25.17%	25.17%	25.17%
Minimum Alternative Tax Rate (%)	-	-	-
<b>Income Considered Separately (B)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>C. Adjustments</b>			
<b>Disallowed:</b>			
Amount disallowable under section 36	0.08	0.02	0.06
Amount disallowable under section 37	35.57	13.92	1.87
Other Additions	-	25.56	-
<b>Timing Difference:</b>			
Depreciation allowed as per Companies Act	180.85	184.29	177.48
Depreciation allowed as per IT Act	(200.01)	(143.23)	(140.31)
Amount disallowable under section 40	(2.31)	0.64	1.76
Amount disallowable under section 43B	8.18	12.78	16.49
Amount disallowable under section 40A(7)	12.45	17.95	7.97
<b>Allowed:</b>			
Other deductions	(0.39)	-	(2.75)
Amount allowable under section 43B	(12.25)	(16.49)	(0.09)
Income considered under other heads	(0.30)	(0.12)	(0.12)
<b>Net Adjustment (C)</b>	<b>21.86</b>	<b>95.31</b>	<b>62.36</b>
<b>Income from Other Sources</b>			
Dividend Income	0.12	0.12	0.12
Rent income	0.13	-	-
Interest on FDR	-	-	-
<b>Sub Total (D)</b>	<b>0.25</b>	<b>0.12</b>	<b>0.12</b>
<b>Taxable Income/(Loss) (A+B+C+D)</b>	<b>1,647.97</b>	<b>1,400.77</b>	<b>343.24</b>
Income Tax on Above	414.76	352.55	86.39
MAT on Book Profit	-	-	-
Tax paid as per Normal or MAT	-	-	-
<b>Total Provision for Tax</b>	<b>414.76</b>	<b>352.55</b>	<b>86.39</b>
Additional/(Short) Provision in Standalone Financial Statements	10.49	12.57	(0.34)
<b>Total Provision for Tax as per Restated Financial Statements</b>	<b>425.25</b>	<b>365.12</b>	<b>86.04</b>

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure V - Notes to the Restated Financial Information**  
**(Amounts in INR Lakh, unless otherwise stated)**

**BL Capitalisation statement:**

The following table sets forth our Company's capitalisation as at March 31, 2024, derived from our Restated Financial Statements, and as adjusted for the Offer.

<b>Particulars</b>	<b>Pre-offer as at 31 March 2024</b>	<b>As adjusted for the proposed Offer</b>
<b>Borrowings</b>		
Non-current borrowings(I)	-	-
Total current borrowings (II)	19.71	*
<b>Total Borrowings (I) + (II) = (A)</b>	<b>19.71</b>	*
<b>Equity</b>		
Equity Share Capital	930.02	*
Reserve and Surplus - as restated	3,297.16	*
<b>Total Equity (B)</b>	<b>4,227.18</b>	*
<b>Non-current borrowings/Equity (in times)</b>	<b>0.0000</b>	*
<b>Total borrowings/Equity (in times)</b>	<b>0.0047</b>	*

**Note:**

\* The corresponding post issue figures are not determinable at this stage pending the completion of public issue and hence have not been furnished.

1. Short term Debts represent which are expected to be paid/ payable within 12 Months
2. Long term Debts represent debts other than Short Debts as defined above.

**Royal Arc Electrodes Limited**  
**CIN: U31100MH1996PLC096296**  
**Annexure VI - Other financial information**  
**(Amounts in INR Lakh, unless otherwise stated)**

The accounting ratios required under Paragraph 11 of Part A of Schedule VI of the SEBI ICDR Regulations are given below:

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Restated profit attributable to equity shareholders (₹) (A)	11,92,62,677.78	9,56,81,903.58	2,12,12,622.46
Weighted average number of equity shares in calculating basic EPS (B)	93,00,200	93,00,200	93,00,200
Weighted average number of equity shares in calculating diluted EPS (C)	93,00,200	93,00,200	93,00,200
<b>Basic earnings per share (₹ per share) (D=A/B)</b>	<b>12.82</b>	<b>10.29</b>	<b>2.28</b>
<b>Diluted earnings per share (₹ per share) (E=A/C)</b>	<b>12.82</b>	<b>10.29</b>	<b>2.28</b>
Net worth (A)	4,227.18	3,034.56	2,077.74
Restated profit attributable to shareholders (B)	1,192.63	956.82	212.13
<b>Restated Return on net worth (%) (C=B/A)</b>	<b>28.21%</b>	<b>31.53%</b>	<b>10.21%</b>
Net Assets (₹) (A)	42,27,18,358	30,34,55,681	20,77,73,777
Number of equity shares outstanding at the end of the year (B)	93,00,200	93,00,200	93,00,200
<b>Restated Net asset value per share (C=A/B)</b>	<b>45.45</b>	<b>32.63</b>	<b>22.34</b>
Restated profit for the year (A)	1,192.63	956.82	212.13
Restated profit for the year from discontinued operation (B)	-	-	-
<b>Restated profit for the year from continuing operations (C=A-B)</b>	<b>1,192.63</b>	<b>956.82</b>	<b>212.13</b>
Total tax expenses (D)	433.24	348.52	68.63
Exceptional items (E)	-	-	-
Finance costs (F)	5.01	52.73	92.28
Depreciation and amortization expense (G)	180.85	184.29	177.48
<b>EBITDA (I=C+D+E+F+G)</b>	<b>1,811.72</b>	<b>1,542.35</b>	<b>550.51</b>
Share based payment expense (J)	-	-	-
<b>EBITDA (K=I+J)</b>	<b>1,811.72</b>	<b>1,542.35</b>	<b>550.51</b>

**Notes:**

**a) Net worth is derived as below**

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Share capital	930.02	182.00	182.00
Reserves and Surplus	3,297.16	2,852.56	1,895.74
Retained Earnings	-	-	-
<b>Net worth</b>	<b>4,227.18</b>	<b>3,034.56</b>	<b>2,077.74</b>

**b) The ratios on the basis of Restated Financial Information have been computed as below**

Basic Earnings per share (₹)	=	$\frac{\text{Restated Net profit/(loss) after tax for the year / period attributable to equity shareholders of the Company}}{\text{Weighted average number of Equity Shares outstanding during the year/period post sub-division/bonus}}$
Diluted Earnings per share (₹)	=	$\frac{\text{Restated Net profit/(loss) after tax for the year / period attributable to equity shareholders of the Company}}{\text{Weighted average number of Equity Shares outstanding during the year/period adjusted for the effects of all dilutive potential Equity shares post sub-division/bonus}}$
Return on Net Worth (%)	=	$\frac{\text{Restated net profit/(loss) after tax for the year / period attributable to equity shareholders of the Company}}{\text{Restated total equity attributable to equity holders}}$
Net asset value per Equity Share	=	$\frac{\text{Restated Total equity attributable to equity holders}}{\text{Weighted Average Number of equity shares outstanding during the year/ period post sub-division/bonus}}$
Net Assets	=	Total assets less total liabilities
EBITDA	=	Restated profit/(loss) for the respective year/period + total tax expenses + exceptional items + finance costs + depreciation and amortisation

**Annexure VII - Statement of Adjustments to the Restated Financial Information**  
(Amounts in INR Lakh, unless otherwise stated)

Summarised below are the restatement adjustments made to equity as at 31 March 2024, as at March 31, 2023, and March 31, 2022, their consequential impact on the equity of the Company:

Particulars	As at 31 March 2024	As at 31 March 2023	As at 31 March 2022
Total Equity as per Audited Financial Statements	4,230.87	3,068.33	2,098.75
<u>Restatement adjustments</u>			
Compliance of Accounting Standard - 15	-	58.58	40.63
Reclassification from Expense to Deposit	-	(6.37)	(6.37)
Gratuity Fund Balances unaccounted in earlier years	-	1.14	1.15
Derecognition of Asset (Accounting Standard - 10)	-	(8.27)	(7.35)
Tax Adjustments	3.68	(11.31)	(7.05)
<b>Total impact of adjustments</b>	3.68	33.77	21.01
Total Equity as per Restated Financial Information	4,227.19	3,034.56	2,077.74
<b>Total</b>	<b>4,227.19</b>	<b>3,034.56</b>	<b>2,077.74</b>

Summarised below are the restatement adjustments made to the net profit after tax for the years ended 31 March 2024, March 31, 2023, and March 31, 2022, their impact on the profit / (loss) of the Company:

Particulars	For the Year ended 31 March 2024	For the Year ended 31 March 2023	For the Year ended 31 March 2022
Profit after tax as per Audited Financial Statements	1,212.82	969.55	212.12
<u>Restatement adjustments</u>			
<u>Compliance of Accounting Standard - 15</u>			
(Increase)/decrease in expenses			
Employee benefit expenses	-	(17.95)	(7.97)
Reclassification from Expense to Deposit	(6.37)	-	-
Gratuity Fund Balances unaccounted in earlier years	1.14	0.01	0.01
Derecognition of Asset (Accounting Standard - 10)	-	0.92	0.92
<b>Restated profit before tax</b>	1,207.59	952.53	205.08
Tax adjustments	14.96	(4.29)	(7.05)
Profit after tax as per Restated financial information	1,192.63	956.82	212.13
<b>Total</b>	<b>1,192.63</b>	<b>956.82</b>	<b>212.13</b>

**Notes to adjustments:**

**Note 1:**

Audit qualifications - There are no audit qualifications in auditor's report for the financial years ended 31 March, 2024, March 31, 2023, and March 31, 2022.

**Note 2:**

Material regrouping/reclassification - Appropriate regrouping/reclassification have been made in the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss and Restated Statement of Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the year ended 31 March, 2024. Audited financial statements prepared in accordance with Schedule III of the Act, applicable AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.

Royal Arc Electrodes Limited

CIN: U31100MH1996PLC096296

Annexure VII - Statement of Adjustments to the Restated Financial Information

(Amounts in INR Lakh, unless otherwise stated)

**Note 3:**

Compliance of Accounting Standard - 15 (Revised 2005), actuarial valuation was obtained from the actuary in respect of the defined benefit plans using projected unit credit method for the years ended 31 March, 2024, March 31, 2023 and March 31, 2022 and liability and employee benefit expenses adjusted accordingly.

As per our report of even date attached

**For, Bagadiya & Jain**  
**CHARTERED ACCOUNTANTS**  
**FRN: 128719W**

**Sd/-**  
**Rishit M. Bagadia**  
Partner  
M. No.: 123327  
UDIN: 24123327BKESQI6139

Place: Ahmedabad  
Date: 09/07/2024

**For and on behalf of the Board of Directors**  
**Royal Arc Electrodes Limited**

**Sd/-**  
**Bipin Sanghvi**  
Managing Director  
DIN No.: 00462839

**Sd/-**  
**Hardik Sanghvi**  
Chief Financial Officer &  
Whole-time director  
DIN No.: 00617415

Place : Mumbai  
Date: 09/07/2024

**Sd/-**  
**Swagat Sanghvi**  
Whole-time director  
DIN No.: 01695341

**Sd/-**  
**Mansi Bagadiya**  
Company Secretary  
M. No.: A56143

## CAPITALISATION STATEMENT

The following table sets forth our capitalization as at March 31, 2024 on the basis of our Restated Financial Statements:

(₹ in Lakhs)

Particulars	Pre-Offer (As at March 31, 2024)	Post Offer *
<b>Borrowing</b>		
Non-current borrowings(I)	-	[●]
Total current borrowings (II)	19.71	[●]
Total Borrowings (I) + (II) = (A)	<b>19.71</b>	[●]
<b>Equity (Shareholder's Fund)</b>		
Equity Share Capital	930.02	[●]
Reserves & Surplus	3,297.17	[●]
<b>Total Equity (B)</b>	4,227.19	[●]
Non-current borrowings/Equity (in times)	<b>Negligible</b>	[●]
Total borrowings/Equity (in times)	<b>Negligible</b>	[●]

\* The corresponding post issue figures are not determinable at this stage pending the completion of public issue and hence have not been furnished.

Notes:

1. Short term Debts represent which are expected to be paid/ payable within 12 Months
2. Long term Debts represent debts other than Short Debts as defined above.



## MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with the “Restated Financial Statements” as of and for the Fiscals 2024, 2023 and 2022 including the notes and significant accounting principles thereto and the report thereon, which appear beginning on page 205 of this Draft Red Herring Prospectus. Our Restated Financial Statements differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries, and our assessment of the factors that may affect our prospects and performance in future periods. Accordingly, the degree to which our Restated Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader’s level of familiarity with Ind GAAP. These regulations may also vary with ICDS, which may be material to an investor’s assessment of our results of operations and financial condition. Our fiscal year ends on March 31 of each year, so all references to a particular Fiscal or fiscal year are to the twelve-month period ended March 31 of that year.*

*The following discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the chapter titled “Risk Factors” and “Forward Looking statements” beginning on page 33 and 21 of this Draft Red Herring Prospectus respectively and elsewhere in this DRHP.*

*Some of the information contained in this section, including information with respect to our strategies, contains forward-looking statements that involve risks and uncertainties. You should read the chapter titled “Forward-Looking Statements” beginning on page 21 of this Draft Red Herring Prospectus for a discussion of the risks and uncertainties related to those statements and also the chapter titled “Risk Factors” and “Our Business” beginning on pages 33 and 151 of this Draft Red Herring Prospectus respectively for a discussion of certain factors that may affect our business, results of operations and financial condition. The actual results of the Company may differ materially from those expressed in or implied by these forward-looking statements.*

*Unless otherwise stated, references to “the Company”, “our Company”, “we”, “us”, and “our” are to Royal Arc Electrodes Limited.*

### **Overview**

*Our Company is engaged in the business of manufacturing of welding consumables such as, welding electrodes, flux cored wire, MIG/TIG wires, which finds its application in the welding of tanks, boilers, heavy structures, beams, pipes, cylinders, pressure vessels, etc. which are used in industries like railways, roadways, airport infrastructure, refineries, shipyards, mines, sugar industries, telecom industries, thermal power stations, PEB sectors, etc. Further, our Company is also engaged in the business of trading of ancillary/incidental products like wheels, electro slag, welding flux cored wire, electro slag strip cladding, saw flux and TIG /MIG wires.*

*We manufacture our products from copper coated wire, MS Strips, MS wire, SS strip, SS wire, nickel wire, ferro alloy powder, etc conforming to international standards, from our highly sophisticated and technically competent manufacturing facility spread over an area of 6.197 acres which is situated at Zaroli, Umbergaon Valsad, Gujarat, Bharat. This forward integration helps in achieving efficiency in the production process and gaining competitive advantage, reduction in product costs, control over the supply of raw materials and reduce our dependency on third parties for our operations*

*For Fiscal 2024, Fiscal 2023 and Fiscal 2022, our revenue from operations was ₹ 9,978.75, ₹ 9,694.02 lakhs, and ₹6,290.97 lakhs respectively, and our profit after tax for the year was ₹ 1,192.63 lakhs ₹ 956.82 lakhs and ₹ 212.13 lakhs, respectively. Our EBITDA for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹1,811.72 lakhs, ₹ 1,542.35 lakhs, and ₹ 550.51 lakhs respectively.*

### **Principal Factors Affecting Our Results of Operations:**

We have applied the following accounting policies in preparing our financial statements for Fiscal 2024:

#### **SIGNIFICANT ACCOUNTING POLICIES**

##### **1. Basis of Preparation**

The financial statements have been prepared in conformity with the generally accepted accounting principles to comply in all material respects with the notified Accounting Standards (AS) under Companies Act, 2013 and the relevant provisions of the Companies Act 2013 (“the Act”). The financial statements have been prepared under the historical cost convention, on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

## **2. Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialized.

## **3. Property, Plant and Equipment and Depreciation**

Property, Plant & Equipment are carried at cost of acquisition less accumulated depreciation and its written down value is stated. Cost includes inward freight, duties, taxes and incidental expenses related to the acquisition, construction and installation of the fixed assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Depreciation is provided under straight-line method so as to write-off the cost of the assets over its useful life as prescribed in Schedule II of the Companies Act, 2013.

## **4. Intangible Assets**

Expenditure on regulatory approval for Licenses for Sale of Goods in foreign countries is recognized as an intangible asset and the same is amortized over a period of five years & Expenditure on software development is recognized as an intangible asset and same is amortized over a period of five years.

## **5. Capital Work-in-progress**

Cost and direct expense incurred for construction of assets or assets to be acquired and which are not ready for use are disclosed under "Capital Work-in-progress"

## **6. Leases**

Assets taken on lease by the Company in its capacity as lessee, where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such a lease is capitalised at the inception of the lease at lower of the fair value or the present value of the minimum lease payments and a liability is recognised for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor, are recognised as operating leases. Lease rentals under operating leases are recognised in the statement of profit and loss on a straight-line basis.

## **7. Impairment**

- a) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- b) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- c) A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

## **8. Investments**

Long Term Investments are carried at cost. Provision is made for any diminution in value of investments, if the diminution is other than temporary.

## **9. Employee Benefits**

- (i) Post-employment benefit plans

Contributions to defined contribution retirement benefit schemes are recognised as expense when employees have rendered services entitling them to such benefits.

For defined benefit schemes, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the statement of profit and loss for the period in which they occur.

Past service cost is recognised immediately to the extent that the benefits are already vested, or amortised on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the scheme.

(ii) Other employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service. These benefits include compensated absences such as paid annual leave, overseas social security contributions and performance incentives.

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as an actuarially determined liability at the present value of the defined benefit obligation at the balance sheet date.

## 10. Revenue recognition

Revenue from sales is recognized as and when the goods are dispatched to the customers and invoice is prepared.

Other income is recognized on accrual basis and when there is reasonable certainty of its collection.

## 11. Taxation

Current Tax is the amount of tax payable for the year as determined in accordance with the provision of the Income Tax Act, 1961.

Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax after the tax holiday period. Accordingly, MAT is recognised as an asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with it will fructify.

Deferred tax expense or benefit is recognised on timing differences being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction for relevant tax paying units and where the Company is able to and intends to settle the asset and liability on a net basis.

The Company offsets deferred tax assets and deferred tax liabilities if it has a legally enforceable right and these relate to taxes on income levied by the same governing taxation laws.

## 12. Foreign currency transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction. Monetary items in foreign currencies at the balance sheet date are translated at rates as at the balance sheet date. Any income or expense on account of exchange difference either on settlement or on translation is recognized in profit & loss account except in cases where they relate to acquisition of Fixed Assets, in which case they are adjusted to carrying cost of Fixed Assets.

## 13. Earnings per share

The basic and diluted earnings per share is computed by dividing the profit/loss after tax available for equity shareholders by the weighted average number of equity shares outstanding during the reporting period.

## 14. Employee benefits

Employee benefit expenses include salary, wages, performance incentives, compensated absences, medical benefits and other perquisites. It also includes post-employment benefits such as provident fund, superannuation fund, gratuity, pensionary benefits etc.

Post-employment benefits and other long term employee benefits

Short term employee benefit obligations are estimated and provided for in the statement of profit and loss.

- Defined contribution plans

Company's contribution to provident fund, superannuation fund, employee state insurance and other funds are determined under the relevant schemes and/or statute and charged to the statement of profit and loss in the period of incurrence when the services are rendered by the employees.

- Defined benefit plans and compensated absences

Expenditure on compensated absences and termination benefits (including expenditure on gratuity, voluntary retirement scheme, etc.) is recognised in the statement of profit and loss in the period of incurrence.

## **15. Inventories**

Inventories are valued at the lower of cost and net realisable value after providing for cost of obsolescence. The method of determination of cost is as follows:

a. Finished goods - comprise the purchase price, import duties and other taxes (other than those subsequently recoverable by the entity from the taxing authorities), and transport, handling and other costs directly attributable to the acquisition of finished goods. Trade discounts, rebates and other similar items are deducted in determining the cost.

ICDS II as prescribed under section 145 of the Income Tax Act, 1961 requires 'Purchase cost' to include duties and taxes, freight inwards and other expenditure directly attributable to the acquisition.

Further section 145A of the Income Tax Act, 1961 requires valuation of purchases, sales and inventory be adjusted to include the amount of tax, duty, cess or fees (by whatever name called) actually paid and incurred to bring the goods to the place of its location and conditions as on the date of valuation.

After including taxes, duties, cess etc. to inventory as well as purchases, sales and payments made or expenditure incurred of these taxes, duties, cess, etc. to comply with the provisions of section 145A the overall impact of the adjustments made on the income of the assessee is nil. Accordingly, even the exclusive method followed as per Accounting Standards issued by ICAI for the purpose of valuation of inventory is tax neutral.

## **16. Provisions, Contingent liabilities and Contingent assets**

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

## **17. 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.

## **18. Borrowing Cost**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Where, a qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Substantial period of time primarily depends on the facts and circumstances of each asset. However, ordinarily, a period of twelve months is considered as substantial. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Exchange differences arising from foreign currency borrowings and considered as borrowing costs are those exchange differences which arise on the amount of principal of the foreign currency borrowings to the extent of the difference between interest on local currency borrowings and interest on foreign currency borrowings. Thus, the amount of exchange difference not exceeding the difference between interest on local currency borrowings and interest on foreign currency borrowings is considered as borrowings costs and the remaining exchange difference, if any, is accounted for under AS 11, The Effects of Changes in Foreign Exchange Rates. For this purpose, the interest rate for the local currency borrowings is considered

as that rate at which the enterprise would have raised the borrowings locally had the enterprise not decided to raise the foreign currency borrowings

#### 19. Current assets, loans and advances

Current assets, loans and advances are of the value stated if realisable in the ordinary course of business.

#### 20. Loans and borrowings

Secured as well as unsecured loans are stated at full value of liability payable on the date of balance sheet or future date.

#### 21. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (a) the company will comply with the conditions attached to them, and (b) the grant/subsidy will be received.

Where the grant relates to an asset, it is shown as a reduction from the gross value of the asset concerned in arriving at its book value. The grant is thus recognised in the statement of profit and loss over the useful life of the asset by way of reduced depreciation charge.

Where the grant relates to reimbursement of interest on term loan, it is recognised as a reduction from the finance cost of the term loan concerned.

### KEY PERFORMANCE INDICATORS OF OUR COMPANY

(₹ in lakhs, except for ratios and percentages)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations <sup>(1)</sup>	9,978.75	9,694.02	6,290.97
Growth in revenue from operations (%) <sup>(2)</sup>	2.94%	54.09%	-
Gross Profit <sup>(3)</sup>	3,385.93	3,004.28	1,593.74
Gross Profit Margin(%) <sup>(4)</sup>	33.93%	30.99%	25.33%
EBITDA <sup>(5)</sup>	1,811.72	1,542.35	550.51
EBITDA Margin(%) <sup>(6)</sup>	18.16%	15.91%	8.75%
Restated Profit after tax (PAT) <sup>(7)</sup>	1,192.63	956.82	212.13
PAT Margin <sup>(8)</sup>	11.95%	9.87%	3.37%
RoE(%) <sup>(9)</sup>	32.85%	37.43%	10.70%
RoCE(%) <sup>(10)</sup>	37.73%	41.81%	12.63%
Net Debt / EBITDA Ratio <sup>(11)</sup>	(0.04)	(0.10)	1.41
Debt Equity ratio <sup>(12)</sup>	0.00	0.05	0.38
Domestic Revenue	8,537.45	7,981.66	4,606.27
Domestic Revenue as a percentage to revenue from operations	85.56%	82.34%	73.21%
Export Revenue	1,441.30	1,712.36	1,684.70
Export Revenue as a percentage to revenue from operations	14.44%	17.66%	26.78%
Working Capital Days <sup>(13)</sup>	74	48	50
Inventory Days	42	46	76
Trade Receivable Days	68	56	69

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Trade Payable Days	36	49	71

\*As Certified by our Statutory Auditor, Bagadiya & Jain Chartered Accountants vide their certificate dated August 2, 2024. This certificate has been designated a material document for inspection in connection with the Offer. Please refer to chapter titled “**Material Contracts and Documents for Inspection**” beginning on page 343 of this Draft Red Herring Prospectus.

Notes:

1. Revenue from Operations means the revenue from operations as appearing in the Restated Financial Statement.
2. Growth in revenue from operations (%) is calculated as a percentage of revenue from operations of the relevant period/year minus revenue from operations of the preceding period/year, divided by revenue from operations of the preceding period/year.
3. Gross Profit is calculated as the difference between revenue from operations less cost of raw material consumed less change in Inventories of work in progress, finished goods and Stock in Trade.
4. Calculated as Gross Profit divided by revenue from operations
5. EBITDA is calculated as restated profit / (loss) for the period / year, plus interest expense, total taxes, and depreciation and amortisation expense.
6. EBITDA Margin (%) is calculated as EBITDA divided by revenue from operations.
7. Profit after Tax means restated profit / (loss) for the period/year as appearing in the Restated Financial Statement.
8. Profit after Tax Margin refers to the percentage margin derived by dividing Profit after Tax by revenue from operations.
9. Return on Equity (%) is calculated as restated profit after tax for the period/year divided by average shareholder’s equity.
10. Return on Capital Employed is calculated as EBITDA less depreciation and amortization less bank charges divided by Capital Employed.
11. Net Debt to EBITDA Ratio is a measurement of leverage, calculated as Net Debt divided by EBITDA.
12. Debt Equity ratio is calculated as Debt divided by shareholder’s equity. Shareholder’s equity is calculated as sum of share capital and reserves and surplus.
13. Working Capital Days refers to total current assets days minus total current liabilities days.

### **Overview of Revenue and Expenditure**

The following descriptions set forth information with respect to key components of our income statement.

#### **Revenue**

##### **Revenue from operations**

Revenue from operations comprises income from:

- a. Sale of manufacturing products such as welding electrodes, flux cored wire, MIG/TIG Wire strip cladding.
- b. Revenue from trading in products such as Abrasive Wheels Electro Slag Welding Flux Cored Wire Saw Flux and TIG MIG.

##### **Other income**

Other income primarily comprises Export incentives, interest income, Dividend income, insurance claims, foreign currency gains, amongst others.

#### **Expenditure**

Our expenditure comprises the following:

1. Cost of raw materials consumed: Cost of materials consumed comprises (i) the cost of raw materials used in the manufacture of our products; and (ii) the cost of raw materials. Our raw materials include steel scrap, roll scrap, pig iron, nickel, ferro molybdenum, other ferroalloys, resin coated sand, amongst others.
2. Change in Inventories of work in progress, finished goods, and Stock in Trade: Expenses accounted for pursuant to an (increase)/decrease in inventories of finished goods and work in progress.
3. Employee benefit expenses: Employee benefit expenses comprise of salaries, wages, contribution to provident and other funds, gratuity and staff welfare expenses
4. Finance costs: Finance costs comprise interest expenses on borrowings, trade payable and other borrowing costs.
5. Depreciation and amortization expenses: Depreciation and amortization expenses comprise depreciation of tangible assets including our plant and machinery, building, factory equipment, computer equipment, office and other equipment, furniture and fixtures, amongst others; and amortization of intangible assets including computer software and others.
6. Other expenses: Other expenses comprise primarily of rents, repairs and maintenance expenses, legal and professional charges, freight charges, travelling and conveyance, advertisement & business promotion expenses, commission expenses, testing and inspection charges, amongst others.

### Geographic information

The following table sets forth a breakdown of our revenue from operations by geography for the periods indicated:

(₹ in lakhs)

Sales Value	Fiscal 2024	Fiscal 2023	Fiscal 2022
Domestic	8,537.45	7,981.66	4,606.27
Exports	1,441.30	1712.36	1684.70
<b>Total</b>	<b>9,978.75</b>	<b>9,694.02</b>	<b>6,290.97</b>

### Results of Operations

The following table sets forth our income statement data, the components of which are expressed as a percentage of total income for the periods indicated, for our operations for the Fiscal 2024, Fiscal 2023 and Fiscal 2022.

Particulars	For the Financial Year ended					
	2024		2023		2022	
	(₹ in lakhs)	% of Total Income	(₹ in lakhs)	% of Total Income	(₹ in lakhs)	% of Total Income
<b>Income</b>						
Revenue from operations	9,978.75	98.81	9,694.02	98.88	6,290.97	97.05
Other income	120.50	1.19	109.46	1.12	191.26	2.95
<b>Total income</b>	<b>10,099.25</b>	<b>100.00</b>	<b>9,803.48</b>	<b>100.00</b>	<b>6,482.23</b>	<b>100.00</b>
<b>Expense</b>						
Cost of Raw Material Consumed	6,383.68	63.21	6,468.15	65.98	4,837.61	74.63
Changes in inventories of finished goods, work-in-progress, and Stock-in-Trade	209.13	2.07	221.59	2.26	(140.38)	(2.17)
Employee benefit expense	773.57	7.66	691.66	7.06	422.80	6.52
Finance Costs	9.89	0.10	60.84	0.62	97.53	1.50
Depreciation and Amortization Expense	180.85	1.79	184.29	1.88	177.48	2.74
Other Expenses	916.26	9.07	871.61	8.89	806.43	12.44
<b>Total expenses</b>	<b>8,473.38</b>	<b>83.90</b>	<b>8,498.14</b>	<b>86.68</b>	<b>6,201.47</b>	<b>95.67</b>
<b>Profit before tax</b>	<b>1,625.87</b>	<b>16.10</b>	<b>1,305.34</b>	<b>13.32</b>	<b>280.76</b>	<b>4.33</b>
<b>Tax expenses:</b>						
Current Tax	425.25	4.21	365.12	3.72	86.04	1.31
Deferred Tax	2.70	0.03	(21.44)	-0.22	(18.12)	(0.28)
Current Tax adjustment of earlier years	5.29	0.05	4.84	0.05	0.71	0.01
<b>Total tax expenses</b>	<b>433.24</b>	<b>4.29</b>	<b>348.52</b>	<b>3.56</b>	<b>68.63</b>	<b>1.06</b>
<b>Profit for the year</b>	<b>1,192.63</b>	<b>11.81</b>	<b>956.82</b>	<b>9.76</b>	<b>212.13</b>	<b>3.27</b>

### Key Components of our Statement of Profit and Loss Based on our Restated Financial Statements Income

Our total income comprises of revenue from operations and other income.

#### Revenue from Operations

Our revenue from operations represents the sale of our products. The Company is engaged in the business of manufacture of welding electrodes, flux cored wire, MIG/TIG Wire strip cladding; and trading in products like Abrasive Wheels Electro Slag Welding Flux Cored Wire Saw Flux and TIG MIG. For details, please refer to chapter titled "*Business Overview*" on page 151 of this DRHP. Our revenue from operations for the period ended March 31, 2024 amounted to ₹ 9,978.75 Lakhs which is about 98.81 of the total revenue.

### **Other Income**

Other income includes Export incentives, Interest from Deposits, Dividend Income, insurance claims, Net Gain/(Loss) on foreign currency transactions, Gain on Property, Plant and Equipment (Net), and miscellaneous income.

### **Expenditure**

Our total expenditure primarily consists of the cost of raw materials consumed, Changes in Inventories of work in progress, finished goods and Stock in Trade, Employee benefit expenses, Finance Costs, Depreciation and Amortization Expenses, and Other expenses.

### **Cost of Raw Material Consumed**

The cost of Raw Material Consumed consists of Opening stock plus purchases less closing stock

### **Changes in Inventories of Finished Goods and Work-in-Progress**

The changes in Inventories comprise of Opening Stock less Closing Stock of Finished Goods and Work-in-Progress.

### **Employee Benefit Expenses**

Employee benefit expenses comprise of Salaries and Wages, Contributions to the provident fund and other funds, gratuity expenses and Staff Welfare Expenses.

### **Finance costs**

Finance costs include Interest Expenses and Other Borrowing costs including Bank charges.

### **Depreciation & Amortization Cost**

Depreciation expenses consist of depreciation on the tangible assets of our Company i.e., depreciation on fixed assets and amortization of intangible assets including computer software and others.

### **Other Expenses**

Other expenses include Clearing & Forwarding Charges, Electricity Expenses – Factory, Job & Labour Charges, Spares, Tools & Consumables Power & fuel, Packing and Forwarding, Transport Charges, Repair and Maintenance, Brokerage and commission, Auditors Remuneration, Rent on Machinery, Rent-Others, Advertisement expenses, Professional & Consultancy fees, Bad debts, Insurance Expense, Rates & Taxes, Office expense, Traveling & conveyance, amongst others.

### **Provision for Tax**

The provision for current taxation is computed in accordance with relevant tax regulations and includes MAT Credit. 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 the balance sheet date.

### **For the financial year ended on March 31, 2024**

The total revenue was ₹10,099.25 lakhs for the financial year ended on March 31, 2024

### **Revenue from Operations**

Revenue from operations contributed ₹ 9,978.75 lakhs for the financial year ended on March 31, 2024, or 98.81% of total revenue for this period.

### **Other Income**

Other Income contributed ₹ 120.50 lakhs for the financial year ended on March 31, 2024, or 1.19% of total revenue for this period.

### **Total Expenses**

Total Expenses stood at ₹8,473.38 lakhs, or 83.90% of Total Income for the financial year ended on March 31, 2024

### **Cost of Materials Consumed**

Cost of Materials Consumed contributed to ₹6383.68 lakhs, or 63.21% of Total Income for the financial year ended on March 31, 2024

### **Changes in Inventories of Finished Goods and Work-in-Progress**



Changes in Inventories of Finished Goods and Work-in-Progress stood at ₹ 209.13 lakhs, or 2.07% of Total Income for the financial year ended on March 31, 2024

#### Employee Benefit Expenses

Employee Benefit Expense contributed to ₹773.57 lakhs, or 7.66 % of Total Revenue for the financial year ended on March 31, 2024.

#### Finance costs

Finance costs contributed ₹9.89 lakhs, or 0.10% of Total revenue for the financial year ended on March 31, 2024.

#### Depreciation & Amortization Cost

Depreciation & Amortization contributed ₹180.85 lakhs, or 1.79% of Total revenue for the financial year ended on March 31, 2024

#### Other Expenses

Other Expenses contributed ₹916.26 lakhs, or 9.07% of Total Revenue for the financial year ended on March 31, 2024

#### Tax Expenses

Tax Expenses contributed ₹433.24 lakhs or 4.29% of Total revenue for the financial year ended on March 31, 2024.

#### Profit after Tax

Profit after Tax stood at ₹1,192.63 lakhs or 11.81% of Total revenue for the financial year ended on March 31, 2024.

#### Financial Year 2024 compared to Financial Year 2023

(₹ in lakhs)

Particulars	For the year ended March 31,		Change (%)
	2024	2023	
<b>Income</b>			
Revenue from operations	9,978.75	9,694.02	2.94
Other income	120.50	109.46	10.09
<b>Total revenue</b>	<b>10,099.25</b>	<b>9,803.48</b>	<b>3.02</b>
<b>Expenses</b>			
Cost of Raw Material Consumed	6,383.68	6,468.15	(1.31)
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	209.13	221.59	(5.62)
Employee benefit expense	773.57	691.66	11.84
Finance Costs	9.89	60.84	(83.74)
Depreciation and Amortization Expenses	180.85	184.29	(1.87)
Other Expenses	916.26	871.61	5.12
<b>Total expenses</b>	<b>8,473.38</b>	<b>8,498.14</b>	<b>(0.29)</b>
<b>Profit /(Loss) before Exceptional and Extraordinary Item and Tax</b>	<b>1,625.87</b>	<b>1,305.34</b>	<b>24.56</b>
Exceptional Item	0	0	0.00
<b>Profit/(Loss) before Extraordinary Item and Tax</b>	<b>1,625.87</b>	<b>1,305.34</b>	<b>24.56</b>
Extraordinary Item	0	0	0.00
<b>Profit/(Loss) before Tax</b>	<b>1,625.87</b>	<b>1,305.34</b>	<b>24.56</b>
<b>Tax expenses:</b>			
Current tax	425.25	365.12	16.47
Deferred tax	2.70	(21.44)	(112.59)

Current Tax adjustment of earlier years	5.29	4.84	9.30
<b>Total tax expenses</b>	<b>433.24</b>	<b>348.52</b>	<b>24.31</b>
<b>Profit for the year</b>	<b>1,192.63</b>	<b>956.82</b>	<b>24.65</b>

### ***Total income***

Total income increased by 3.02% to ₹10,099.25 lakhs for the Fiscal 2024 from ₹9,803.48 lakhs for the Financial Year 2023. The increase in total income is due to increase in revenue from operations by 2.94% and increase in other income by 10.09%.

### ***Revenue from operations:***

Revenue from operations marginally increased by 2.94% to ₹9,978.75 lakhs for the Fiscal 2024 from ₹9,694.02 lakhs for the Fiscal 2023. The increase in revenue from operations is due to increase in sale of products by 2.87% to ₹9,972.46 lakhs for the Fiscal 2024 from ₹9,693.77 lakhs for the Fiscal 2023 and sale of services by 2367.58% to ₹6.29 lakhs for the Fiscal 2024 from ₹0.25 lakhs for the Fiscal 2023. The increase in sale of service in Fiscal 2024 is mainly attributable to the after sales services and technical support provided to customers assisting them with welding solutions

### ***Other Income***

Our other income increased by 10.09% to ₹ 120.50 lakhs for the Fiscal 2024 from ₹109.46 lakhs for the Fiscal 2023. Such increase in other income was primarily due to write back of deposits of ₹47.25 lakhs in Fiscal 2024 as against NIL in Fiscal 2023 and interest income of ₹15.61 lakhs in Fiscal 2024 as against ₹4.21 lakhs in Fiscal 2023. The increase was marginally off-set by reduction in export incentives by 15.57%, reduction in insurance claim and net gain from foreign currency transaction by 66.87%.

### ***Total expenses***

Total expenses marginally decreased by 0.29% to ₹8,473.38 lakhs for the Fiscal 2024 from ₹8,498.14 lakhs for the Fiscal 2023.

### ***Cost of raw materials consumed***

Our cost of raw materials consumed decreased by 1.31% from ₹6,468.15 lakhs in Fiscal 2023 to ₹6,383.68 lakhs in Fiscal 2024. The decrease in cost of raw material is primarily due to decrease in the prices of our key raw materials i.e. Steel and Rutile and the cost benefits arising from bulk purchases.

### ***Change in inventories of work-in-progress, finished goods and Stock in Trade***

Changes in inventories of work-in-progress, finished goods and Stock in Trade decreased to ₹209.13 lakhs for the Fiscal 2024 as compared to ₹221.59 lakhs for the Fiscal 2023. In relation to inventories of finished goods and work in progress, we had an opening stock of ₹395.73 lakhs and a closing stock of ₹186.60 lakhs for the Fiscal 2024, and an opening stock of ₹617.32 lakhs and a closing stock of ₹395.73 lakhs for the Fiscal 2023.

### ***Employee benefits expenses***

Our employee benefits expense increased by 11.84% from ₹691.66 lakhs in Fiscal 2023 to ₹773.57 lakhs in Fiscal 2023 primarily due to increase in remuneration of our directors from ₹300.21 lakhs in Fiscal 2023 to ₹377.31 lakhs in Fiscal 2024 and also due to increase in number of employees and corresponding increase in provident fund and gratuity expenses.

### ***Finance Costs***

Our finance costs decreased by 83.75% from ₹60.84 lakhs in Fiscal 2023 to ₹9.89 lakhs in Fiscal 2024, primarily due to decrease in total borrowings from ₹141.71 lakhs in Fiscal 2023 to ₹19.71 lakhs in Fiscal 2024.

### ***Depreciation and Amortization Expenses***

Our depreciation and amortization expense marginally decreased by 1.87% from ₹184.29 lakhs in Fiscal 2023 to ₹180.85 lakhs in Fiscal 2024.

### ***Other expenses***

Our other expenses increased by 5.12% from ₹871.61 lakhs in Fiscal 2023 to ₹916.26 lakhs in Fiscal 2024, primarily due to increase in Legal & Professional charges by ₹32.78 lakhs, Bad Debts by ₹18.74 lakhs, traveling and conveyance expense by ₹16.59 lakhs, Exhibition Expenses by ₹37.27 lakhs in Fiscal 2024.

### **Profit before tax**

As a result of the foregoing, we recorded an increase of 24.56% in our profit before tax, which amounted to ₹1,625.87 lakhs in Fiscal 2024, as compared to ₹1,305.34 lakhs in Fiscal 2023.

### **Tax expenses**

Our tax expenses (current, deferred and Current Tax adjustment of earlier years) increased by 24.31% from ₹348.52 lakhs in Fiscal 2023 to ₹433.24 lakhs in Fiscal 2024. This is in line with increase in Profit before tax.

### **Restated Profit after tax for the period**

As a result of the foregoing, we recorded an increase of 24.65% in our profit for the year from ₹956.82 lakhs in Fiscal 2023 to ₹1,192.63 lakhs in Fiscal 2024.

### **Financial Year 2023 compared to Financial Year 2022**

(₹ in lakhs)

Particulars	For the year ended March 31,		Change (%)
	2023	2022	
<b>Income</b>			
Revenue from operations	9,694.02	6,290.97	54.09
Other income	109.46	191.26	(42.77)
<b>Total revenue</b>	<b>9,803.48</b>	<b>6,482.23</b>	<b>51.24</b>
<b>Expenses</b>			
Cost of Raw Material Consumed	6,468.15	4,837.61	33.71
Purchases of Stock-in-Trade	-	-	0.00
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	221.59	(140.38)	257.85
Employee benefit expense	696.66	422.80	63.59
Finance Costs	60.84	97.53	(37.62)
Depreciation and Amortization Expenses	184.29	177.48	3.84
Other Expenses	871.61	806.43	8.08
<b>Total expenses</b>	<b>8,498.14</b>	<b>6,201.47</b>	<b>37.03</b>
<b>Profit /(Loss) before Exceptional and Extraordinary Item and Tax</b>	<b>1305.34</b>	<b>280.76</b>	<b>364.94</b>
Exceptional Item	0	0	0.00
<b>Profit/(Loss) before Extraordinary Item and Tax</b>	<b>1305.34</b>	<b>280.76</b>	<b>364.94</b>
Extraordinary Item	0	0	0.00
<b>Profit/(Loss) before Tax</b>	<b>1305.34</b>	<b>280.76</b>	<b>364.94</b>
<b>Tax expenses:</b>			
Current tax	365.12	86.04	324.36
Deferred tax	(21.44)	(18.12)	18.32
Current Tax adjustment of earlier years	4.84	0.71	581.69
<b>Total tax expenses</b>	<b>348.52</b>	<b>68.63</b>	<b>407.82</b>
<b>Profit for the year</b>	<b>956.82</b>	<b>212.13</b>	<b>351.06</b>

### **Total income**

Total income increased by 51.24 % to ₹ 9,803.48 lakhs for the Financial Year 2023 from ₹ 6,482.23 lakhs for the Financial Year 2022 primarily due to:

#### **Revenue from operations:**

Revenue from operations increased by 54.09% to ₹9,694.02 lakhs for the Fiscal 2023 from ₹6,290.97 lakhs for the Fiscal 2022 primarily due to increase in the cost of our key raw material. The increase in cost of raw material was passed on to our customer by increase in the price of our product. For instance, our revenue from sale of flux cored wire increased from ₹2336.86 lakhs in Fiscal 2022 to ₹4833.88 lakhs in Fiscal 2023. Further, our revenue

from traded sales also increased from ₹405.27 lakhs in Fiscal 2022 to ₹860.81 lakhs in Fiscal 2023. The main reason attributable to this is the geo-political issues and increase in raw material prices.

#### ***Other Income***

Our other income fell by 42.77% to ₹ 109.46 lakhs for the Financial Year 2023 from ₹ 191.26 lakhs for the Financial Year 2022. Such decrease in other income was primarily due to the receipt of a Keyman insurance policy claim during the Financial Year 2022.

#### ***Total expenses.***

Total expenses increased by 37.03% to ₹ 8,498.14 lakhs for the Financial Year 2023 from ₹ 6,201.47 lakhs for the Financial Year 2022. This is in line with increase in total income.

#### ***Cost of materials consumed***

Our cost of materials consumed increased by 33.71% from ₹ 4,837.61 lakhs in Fiscal 2022 to ₹6,468.15 lakhs in Fiscal 2023, primarily due to the significant growth in the business of the company.

#### ***Change in inventories of finished goods and work-in-progress***

Changes in inventories of finished goods and work-in-progress increased to ₹ 221.59 lakhs for the Financial Year 2023 as compared to from ₹ (140.38) lakhs for the Financial Year 2022. In relation to inventories of finished goods and work in progress, we had an opening stock of ₹ 617.32 lakhs and a closing stock of ₹ 395.73 lakhs for the Financial Year 2023, and an opening stock of ₹ 476.94 lakhs and a closing stock of ₹ 617.32 lakhs for the Financial Year 2022.

#### ***Employee Benefits Expense***

Our employee benefits expense increased by 63.59% from ₹ 422.80 lakhs in Fiscal 2022 to ₹ 691.66 lakhs in Fiscal 2023 primarily due to the performance bonus paid to the directors of the company on account of the significant growth in the business of the company.

#### ***Finance Costs***

Our finance costs decreased by 37.62 % from ₹ 97.53 lakhs in Fiscal 2022 to ₹ 60.84 lakhs in Fiscal 2023, primarily due to the decrease in the Bank Cash Credit Interest Expense on account of less utilization of Bank Cash Credit limits by the company during Fiscal 2023 as compared to Fiscal 2022.

#### ***Depreciation and Amortization Expenses***

Our depreciation and amortization expense increased marginally by 3.84% from ₹ 177.48 lakhs in Fiscal 2022 to ₹ 184.29 lakhs in Fiscal 2023, primarily due to addition of fixed asset of ₹233.55 lakhs during fiscal 2023

#### ***Other expenses***

Our other expenses increased by 8.08% from ₹ 806.43 lakhs in Fiscal 2022 to ₹ 871.61 lakhs in Fiscal 2023, primarily due to the increase in the electricity consumption, commission expense, and advertisement, marketing and business promotion expenses which are in line with the significant growth of the business of the company.

#### ***Profit before tax***

As a result of the foregoing, we recorded an increase of 364.94% in our profit before tax, which amounted to ₹ 1,305.34 lakhs in Fiscal 2023, as compared to ₹ 280.76 lakhs in Fiscal 2022.

#### ***Tax expenses***

Our tax expenses (current, deferred and Current Tax adjustment of earlier years) increased by 407.82 % from ₹ 68.63 lakhs in Fiscal 2022 to ₹ 348.52 lakhs in Fiscal 2023. This was primarily due to increase in profit before tax.

#### ***Restated Profit for the period***

As a result of the foregoing, we recorded an increase of 351.06 % in our profit for the year from ₹ 212.13 lakhs in Fiscal 2022 to ₹ 956.82 lakhs in Fiscal 2023.

### **CASH FLOWS**

The following table summarizes our cash flows for the year ended on March 31, 2024, and for Fiscal 2023, Fiscal 2022, and Fiscal 2021:

(₹ in lakhs)

Particulars	For the year ended March 31,		
	2024	2023	2022
Net Cash generated from Operating Activities	562.54	1,258.59	240.43
Net Cash Used in Investing Activities	(579.58)	(246.61)	(111.12)
Net Cash Used in Financing Activities	(189.17)	(715.27)	(154.55)
<b>Net Increase / (Decrease) in Cash and Cash Equivalents</b>	<b>(206.21)</b>	<b>296.71</b>	<b>(25.24)</b>
Cash and Cash Equivalents at the beginning of the year	301.83	5.12	30.36
<b>Cash and Cash Equivalents at the end of the year</b>	<b>95.62</b>	<b>301.83</b>	<b>5.12</b>

#### **Cash flows generated from operating activities**

Net cash generated from operating activities for the year ended as on March 31, 2024, was ₹ 562.54 lakhs. Our operating profit before working capital changes was Rs 1,800.31 lakhs, which was primarily adjusted by an increase in short-term provisions, long-term provisions, trade receivables, inventories, and short-term loans and advances, other current liabilities and a decrease in trade payables, and other current assets.

Net cash generated from operating activities for the period March 31, 2023, was ₹ 1,258.59 lakhs. Our operating profit before working capital changes was Rs 1,571.70 lakhs, which was primarily adjusted by an increase in other current liabilities, short-term provisions, long-term provisions, trade receivables, and short-term loans and advances, and a decrease in trade payables, inventories, and other current assets.

Net cash from operating activities for the period March 31, 2022 was ₹ 240.43 lakhs. Our operating profit before working capital changes was ₹ 551.87 lakhs, which was primarily adjusted by an increase in trade payables and receivables, inventories, short-term provisions, long-term provisions, short-term loans and advances, and a decrease in other current liabilities, and other current assets.

#### **Cash flows used in investing activities**

Net cash used in investing activities was ₹ 579.58 lakhs for the year ended as on March 31, 2024, primarily used ₹ 595.49 lakhs in the purchase of assets and purchase of investments and ₹ 15.91 lakhs was generated due to receipt of Rent, interest and dividends.

Net cash used in investing activities was ₹ 246.61 lakhs in Fiscal 2023, primarily used ₹ 250.94 lakhs in the purchase of assets and investments, and ₹ 4.33 lakhs was generated due to receipt of interest and dividends.

Net cash used in investing activities was ₹ (111.12) lakhs in Fiscal 2022, primarily used ₹ 113.87 lakhs in the purchase of assets, and ₹ 2.75 lakhs was generated due to receipt of interest and dividend

#### **Cash flows generated from / (used in) financing activities**

Net cash used in financing activities for the year ended as on March 31, 2024, amounted to ₹ 189.17 lakhs, which primarily consists of repayment of long-term borrowings and short-term borrowings, a decrease in other long-term liabilities, and was gradually reduced by finance costs.

Net cash used in financing activities in Fiscal 2023 amounted to ₹ 715.27 lakhs, which primarily consists of repayment of long-term borrowings and short-term borrowings, decrease in other long-term liabilities, and was gradually reduced by finance cost.

Net cash used in financing activities in Fiscal 2022 amounted to ₹ 154.55 lakhs, which primarily consists of repayment of long-term borrowings, increase in short-term borrowings, and decrease in other long-term liabilities and was gradually reduced by finance costs.

#### **Capital Expenditure**

Capital expenditures consist primarily of plant & machinery, factory shed, and vehicles. For the year ended on March 31, 2024, for the Fiscal 2023, and Fiscal 2022, we incurred capital expenditure of ₹ 415.82 lakhs, ₹ 233.55 lakhs and ₹ 92.61 lakhs respectively.

#### **Contingent Liabilities**

As on date of this Draft Red Herring Prospectus, the details of the contingent liabilities of the Company are as below:

(₹ In lakhs)

Contingent Liabilities and Commitments	For the Year Ended On March 31, 2024	For the Year Ended March 31, 2023	For the Year Ended March 31, 2022
Contingent liabilities on account of pending litigations	130.25	130.25	141.42
O/s Bank Guarantee	0.00	0.00	0.00

Note:

- The Company has received a notice under clause (b) of Section 148A of the Income Tax Act, 1961, for AY 2020-21 with the liability amount not being ascertainable.
- The Company has received a show cause under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2019-20 involving ₹ 33.46 lakhs. The proceedings are currently on-going and the liability amount has not been ascertained till date.
- The Company has received intimation under Section 73(5) of the Central Goods and Services Tax Act, 2017 for FY 2020-21 involving ₹ 17.96. The proceedings are currently on-going and the liability amount has not been ascertained till date.
- The Company has received notice for completing the Tax Assessment of Local Body Taxes of the past years. The proceedings are currently on-going and the liability amount has not been ascertained till date.

***Details of material developments after the date of the last balance sheet i.e., March 31, 2024.***

After the date of the last Balance sheet i.e., March 31, 2024, the following material events have occurred:

1. Our Company has approved the audited financial statements for the financial year ending March 31, 2024, in the Board meeting dated July 3, 2024.
2. Our Company has approved the Restated Financial Statements for the year ended March 31, 2024, March 31, 2023 and March 31, 2022 in the Board meeting dated July 9, 2024.

Our Company has approved the Draft Red Herring Prospectus vide resolution in the Board Meeting dated August 2, 2024

**AUDITOR OBSERVATIONS**

There are no qualifications, reservations and adverse remarks by our Statutory Auditor in our Restated Financial Statement

**Information required as per Item (II) (C) (iv) of Part A of Schedule VI to the SEBI Regulations:**

An analysis of reasons for the changes in significant items of income and expenditure is given here under:

**1. Unusual or infrequent events or transactions**

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

**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 chapter titled “*Risk Factors*” beginning on page 33 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. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or 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 “*Management’s Discussion and Analysis of Financial Position and Results of Operations – Significant Factors Affecting our Results of Operations and Financial Condition*” and the uncertainties described in the chapter titled “*Risk Factors*” beginning on page 33 respectively of this Draft Red Herring Prospectus. To our knowledge, except as discussed in this DRHP,

there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

**4. Future changes in relationship between costs and revenues**

Other than as described in the chapter titled “*Risk Factors*”, “*Business Overview*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 33, 151 and 249 respectively, to our knowledge, no future relationship between expenditure and income is expected to have a material adverse impact on our operations and finances.

**5. Status of any publicly announced New Products or Business Segment**

Except as set out in this Draft Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new business segments.

**6. Seasonality of business**

Our Company’s business is not seasonal in nature or cyclicity. For more details please refer to chapter titled “*Industry Overview*” and “*Business Overview*” beginning on pages 131 and 151 respectively of this Draft Red Herring Prospectus.

**7. Competitive conditions**

Competitive conditions are as described under the chapters titled “*Industry Overview*” and “*Business Overview*” beginning on pages 131 and 151 respectively of this Draft Red Herring Prospectus.

**8. Any significant dependence on a single or few customers.**

The proportion of our revenues have historically been derived from the number of customers. The % contribution of our Company customer vis a vis the revenue from operations and direct expenses purchased for the financial year ended March 31, 2024, for the financial year ended March 31, 2023, and for the financial year ended March 31, 2022 are tabulated as follows:

Particulars	For the financial year ended March 31,					
	2024		2023		2022	
	(₹ in Lakhs)	%	(₹ in Lakhs)	%	(₹ in Lakhs)	%
Top 10 customers	4,409.79	44.19	4,331.19	44.68	3,359.94	53.41
Top 10 suppliers	4,948.28	71.81	3,998.30	64.36	2,800.64	57.07

## FINANCIAL INDEBTEDNESS

Our Company has availed certain loans and borrowing facilities in the ordinary course of business purposes for meeting working capital and other business requirements.

Pursuant to the Articles of Association, the applicable provisions of the Companies Act, and pursuant to a resolution passed by our Shareholders at the AGM of our Company held on January 20, 2024, our Board has been authorised to borrow from time to time, any sum or sums of monies, where the monies to be borrowed, together with the monies already borrowed by our Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of our paid-up share capital, free reserves and securities premium, provided that the total outstanding amount so borrowed shall not, exceed the limit of ₹200 crores.

The following table sets forth the details of the aggregate outstanding borrowings of our Company as of March 31, 2024:

Secured Loans:-

(₹ in lakhs unless otherwise stated)

Category of borrowing	Name of Lender	Sanctioned Amount as on March 31, 2024	Sanction date	Outstanding amount as on March 31, 2024	Rate of Interest (%)
Vehicle Loan	HDFC Bank	22.00	September 28, 2021	4.70	7.95
Combined Credit Facilities (including CC, Working Capital Loan, PCFC, LCBD, Buyer's Credit, Guarantee/Bonds facilities)	HSBC Bank	1,300.00	December 19, 2023	-	Mutually Agreed rate*
<b>Total</b>		<b>1,322.00</b>	-	<b>4.70</b>	-

\*Rate will be fixed with reference to prevalent bank's benchmark rate of appropriate tenor as per the sanction letter of HSBC Bank dated December 19, 2023

Sr No.	Type of Security	Details (Security & Other Conditions)	Facilities Covered
1	<b>Primary</b>	<ul style="list-style-type: none"> <li>The loan is primarily secured by way of hypothecation of Jeeps Car which is repayable in 36 equal monthly installments of ₹ 68,889/- @ interest rate of 7.95% p.a. payable at monthly rests.</li> </ul>	Term Loan (Vehicle Loan)
2	<b>Primary and Collateral</b>	<ul style="list-style-type: none"> <li>Working Capital Facilities are secured by way of exclusive charge on Industrial property located at Plot No. 6, Survey No.91/Paiki-4 of Village Zaroli, Bhilad Road, Valsad, Gujarat - 396105.</li> <li>Also, the said facilities are secured by way of a second charge on the current and movable fixed assets of the company.</li> <li>Further, the said facilities are secured by way of a Personal Guarantee from the directors Bipin Sanghvi, Hardik Sanghvi, and Swagat Sanghvi, and the relative of director Tarulata Sanghvi for ₹ 13,00,00,000/- each.</li> <li>10% Deposits under Lien</li> </ul>	Working Capital Loans

Unsecured Loans:-

Category of borrowing	Name of Lender	Outstanding amount (Rs.in lakhs) as on 31.03.2024
Credit Card	HDFC Bank	1.97
Unsecured Loan from related parties	Bipin Sanghvi, Hardik Sanghvi, Swagat Sanghvi	13.04
<b>Total</b>		<b>15.01</b>



**CHAPTER VII – LEGAL AND OTHER INFORMATION**  
**OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

*Except as stated in this section, there are no outstanding: (a) criminal proceedings; (b) actions by statutory or regulatory authorities; (c) claims relating to direct and indirect taxes; or (d) Material Litigation (as defined below); involving our Company, its Directors, the Promoters and the Group Companies ("**Relevant Parties**"). Further, there are no disciplinary actions (including penalties) imposed by SEBI or the Stock Exchanges against our Promoters in the last five (5) FYs, including any outstanding action.*

*For the purpose of material litigation in (d) above, our Board in its meeting held on March 06, 2024 has considered and adopted the following policy on materiality for identification of material outstanding litigation involving the Relevant Parties ("**Materiality Policy**"). In accordance with the Materiality Policy, all outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings and actions by regulatory authorities and statutory authorities, will be considered material if: (i) if the aggregate amount involved exceeds 5% of the Profit After Tax as per the latest Fiscal in Restated Financial Statements; or (ii) are outstanding litigations whose outcome could have a material impact on the business, operations, prospects or reputation of the Company; or (iii) the decision in one case is likely to affect the decision in similar cases such that the cumulative amount involved in such cases exceeds the Materiality Threshold, even though the amount involved in an individual litigation may not exceed the Materiality Threshold.*

*It is clarified that for the above purposes, pre-litigation notices received by Relevant Parties, unless otherwise decided by our Board, are not evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial 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 March 06, 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 as per the Restated Financial Statements of our Company disclosed in this Draft Red Herring Prospectus would be considered as material creditors. The trade payables of our Company as on March 31, 2024 were ₹538.27 lakhs. 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 website of the Company as required under the SEBI ICDR Regulations.*

*For outstanding dues to any micro, small or medium enterprise, the disclosure shall be based on information available with our Company regarding the status of the creditor as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as amended, read with the rules and notification thereunder, as amended, as has been relied upon by the Statutory Auditor.*

*Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus*

*All terms defined in a particular litigation disclosure pertains to that litigation only.*

**I. Litigation involving our Company**

**A. Litigation filed against our Company**

**1. Criminal proceedings**

Nil

**2. Outstanding actions by regulatory and statutory authorities**

**i. Show Cause Notice bearing number VVCMC/130/2024-2025 issued by the Vasai- Virar Municipal Corporation**

The Vasai-Virar City Municipal Corporation Local Body Tax Department issued a Show Cause Notice, bearing number VVCMC/130/2024-2025, Dated May 31, 2024 for failure to furnish return for the Period 2014-2015, 2015-2016, 2016-2017, 2017-2018 (April to June).

**ii. Show Cause Notice bearing number GJ/RO/VAPI/INT/Royal ARC Electrodes Ltd/45 issued by the Regional office of Employees Provident Fund**

The Regional office of Employees Provident Fund Organisation carried out an inspection on our Company and on the basis of inspection the enforcement officer submitted a report dated November

14, 2022 whereby he stated that he visited our Company and found a list of 85 employees, later our company submitted that they are already registered from Kandivali office bearing PF code No. KDMAL0090517000. However, our Company has filed ECR only for 60 employees in Sep-2022. Thereafter a letter dated November 28, 2022 bearing no Gj/RO/VAPI/ENF/ Royal ARC Electrodes Ltd was issued to our Company. Subsequently a showcause notice dated July 5, 2024 was issued seeking clarification for the gap in 25 employees noticed in compliance under EPF & MP Act, 1952 failing which our Company shall be liable for punitive action under the provisions of the EPF & MP Act, 1952.

### 3. Material civil proceedings

#### i. *Sandeep Surendra Ambedkar and Others vs. Shri Subodh Sharad Dhapre and Others – SPCS/8/2021*

Sandeep Surendra Ambedkar and Others (“collectively, the “**Plaintiffs**”) filed a special civil suit bearing no. 8 of 2021 against Subodh Sharad Dhapre and Others (collectively, the “**Defendants**”, with Royal Arc Infrastructure Private Limited and Royal Arc Electrodes Limited being “**Defendant No. 8**” and “**Defendant No. 9**”, respectively.) before the Court of Hon’ble Civil Judge, Senior Division, Umargaon at Umargaon. In this case, there is a conflict between the Plaintiffs and the Defendants with respect to their ancestral properties. It has been claimed by the Plaintiffs that as per their ancestral rights, the schedule of properties – Survey No. 92/1, 93/1, 94/1, 95/1, 98/2, 182/2, 183/1, 292/1 and 293/1 lying and situated at Village Zharoli, Taluka Umargaon, District Valsad shall be divided in the ratio of 50% to the Plaintiff No. 1 and 2 in equal rights and undivided share and 50% to the Plaintiff No. 3 to 5 for their undivided 1/3 individual right, claim and share. Defendant No. 1 to 3 are the claimants of the said properties, and Defendant No. 4 to 7 are the subsequent claimants of the suit properties, with Defendant No. 8 and 9 being private companies claiming their rights through Defendant No. 4 to 7. The Plaintiffs allege that as per the partition, Defendant No. 1 to 3 have already been allotted their share and interest/benefit, so none of the Defendants are entitled to claim any rights. Hence, the Plaintiff has filed this civil suit and the next date of hearing is yet to be notified.

#### B. *Litigation filed by our Company*

##### 1. **Criminal proceedings**

Nil.

##### 2. **Material civil proceedings**

#### *Royal ARC Electrodes Limited vs. Kanti Nana Dubla – Appeal (PGA) No. 4 of 2021*

Royal ARC Electrodes Limited (“**Company**”) has filed an appeal bearing no. Appeal (PGA) No. 4 of 2021 before the Industrial Court at Thane, in the matter of judgment passed by the Controlling Authority under the PGA Act & Judge First Labour Court in Application (PGA) No. 130 of 2018 (“**Application**”) in favour of Kanti Nana Dubla (“**Respondent**”). The Respondent was an employee of the Company and had tendered his resignation on August 4, 2018. The Applicant alleges that he has claimed Rs 2,70,000 towards his gratuity from the Company. However, according to the Respondent, the Company failed to pay his gratuity dues. The Respondent filed the application before the Controlling Authority under the PGA Act & Judge First Labour Court and vide judgment dated October 29, 2021, it was pronounced that the Respondent is entitled for the amount of gratuity of Rs. 1,59,848. Aggrieved by this judgment, the Company has filed this present appeal. The matter is currently pending and the next hearing date is awaited.

#### *Royal ARC Electrodes Limited vs. Ind. Tranc Containers Lines Private Limited and New India Assurance Co. Limited – MACP/825/2017*

Royal ARC Electrodes Limited (“**Company**”) has filed a Motor Accident Claim Petition bearing no. MACP/825/2017 against Ind. Tranc Containers Lines Private Limited and New India Assurance Co. Limited (“**Respondent No.1**” and “**Respondent No.2**” respectively. Collectively, the “**Respondents**”) before the Motor Accident Claims Tribunal, Mumbai. On March 3, 2016, one container, which belonged to Respondent No. 1 entered into the Company's premises. While taking the reverse, the gate of the container remained opened and speed of the container was high, it collided with the shed and the structure of the shed was shaken badly and damaged. The loss occurred due to the accident amounts to 5,00,000. Hence, the Company has filed this petition and prayed that Respondent No. 1 and Respondent No. 2

being the insurer, be ordered and decreed to pay jointly and severally to the applicant the sum of Rs. 5,00,000. The matter is currently pending and the next date of hearing is August 9, 2024.

C. *Tax proceedings*

Particulars	Number of cases	Aggregate amount involved to the extent ascertainable (in Rs. lakhs)
Direct Tax	2*	Not ascertainable
Indirect Tax	3#	181.67
<b>Total</b>	<b>5</b>	<b>187.67</b>

\*Our Company received a notice dated March 27, 2024 under clause (b) of Section 148A of the Income Tax Act, 1961, bearing number ITBA/AST/F/148A(SCN)/2023-24/1063451644(1), with the liability amount not being ascertainable.

\*Our Company received a notice dated June 11, 2024 under Section 201 of the Income Tax Act, 1961, bearing number ITBA/COM/F/17/2024-25/1065545447(1), for non-payment on TDS amount on certain expenses amounting to Rs. 5,86,272 for the Assessment Year 2022-23, as the matter is sub judice we shall not be able to ascertain liability that may arise upon the Company in this matter

#Our Company received a notice dated April 20, 2024 under Section 73(5) of the Central Goods and Services Tax Act, 2017 bearing Case ID Number AD240424038203K, with the liability amounting to Rs. 33.46 lakhs

#The Deputy Commissioner of Sales, vide Order dated February 4, 2014 imposed a penalty of Rs. 130.25 lakhs on our Company, under Section 38 of the Bombay Sales Act, 1959.

#Our Company received an intimation dated June 15, 2024 under Section 73(5) of the Central Goods and Services Tax Act, 2017 bearing Case ID Number AD240624027657Y with liability amounting to Rs. 17.96 lakhs

**II. Litigation involving our Directors (other than Promoters)**

A. *Litigation filed against our Directors (other than Promoters)*

**1. Criminal proceedings**

Nil.

**2. Outstanding actions by regulatory and statutory authorities**

Nil.

**3. Material civil proceedings**

Nil.

B. *Litigation filed by our Directors (other than Promoters)*

**1. Criminal proceedings**

Nil.

**2. Material civil proceedings**

Nil

C. *Tax proceedings*

Particulars	Number of cases	Aggregate amount involved to the extent ascertainable (in Rs. lakhs)
Direct Tax	Nil	Nil
Indirect Tax	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>

**III. Litigation involving our Promoters**

A. *Litigation filed against our Promoters*

**1. Criminal proceedings**

Nil.

**2. Outstanding actions by regulatory and statutory authorities**

Nil.

### 3. Material civil proceedings

Nil.

#### B. Litigation filed by our Promoters

##### 1. Criminal proceedings

Nil.

##### 2. Material civil proceedings

Nil.

#### C. Tax proceedings

Particulars	Number of cases	Aggregate amount involved to the extent ascertainable (in Rs. lakhs)
Direct Tax	12*	51.61
Indirect Tax	Nil	Nil
<b>Total</b>	<b>12</b>	<b>51.61</b>

\*Includes outstanding tax demand of Hardik Sanghvi amounting to (i)Rs. 12,112 for FY 2002-03

\*Includes outstanding tax demand of Bipin Sanghvi amounting to (i) Rs.32,890 for the FY 2015-16 (ii) Rs.15,445 for the FY 2015-16, (iii) Rs.1,32,529 for the FY 2010-11, (iv) Rs.17,981 for the FY 2018-19, (v) Rs. 1,27,360 for the FY 2007-08 (vi)Rs.68,535 for the FY 2007-08, (vii) Rs. Rs. 19,12,532 for FY 2016-17, (viii) Rs. 63,422 for the FY 2009-10, (ix)Rs. 130 for the FY 2010-11, (x) Rs. 26,03,130 for the FY 2012-13,(xi) 1,74,710 for the FY 2012-13. The demands have been extinguished vide orders dated July 18, 2024 and July 29, 2024. However, the demands are reflecting on the Income Tax website and are yet to be updated

### Outstanding dues to creditors

As per the Restated Financial Statements, 5% of our trade payables as at March 31, 2024, was ₹ 538.27 and accordingly, creditors to whom outstanding dues exceed ₹ 26.91 (5% of ₹ 538.27) have been considered as material creditors for the purposes of disclosure in this Draft Red Herring Prospectus

Based on this criterion, details of outstanding dues (trade payables) owed to micro, small and medium enterprises (as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006), material creditors and other creditors, as at March 31, 2024, by our Company, are set out below:

(Rs. in Lakhs)

S. No.	Type of creditor	No. of cases	Amount outstanding
1.	Dues to micro, small and medium enterprises	30	55.34
2.	Dues to material creditors – MSME	3	295.52
3.	Dues to material creditors – Others	1	112.57
4.	Dues to other creditors	51	74.84
	<b>Total</b>	<b>85</b>	<b>538.27</b>

\*As certified by our Statutory Auditor Bagadiya & Jain, Chartered Accountants, pursuant to their certificate dated August 2, 2024

The details pertaining to net outstanding dues towards our material creditors are available on the website of our Company at <https://royalarc.in/>

Information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, would be doing so at its own risk.

### Material Developments

Other than as stated in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments after March 31, 2024*" on beginning on page 262 of this Draft Red Herring Prospectus, 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 consolidated assets or our ability to pay our liabilities within the next 12 months.

## GOVERNMENT AND OTHER APPROVALS

We have set out below an indicative list of approvals obtained by our Company which are considered material and necessary for the purpose of undertaking its business activities. In view of these key approvals, our Company can undertake this Offer and its business activities. In addition, certain of our key approvals may expire in the ordinary course of business and our Company will make applications to the appropriate authorities for renewal of such key approvals, as necessary. Unless otherwise stated herein and in the section “**Risk Factors**” beginning on page 33 of this Draft Red Herring Prospectus, these material approvals are valid as of the date of this Draft Red Herring Prospectus. For details in connection with the regulatory and legal framework within which we operate, see “**Key Regulations and Policies**” beginning on page 171 of this Draft Red Herring Prospectus.

Our Company is in the process to submit necessary application(s) with all regulatory authorities for change of its name in the approvals, licenses, registrations and permits issued to our Company.

### I. Material approvals obtained in relation to the Offer

- a. The Board of Directors has, pursuant to a resolution passed at its meeting held July 03, 2024 authorized the Offer, subject to the approval of the shareholders of the Company under Section 62 of the Companies Act, 2013 and approvals by such other authorities, as may be necessary.
- b. The shareholders of the Company have, pursuant to a special resolution passed in the shareholders meeting held on July 06, 2024 authorized the Offer under Section 62 of the Companies Act, 2013, subject to approvals by such other authorities, as may be necessary.
- c. The Company has obtained the in-principle listing approval from the National Stock Exchange of India Limited, dated [●]

### II. Material approvals obtained in relation to our business and operations

Our Company has obtained the following material approvals to carry on our business and operations. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

#### A. Incorporation details of our Company

- a. Our Company was originally incorporated as a private limited company in the name of “*Royalarc Electrodes Private Limited*” vide certificate of incorporation dated January 15, 1996 issued by the RoC.
- b. Fresh certificate of incorporation dated March 31, 2005 issued to our Company by the RoC, pursuant to the conversion of our Company from private limited to public limited and the ensuing change in the name of our Company from “*Royalarc Electrodes Private Limited*” to “*Royalarc Electrodes Limited*”.
- c. Certificate of Incorporation dated June 16, 2023 issued to our Company, pursuant to change of name of our Company from “*Royalarc Electrodes Limited*” to “*Royal Arc Electrodes Limited*”.

#### B. Tax related approvals obtained by our Company

Sr. No.	Nature of Registration/ License	Registration / License No.	Issuing Authority	Date of Issue / Renewal	Date of Expiry
1.	Permanent Account Number	AAACR4146H	Income Tax Department, Government of India	January 15, 1996	Valid till cancelled
2.	Tax Deduction Account Number (TAN)	MUMR08788D	Income Tax Department, Government of India	April 29, 2010	Valid till cancelled
3.	GST Registration Certificate - 6, Nr Sheela Foam, Survey No. 91, Paki 4, Zaroli, Umbergaon, Vapi,	24AAACR4146H1ZM	Gujarat State Tax Department	August 18, 2022	Valid till cancelled

Sr. No.	Nature of Registration/ License	Registration / License No.	Issuing Authority	Date of Issue / Renewal	Date of Expiry
	Valsad, Gujarat				
4.	GST Registration Certificate – 72B, Bombay Talkies Compound, S V Road, Malad West, Mumbai Suburban, Maharashtra	27AAACR4146H1ZG	Department of Goods and Services Tax, State of Maharashtra	August 8, 2022	Valid till cancelled
5.	GST Registration Certificate – 72B, Bombay Talkies Compound, S V Road, Malad West, Mumbai Suburban, Maharashtra	27AAACR4146H2ZF	Department of Goods and Services Tax, State of Maharashtra	January 6, 2023	Valid till cancelled
6.	Enrollment Certificate – Professional Tax- Maharashtra	99291936321P*	Department of Goods and Services Tax, State of Maharashtra	-	-
7.	Registration Certificate – Professional Tax- Maharashtra	27810001103P	Department of Goods and Services Tax, State of Maharashtra	December 3, 1996	Valid till cancelled
8.	Enrollment Certificate – Professional Tax- Gujarat	EC-2505270051	Gujarat State Tax Department	March 22, 2024	Valid till cancelled
9.	Registration Certificate – Professional Tax- Gujarat	RC-2505270051	Gujarat State Tax Department	March 22, 2024	Valid till cancelled

\* Our Company is unable to trace its PTEC certificate. The Company has made an application dated May 14, 2024 to the Department of Goods and Services Tax, State of Maharashtra for issuance of a copy.

#### C. Labour Related Approvals/ Registrations:

Sr. No.	Nature of Registration/ License	Registration/License/Certificate No.	Issuing Authority	Date of Issue	Date of Expiry
1.	Provident Fund Code Number <sup>#</sup>	KDMAL0090517000	Employees' Provident Fund Organization, Ministry of Labour and	March 30, 2015	Valid till cancelled

Sr. No.	Nature of Registration/License	Registration/License/Certificate No.	Issuing Authority	Date of Issue	Date of Expiry
			Employment, Government of India		
2.	ESIC Registration Code — Gujarat	39350199430010999	Employees' State Insurance Corporation, State of Gujarat	April 1, 2023	Valid till cancelled
3.	ESIC Registration Code — Maharashtra**	35000199430000999	Employees' State Insurance Corporation, State of Maharashtra	-	Valid till cancelled
4.	Importer-Exporter Code	0396037411	Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India	October 10, 1996	Valid till cancelled
5.	EEPC - Registration Cum Membership Certificate	201/M08486/2021-22	EEPC India (Formerly Engineering Export Promotion Council)	March 22, 2024	March 31, 2025
6.	Intimation Certificate – under the Shops and Establishment Act – Shed No. 72, Malad West, Mumbai	890815457 / PN Ward / COMMERCIAL II	Office of the Chief facilitator, Maharashtra Shops & Establishment (Regulation of Employment and Condition of Service) Act, 2017	January 13, 2024	Valid till cancelled
7.	Intimation Certificate – under the Shops and Establishment Act – Shed No. 72B, Malad West, Mumbai	890815519 / PN Ward / COMMERCIAL II	Office of the Chief facilitator, Maharashtra Shops & Establishment (Regulation of Employment and Condition of Service) Act, 2017	January 13, 2024	Valid till cancelled
8.	Stability	DISH / F-PLAN / 2020 / 2146	Consulting Civil	December 16,	December

Sr. No.	Nature of Registration/License	Registration/License/Certificate No.	Issuing Authority	Date of Issue	Date of Expiry
	Certificate under Factories Act, 1948 – Manufacturing Facility		Engineer, VMS Consultants	2020	15, 2025
9.	UDYAM Registration Certificate	UDYAM-GJ-25-0003487	Ministry of Micro, Small and Medium Enterprises, Government of India	November 24, 2020	Valid till cancelled
10.	License to work a factory - Gujarat	20236	Director Industrial Safety & Health, Gujarat State	January 05, 2014	December 31, 2028
11.	LEI code issued by Legal Entity Identifier India Limited	254900U24WGBE70Y6B66	Legal Entity Identifier India Limited	April 2, 2024	April 2, 2025
12.	Management System Certificate – ISO 9001:2015 <sup>^</sup>	149254-2014-AQ-IND-RvA	DNV Business Assurance	February 2, 2002	February 1, 2026
13.	BIS Certificate – IS 15769:2008*	7100010874	Director, Bureau of Indian Standards	December 22, 2021	December 21, 2025
14.	BIS Certificate – IS 814:2004 <sup>~</sup>	CM/L-7100001267	Director, Bureau of Indian Standards	April 6, 2021	April 5, 2026
15.	Consolidated Consent and Authorization under section 21 of the Air (Prevention and Control	AWH-70785	Gujarat Pollution Control Board	March 2, 2024	December 31, 2028



Sr. No.	Nature of Registration/License	Registration/License/Certificate No.	Issuing Authority	Date of Issue	Date of Expiry
	of Pollution) Act, 1981 and Authorization under the Hazardous and Other Waste (Management and Transboundary Movement) Rules, 2016				
16.	Certificate of Conformity – EN 13479:2017#	1922 – CPR - 1481	Dedal Attestation & Certification	January 9, 2024	January 25, 2025
17.	Certificate of Exemption for Ground Water Withdrawal	21-4/11459/GJ/IND/2023	Ministry of Jal Shakti	December 27, 2023	Valid till cancelled

#The Company has written a letter dated March 29, 2024 to the Regional Provident Fund Commissioner requesting for change in its EPFO records. The changes include change in establishment type/ownership and its address.

^Development, manufacture, marketing and sale of welding consumables for: Shielded metal arc welding Flux cored/metal cored arc welding, submerged arc welding Gas metal arc welding for carbon steel, low alloy steel and stainless-steel Gas tungsten arc welding for carbon steel, low alloy steel and stainless-steel Electro slag strip cladding \* for Product Flux cored (tubular) electrodes for gas shielded and self- shielded metal welding of carbon or carbon-manganese steel

#In compliance with Regulation (EU) No 305/2011 of the European Parliament and of the Council of 9 March 2011 (the Construction Products Regulation or CPR), this certificate applies to the construction product Welding consumables - General product standard for filler metals and fluxes for fusion welding of metallic materials -for covered electrodes for manual metal arc welding of carbon and carbon manganese steel

\*\* The Company is unable to trace its ESIC Certificate for Maharashtra as it was lost in transit. It has made an application dated March 14, 2024 to the Regional Director, ESI Corporation, Maharashtra for re- issuance of the code.

### III. Material approvals or renewals for which applications are currently pending before relevant authorities

Nil.

### IV. Material approvals expired and renewal yet to be applied for


Nil.

### V. Material approvals required but not obtained or applied for

Nil.

### VI. Intellectual Property

As on the date of this Draft Red Herring Prospectus, our Company has registered the following trademark with the Registrar of Trademarks under the Trademarks Act, 1999:

Serial No.	Particulars of the Mark	Application No. /Registration No.	Trademark Holder	Class of Registration	Date of Application
1.		2043085	Bipin Sanghvi Transferred to Our Company	9	October 25, 2010  September 15, 2020 (Renewed)
2.	 (Assigned to our Company; it is currently opposed)	4213336	Tarulata Bipinbhai Sanghvi	6	June 21, 2019
3.	 (Assigned to our Company)	4213337	Tarulata Bipinbhai Sanghvi	7	June 21, 2019
4.	 (Assigned to our Company)	4213338	Tarulata Bipinbhai Sanghvi	8	June 21, 2019
5.	ROYALARC	511854	Bipin Sanghvi Transferred to Our Company	9	June 14, 1989  June 14, 2023 (Renewed)

For risk associated with our intellectual property please see, “Risk Factors- We may be unable to sufficiently obtain, maintain, protect, or enforce our intellectual property and other proprietary rights” on page 45 of this Draft Red Herring Prospectus.

## OTHER REGULATORY AND STATUTORY DISCLSOURCES

### AUTHORITY FOR THE OFFER

#### *Corporate Approvals*

The Offer has been authorised by a resolution of the Board of Directors passed at their meeting held on July 3, 2024 subject to the approval of shareholders of our Company through a special resolution to be passed, pursuant to Section 62(1) (c) of the Companies Act, 2013. The members of our Company have approved this Offer by a special resolution passed pursuant to Section 62(1)(c) of the Companies Act, 2013 at the Annual General Meeting of our Company held on July 6, 2024.

Our Board has approved this Draft Red Herring Prospectus through its resolution dated August 2, 2024.

Our Board has approved the Red Herring Prospectus through its resolution dated [●], 2024.

Our Board has approved the Prospectus through its resolution dated [●], 2024

The Offer for sale has been authorised by the Promoter Selling Shareholder as follows:

<i>S. No.</i>	<i>Selling Shareholders</i>	<i>Number of Equity Shares Offered in the Offer for Sale</i>	<i>Date of consent letter</i>
1.	Bipin Sanghvi	Promoter Selling Shareholder	July 3, 2024
2.	Tarulata Sanghvi	Promoter Selling Shareholder	July 3, 2024
3.	Hardik Sanghvi	Promoter Selling Shareholder	July 3, 2024
4.	Swagat Sanghvi	Promoter Selling Shareholder	July 3, 2024
5.	Pooja Sanghvi	Promoter Group Selling Shareholder	July 3, 2024
6.	Ami Sanghvi	Promoter Group Selling Shareholder	July 3, 2024

The Promoter Selling shareholder has confirmed that the Equity Shares proposed to be offered and sold in the Offer are eligible in term of SEBI (ICDR) Regulations and that they have not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third-party rights. The Promoter Selling Shareholder have also confirmed that he is the legal and beneficial owner of the Equity Shares being offered by him under the Offer for Sale.

### IN-PRINCIPLE LISTING APPROVALS

We have received In-Principle Approval from National Stock Exchange of India Limited vide their letter dated [●], 2024 to use the name of National Stock Exchange of India Limited in this Offer Documents for listing of our Equity Shares on EMERGE Platform of NSE. National Stock Exchange of India Limited is the Designated Stock Exchange.

### PROHIBITION BY THE SEBI OR OTHER GOVERNMENTAL AUTHORITIES

Further, our Company, Promoters, members of the Promoter Group, directors, Promoter Selling Shareholder are not debarred or prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the Board or any securities market regulator in any other jurisdiction or any other authority/court as on the date of this Draft Red Herring Prospectus.

The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

Our Directors and Promoters are not directors or Promoters of any other company which is debarred from accessing the capital markets by SEBI.

Our Company, Promoters, Promoter Selling Shareholder and Directors have not been declared as Wilful Defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on willful defaulters issued by the RBI.

Our Promoters or Directors have not been declared as Fugitive Economic Offenders.

There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus. For further information, please refer to chapter titled "*Capital Structure*" beginning on page 87 of this Draft Red Herring Prospectus.

### ASSOCIATION WITH SECURITIES MARKET

None of our Directors in any manner 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.

#### **PROHIBITION BY RBI**

Neither our Company, our Promoters, our Promoter Selling Shareholder, our Directors, the relatives (as defined under the Companies Act, 2013) of Promoter or the person(s) in control of our Company have been identified as a willful defaulter or a fraudulent borrower by the RBI or other governmental authority 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 titled “*Outstanding Litigations and Material Development*” beginning on page 265 of this Draft Red Herring Prospectus.

#### **COMPLIANCE WITH THE COMPANIES (SIGNIFICANT BENEFICIAL OWNERSHIP) RULES, 2018**

Our Company, Promoter Selling Shareholder, Promoters and members of the Promoter Group are in compliance with the Companies (Significant Beneficial Ownership) Rules, 2018 as amended (“**SBO Rules**”), to the extent applicable to each of them as on the date of this Draft Red Herring Prospectus.

#### **ELIGIBILITY FOR THE OFFER**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, 2018; and this Offer is an “Initial Public Offer” in terms of the SEBI (ICDR) Regulations, 2018.

Our Company is eligible for the Offer in accordance with Regulation 229(1) of Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, whereby, an issuer whose post Offer face value capital is less than or equal to ten crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“SME Exchange”), in this case being the EMERGE Platform of NSE. Our Company also complies with eligibility conditions laid by NSE for listing of Equity Shares.

#### **We confirm that:**

- a. In accordance with Regulation 246 of the SEBI (ICDR) Regulations, 2018, we have not filed any Draft Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Book Running Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the / Red Herring Prospectus/ Prospectus with Stock Exchange and the Registrar of Companies.
- b. In accordance with Regulation 260 of the SEBI (ICDR) Regulations, 2018, this Offer has been one hundred (100) percent underwritten and that the Book Running Lead Manager to the Offer has underwritten at least 15% of the Total Offer Size. For further details pertaining to said underwriting please refer to the chapter titled “*General Information*” beginning on page 79 of this Draft Red Herring Prospectus.
- c. In accordance with Regulation 268 of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed Allottees in the Offer shall be greater than or equal to fifty (50), failing which the entire application monies shall be refunded forthwith, in accordance with the SEBI ICDR Regulations and other applicable laws.
- d. In accordance with Regulation 261 of the SEBI (ICDR) Regulations, we here by confirm that we have entered into an agreement with the Book Running Lead Manager and Market Maker to ensure compulsory Market Making for a minimum period of (3) three years from the date of listing of equity shares offered in this Offer. For further details of the arrangement of market making please see chapter titled “*General Information*” beginning on page 79 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 promoters or directors is a willful defaulter or a fraudulent borrower.
- h. In accordance with Regulation 228(d) of the SEBI (ICDR) Regulations, None of the Issuer’s promoters 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 NSE Emerge and National Stock Exchange of India Limited is the Designated Stock Exchange.
- j. In accordance with Regulation 230(1)(b) of the SEBI (ICDR) Regulations, the Company has entered into agreement with depositories for dematerialisation 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 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 dematerialised form.

We further confirm that we shall be complying with all the other requirements as laid down for such an Offer 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.

Our Company is also eligible for the Offer in accordance with eligibility norms for Listing on EMERGE Platform of NSE which states as follows:

**1. The issuer should be a Company incorporated Under Companies Act**

Our Company is incorporated under the Companies Act, 1956

**2. The post Offer paid up capital of the company (face value) shall not be more than ₹ 25 crores.**

The post Offer paid up capital of the Company will be less than ₹ 25 crores.

**3. Track Record**

**A) Our Company have a (combined) track record of at least 3 years.**

Our Company has a track record of at least 3 years as on the date of filling Draft Red Herring Prospectus

(₹ in lakhs)

Particulars	As on March 31, 2024	As on March 31, 2023	As on 31 <sup>st</sup> March 2022
Net Profit as per Restated Financial Statement	1,192.63	956.82	212.13

**B) The Company should have positive cash accruals (earnings before depreciation and tax) from operations for at least 2 financial years preceding the application and its net-worth should be positive**

(₹ in lakhs)

Particulars	As on March 31, 2024	As on March 31, 2023	As on 31 <sup>st</sup> March 2022
Cash Accruals as per restated Financial Statement	1,691.22	1,432.89	359.25
Net Worth as per Restated Financial Statements	4,227.18	3,034.56	2,077.74

**4. The Company shall mandatorily facilitate trading in demat securities and enter into an agreement with both the depositories.**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company had signed the tripartite agreements with the Depositories and the Registrar and Share Transfer Agent.

The Company's shares bear an ISIN: INE0EO401019

**5. Company shall mandatorily have a website.**

Our Company has a live and operational website <https://royalarc.in/>

**6. Other Listing Condition:**

- a. Our Company has not been referred to the Board for Industrial and Financial Reconstruction (BIFR).
- b. There is no winding up petition against the Company that has been admitted by the Court and accepted by a court or a Liquidator has not been appointed.

- c. There has been no change in the promoter/s of the Company in preceding one year from the date of filing application to NSE for listing on EMERGE Platform of NSE.
- d. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
- e. There is no default in payment of interest and/or principal to the debenture/bond/fixed deposit holders, banks, Fis by our Company, promoters/promoting Company(ies), group companies, companies promoted by the promoters/promoting Company(ies) during the past three years.
- f. There are no criminal cases filed or nature of the investigation being undertaken with regard to alleged commission of any offence by any of its directors and its effect on the business of the Company, where all or any of the directors of issuer have or has been charge-sheeted with serious crimes like murder, rape, forgery, economic offences etc. For further details please refer the chapter titled “*Legal and Other Information*” beginning on page 265 of this Draft Red Herring Prospectus
- g. The applicant, promoters/promoting company(ies), group companies, companies promoted by the promoters/promoting company(ies) litigation record, the nature of litigation, and status of litigation. For further details please refer the chapter titled “*Legal and Other Information*” beginning on page 265 of this Draft Red Herring Prospectus.

We confirm that we comply with all the above requirements / conditions so as to be eligible to be listed on the EMERGE Platform of NSE.

#### **COMPLIANCE WITH PART A OF SCHEDULE VI OF THE SEBI (ICDR) REGULATIONS, 2018**

Our Company is in compliance with the provisions specified in Part A of Schedule VI of the SEBI (ICDR) Regulations, 2018. No exemption from eligibility norms has been sought under Regulation 300 of the SEBI (ICDR) Regulations, 2018, with respect to the Offer.

#### **SEBI DISCLAIMER CLAUSE**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF PROSPECTUS 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 OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFER DOCUMENTS. THE BOOK RUNNING LEAD MANAGER, FEDEX SECURITIES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS OFFER DOCUMENTS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS OFFER DOCUMENTS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, FEDEX SECURITIES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED AUGUST 2, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOUSER REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THIS OFFER DOCUMENTS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO, TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

**ALL LEGAL REQUIREMENTS PERTAINING TO THIS OFFER WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA IN TERMS OF SECTION 26 OF THE COMPANIES ACT, 2013.**

## **DISCLAIMER FROM OUR COMPANY, PROMOTER SELLING SHAREHOLDER, OUR DIRECTORS AND THE BOOK RUNNING LEAD MANAGER**

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies in terms of Section 32 of the Companies Act. All legal requirements pertaining to the Offer will be complied with at the time of filing of the Prospectus with the Registrar of Companies in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

## **DISCLAIMER FROM THE SELLING SHAREHOLDERS**

The Selling Shareholders accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus (only to the extent of those statements expressly made by such Selling Shareholder in this Draft Red Herring Prospectus solely in relation to itself and its respective portion of the Offered Shares) or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website [www.nivabupa.com](http://www.nivabupa.com), or the respective websites of any affiliate of our Company would be doing so at his or her own risk.

Each of the Selling Shareholders, its respective directors, affiliates, associates, and officers accept no responsibility for any statements made in this Draft Red Herring Prospectus other than those specifically made or confirmed by such Selling Shareholder in relation to itself as a Selling Shareholder and its portion of the Offered Shares.

Bidders will be required to confirm and will be deemed to have represented to each of the Selling Shareholders and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholders 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.

Our Company, our Selling Shareholders, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our Company's website <https://royalarc.in/> would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement entered into between the Underwriters and our Company. All information shall be made available by our Company and the BRLM to the investors and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever.

## **CAUTION**

Investors who apply in the Offer will be required to confirm and will be deemed to have represented to our Company and the Underwriters 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 Offer, 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 Offer.

## **DISCLAIMER IN RESPECT OF JURISDICTION**

This Offer 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, co-operative 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, AIFs 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 invitation to purchase 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 him or herself about, and to observe, any such restrictions.

Any dispute arising out of this Offer will be subject to jurisdiction of the competent court(s) in Maharashtra, India only.

No action has been, or will be, taken to permit a public Issuing in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with National Stock Exchange of India Limited for its observations and National Stock Exchange of India Limited will give its observations in due course. Accordingly, the Equity Shares represented hereby may not be Issued 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.

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 Bidder where required agrees that such Bidder 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, legislations and Prospectus in each jurisdiction, including India.

#### **DISCLAIMER CLAUSE OF THE EMERGE PLATFORM OF NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to National Stock Exchange of India Limited. The Disclaimer Clause as intimated by the National Stock Exchange of India Limited to us, post scrutiny of the Draft Red Herring Prospectus will be produced by our Company.

#### **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 of 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 (i) in the United States only to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act and in compliance with the applicable laws of the jurisdiction where those offers and sales occur.

**Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions 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 Bidder where required agrees that such Bidder will not sell or transfer any Equity Share 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.

#### **LISTING**

Our Company has obtained In-Principle approval from National Stock Exchange of India Limited vide letter dated [●] to use name of National Stock Exchange of India Limited in this offer document for listing of equity shares on Emerge Platform of NSE, with which Basis of Allotment will be finalized.

In terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, there is requirement of obtaining In-Principle approval from National Stock Exchange of India Limited. Application will be made to the National Stock



Exchange of India Limited for obtaining permission to deal in and for an official quotation of our Equity Shares. NSE India is the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer.

If the permission to deal in and for an official quotation of the Equity Shares on the Emerge Platform of NSE is not granted by NSE, our Company shall forthwith repay, without interest, all moneys received from the Bidders in pursuance of this Draft Red Herring Prospectus. The allotment letters shall be issued or application money shall be refunded / unblocked within such time prescribed by SEBI or else the application money shall be refunded to the Bidders forthwith, failing which interest shall be due to be paid to the Bidders at the rate of fifteen per cent per annum for the delayed period as prescribed under Companies Act, 2013, the SEBI (ICDR) Regulations and other applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Emerge Platform of NSE mentioned above are taken within 3 Working Days of the Offer Closing Date.

## **CONSENTS**

The written consents of our Promoters, the Promoter Selling Shareholder, Promoter Group Selling Shareholders Directors, Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor, Legal Advisor to the Offer, Bankers to our Company, Book Running Lead Manager, Registrar to the Offer, Underwriter, Market Maker, Banker to Offer and Sponsor Bank to act in their respective capacities have been obtained and will be filed along with a copy of the Prospectus with the ROC, as required under Sections 26 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI (ICDR) Regulations, M/s. Bagadiya & Jain., Chartered Accountants, Statutory Auditor, of the Company have agreed to provide their written consent to the inclusion of their report, restated financial statements and statement of Tax Benefits dated July 9, 2024 and August 2, 2024 respectively, which may be available to the Company and its shareholders, included in this Draft Red Herring Prospectus in the form and context in which they appear therein and such consent and reports have not been withdrawn up to the time of delivery of the Prospectus with ROC.

## **IMPERSONATION**

Attention of the Bidders 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 –*

*(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

*(b) 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*

*(c) vis-à-vis 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 of Companies Act, 2013.”*

The liability prescribed under Section 447 of the Companies Act, 2013, includes imprisonment for a term of not less than six months extending up to ten years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

## **PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGER**

For details regarding the price information and track record of the past issue handled by Fedex Securities Private Limited, as specified in the circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015, issued by SEBI, please refer Annexure “A” and the website of Book Running Lead Manager at [www.fedsec.in](http://www.fedsec.in)

### **Annexure A**

## **DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY FEDEX SECURITIES PRIVATE LIMITED**

Sr. No.	Issue Name	Issue Size (Cr)	Issue Price (₹)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]-30 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90 <sup>th</sup> calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180 <sup>th</sup> calendar days from listing
<b>MAINBOARD IPOs</b>								
1.	Mukka Proteins Limited	224.00	28.00	March 07, 2024	40.00	35.54% 0.09%	11.07% (2.71) %	Not Applicable
<b>SME IPOs</b>								
1.	KK Shah Hospital	8.78	45.00	November 6, 2023	56.10	84.00% 6.68%	59.89% 10.43%	22.22% 13.73%
2.	IBL Finance Limited	33.40	51	January 16, 2024	56.00	22.35% (0.87%)	1.67% 1.09%	3.14% 11.59%
3.	Docmode Health Technologies Limited	6.71	79	February 02, 2024	190.25	162.03% 2.52%	230.82% 3.64%	26.58% 13.74%
4.	Baweja Studios Limited	97.20	180	February 06, 2024	183.00	23.94% 2.48%	(44.81%) 2.25%	Not Applicable
5.	Polysil Irrigation Systems Limited	17.43	54.00	February 16, 2024	56.00	(35.63%) 0.07%	(32.31%) 0.73%	Not Applicable
6.	Deem Roll-Tech Limited	29.26	129.00	February 27, 2024	200.00	(29.15%) (0.34%)	(15.31%) 3.31%	Not Applicable
7.	Gconnect Logitech and Supply Chain Ltd	5.60	40	April 03, 2024	42.00	(11.30%) 0.99%	83.75% 7.58%	Not Applicable
8.	Vruddhi Engineering Works Ltd	4.76	70	April 03, 2024	71.00	99.71% 0.99%	344.14% 7.58%	Not Applicable
9.	Finelistings Technologies Limited	13.53	123	May 14, 2024	127	(52.89) % 4.79 %	Not Applicable	Not Applicable
10.	Magenta Lifecare Limited	7.00	35	June 12, 2024	45	15.26% 4.30%	Not Applicable	Not Applicable

Sources: All share price data is from [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

**Note:**

- i. Opening price information as disclosed on the website of the Designated Stock Exchange.
- ii. Change in closing price over the issue/offer price as disclosed on Designated Stock Exchange.
- iii. For change in closing price over the closing price as on the listing date, the CNX NIFTY or S&P BSE SENSEX 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.
- iv. In case 30th/90th/180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered.
- v. In case 30th/90th/180th days, scrips are not traded then last trading price has been considered.
- vi. This disclosure is restricted to last 10 issues handled by the Book Running Lead Manager.

**TABLE 2: SUMMARY STATEMENT OF DISCLOSURE**

Financial year	Total no. of IPO	Total funds Raised (₹ Cr)	Nos of IPOs trading at discount on 30 <sup>th</sup> Calendar Day from listing date			Nos of IPOs trading at premium on 30 <sup>th</sup> Calendar Day from listing date			Nos of IPOs trading at discount on 180 <sup>th</sup> Calendar Day from listing date			Nos of IPOs trading at premium on 180 <sup>th</sup> 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 %
2021-22	**5	153.99	1	-	2	1	-	1	1	1	-	-	1	2
2022-23	***7	131.26	-	1	1	1	2	2	-	-	3	3	-	1
2023-24	****14	541.52	-	4	3	3	3	1	-	1	2	2	1	3
2024-25	#4	30.89	1	-	1	1	-	1	-	-	-	-	-	-

\*\* The script of Rajeshwari Cans Limited, Kuberan Global Edu Solutions Limited, Aashka Hospitals Limited, Euro Panel Products Limited and Wherrelz IT Solutions Limited were listed on April 15, 2021, May 05, 2021, September 01, 2021, December 24, 2021 and December 29, 2021 respectively.

\*\*\* The scripts of Sunrise Efficient Marketing Limited, Le Merite Exports Limited, Kesar India Limited, Virtuoso Optoelectronics Limited, Tapi Fruit Processing Limited, Moxsh Overseas Educon Limited and Lead Reclaim and Rubber Products Limited were listed on April 12, 2022, May 09, 2022, July 12, 2022, September 15, 2022, September 22, 2022, December 30, 2022 and February 21, 2023 respectively.

\*\*\*\* The scripts of Pattech Fitwell Tube Components Limited, Yasons Chemex Care Limited, Pramara Promotions Limited, Kundan Edifice Limited, Oneclick Logistics India Limited & Sharp Chucks and Machines Limited were listed on April 21, 2023, August 03, 2023, September 13, 2023, September 26, 2023, October 11, 2023 and October 12, 2023 respectively. The scripts of Committed Cargo Care Limited and KK shah Hospitals were listed on October 18, 2023 and November 6, 2023, respectively. The scripts of Docmode Health Technologies Limited, Baweja Studios Limited, Polysil Irrigation Systems Limited, Deem Roll-Tech Limited and Mukka Proteins Limited were listed on February 02, 2024, February 06, 2024, February 16, 2024, February 27, 2024 and March 07, 2024, respectively and have not completed 180 calendar days.

# The scripts of Gconnect Logitech and Supply Chain Limited & Vruddhi Engineering Works Limited were listed on April 03, 2024, and have not completed 180 calendar days. The scripts of Finelistings Technologies Limited were listed on May 14, 2024. The scripts of Magenta Lifecare Limited were listed on June 12, 2024.

As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect max. 10 issues (initial public offerings managed by the Book Running Lead Manager. Hence, disclosures pertaining to recent 10 issues handled by Book Running Lead Manager are provided.

#### EXPERT OPINION

Except as stated below, our Company has not obtained any expert opinions:

- Statutory Auditors' reports dated July 9, 2024, on the Restated Financial Statements by Bagadiya & Jain, Chartered Accountants.
- Statement of Tax Benefits dated August 2, 2024 by Bagadiya & Jain, Chartered Accountants.
- Statutory Auditor Consent dated August 2, 2024 by Bagadiya & Jain, Chartered Accountants
- Certificate on Capacity Utilization dated April 30, 2024 by S.K Patel, Chartered Engineer.
- Certificate on documents filed by the Company with MCA dated July 17, 2024 by Riddhi Krupal Shah, Practicing Company Secretary

#### PREVIOUS PUBLIC OR RIGHTS ISSUE

Except as stated in the chapter titled “*Capital Structure*” beginning on page 87 of this Draft Red Herring Prospectus, we have not made any previous rights and / or public issues during the last Five (5) years and are an “Unlisted Issuer” in terms of SEBI (ICDR) Regulations and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

#### **COMMISSION OR BROKERAGE**

Since this is an Initial Public Offer of the Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since inception of the Company.

#### **CAPITAL ISSUE DURING THE PREVIOUS THREE (3) YEARS BY ISSUER, LISTED GROUP COMPANIES AND SUBSIDIARIES OF OUR COMPANY**

Except as disclosed in chapter titled “*Capital Structure*” beginning on page 87 of this Draft Red Herring Prospectus our Company has not made any capital issue during the previous three (3) years.

Further Our Company do not have any listed group Companies/ Subsidiaries / Associates.

#### **PERFORMANCE VIS-À-VIS objects;**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 87 of this Draft Red Herring Prospectus, we have not made any previous rights and / or public issues during the last five (5) years and are an “Unlisted Issuer” in terms of SEBI (ICDR) Regulations and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations, the relevant data regarding performance vis-à-vis objects is not available with the Company.

None of our Group Companies have their equity shares listed on any stock exchange.

#### **EXEMPTION FROM COMPLYING WITH ANY PROVISIONS OF SECURITIES LAWS GRANTED BY SEBI**

Our Company has not undertaken any exemption with related to provision of securities law granted by SEBI.

#### **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 chapter titled “*Statement of Special Tax Benefits*” beginning on page 126 of this Draft Red Herring Prospectus

#### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

This being an Initial Public Offering of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange.

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

The agreement between the Registrar to the Offer and our Company provides for the retention of records with the Registrar to the Offer for a period of at least three years from the last date of dispatch of the letters of Allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the Bidder, application number, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

All grievances relating to the ASBA process and UPI may be addressed to the Registrar to the Offer with a copy to the relevant SCSB or the member of the Syndicate (in Specified Cities), as the case may be, where the Application Form was submitted by the ASBA Bidders, giving full details such as name, address of the Bidder, application number, number of Equity Shares applied for, amount paid on application and designated branch or the collection center of the SCSBs or the member of the Syndicate (in Specified Cities) or Sponsor Bank, as the case may be, where the Application Form was submitted by the ASBA Bidders.

Further, none of our subsidiary companies or Group Companies are listed on any stock exchange, so disclosure regarding mechanism for redressal of investor grievances for our subsidiary companies are not applicable

SEBI, by way of its circular dated March 16, 2021 as amended by its circulars dated June 2, 2021 and April 20, 2022, has identified the need to put in place measures, in order to streamline the processing of ASBA applications through the UPI Mechanism and redressal of investor grievances arising out of the UPI Mechanism inter alia in

relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries / SCSBs and failure to unblock funds in cases of partial allotment / non allotment within prescribed timelines and procedures. Pursuant to the circular dated March 16, 2021, SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including: (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) hosting of a web portal by the Sponsor Bank containing statistical details of mandate blocks / unblocks; (iv) limiting the facility of reinitiating UPI Applications to Syndicate Members to once per Application / Batch; and (v) mandating SCSBs to ensure that the unblock process for non-allotted / partially allotted applications is completed by the closing hours of one Working Day subsequent to the finalization of the Basis of Allotment.

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 Application / Offer Closing Date, in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021, 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 Application / Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The LM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

In terms of SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018, SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, as amended pursuant to SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 2, 2021 and subject to applicable law, any ASBA Bidder whose Application has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days. The following compensation mechanism shall be applicable for investor grievances in relation to Applications made through the UPI Mechanism for public Offers, for which the relevant SCSBs shall be liable to compensate the investor:

Scenario	Compensation amount	Compensation period
Delayed unblock for cancelled / withdrawn / deleted applications	₹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 on the bidding platform of the Stock Exchanges till the date of actual unblock
Blocking of multiple amounts for the same Application made through the UPI Mechanism	1. Instantly revoke the blocked funds other than the original application amount and 2. ₹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 multiple amounts were blocked till the date of actual unblock
Blocking more amount than the Application Amount	1. Instantly revoke the difference amount, i.e., the blocked amount less the Application Amount and 2. ₹100 per day or 15% per annum of the difference amount, whichever is higher	From the date on which the funds to the excess of the Application Amount were blocked till the date of actual unblock
Delayed unblock for non – Allotted / partially Allotted applications	₹100 per day or 15% per annum of the Application Amount, whichever is higher	From the Working Day subsequent to the finalization of the Basis of Allotment till the date of actual unblock

Further, in the event there are any delays in resolving the investor grievance beyond the date of receipt of the complaint from the investor, for each day delayed, the Book Running Lead Managers shall be liable to compensate the investor ₹100 per day or 15% per annum of the Application Amount, whichever is higher. The compensation shall be payable for the period ranging from the day on which the investor grievance is received till the date of actual unblock.

The processing fees for applications made by UPI 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 read with 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.

Our Company, the LM and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

The Company has appointed Registrar to the Offer, to handle the investor grievances in co-ordination with our Company. All grievances relating to the present Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on application and name of bank and branch. The Company would monitor the work of the Registrar to the Offer to ensure that the investor grievances are settled expeditiously and satisfactorily. The Registrar to the Offer will handle investor's grievances pertaining to the Offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the Company. The Company would also be coordinating with the Registrar to the Offer in attending to the grievances to the investor.

All grievances relating to the ASBA process and UPI may be addressed to the SCSBs, giving full details such as name, address of the Bidder, number of Equity Shares applied for, amount paid on application and the Designated Branch of the SCSB where the Application Form was submitted by the ASBA Bidder. We estimate that the average time required by us or the Registrar to the Offer or the SCSBs for the redressal of routine investor grievances will be ten (10) working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders or UPI Payment Mechanism Bidders. Our Company, the BRLM and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs / Sponsor Bank including any defaults in complying with its obligations under applicable SEBI ICDR Regulations.

The Company shall obtain authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

Our Company has constituted a Stakeholders Relationship Committee of the Board vide resolution passed on February 01, 2024. For further details, please refer the chapter titled "*Our Management*" beginning on page 182 of this Draft Red Herring Prospectus.

Our Company has also appointed Mansi Bagadiya as the Company Secretary and Compliance Officer of our Company, for this Offer she may be contacted in case of any pre-offer or post-offer related problems at the following address:

**Mansi Bagadiya**

72 B, Bombay Talkies Compound,

S.V. Road Malad West, Mumbai,

Maharashtra, India, 400064

**Tel No:** +91 78880 00553

**Email:** [cs@royalarc.in](mailto:cs@royalarc.in)

**Website:** <https://royalarc.in/>

#### **STATUS OF INVESTOR COMPLAINTS**

We confirm that we have not received any investor complaint 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.



## CHAPTER VIII – OFFER INFORMATION

### TERMS OF OFFER

*The Equity Shares being issued are subject to the provision of the Companies Act, SEBI (ICDR) Regulations, 2018, SCRA, SCRR, Memorandum of Association and Articles of Association, the terms of this Draft Red Herring Prospectus, Application Form, the Revision Form, the Confirmation of Allocation Note ('CAN') 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 Offer. The Equity Shares shall also be subject to laws, guidelines, rules, notifications, and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, the Government of India, NSE, ROC, RBI and / or other authorities, as in force on the date of the Offer 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 Offer.*

*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 Offer 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 Offer and DPs as and when the same is made available.*

#### **Authority for the Offer**

This Present Public Offer of upto 30,00,000 Equity Shares includes Fresh Issue of 18,00,000 Equity Shares and an offer for sale by Promoter Selling Shareholders of 12,00,000 Equity shares has been authorized by a resolution of the Board passed at their meeting held on July 3, 2024 subject to the approval of shareholders through a special resolution to be passed pursuant to section 62 (1) (c) of the Companies Act, 2013. The shareholders have authorized the Issue by a special resolution in accordance with Section 62 (1) (c) of the Companies Act, 2013 passed at the AGM of the Company held on July 6, 2024.

#### **Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the Companies Act 2013, our Memorandum and Articles of Association, SEBI ICDR Regulations, SCRA and shall rank pari-passu in all respects with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to chapter titled "**Main Provisions of the Articles of Association**" beginning on page 331 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, 2013, the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, regulations or guidelines as may be issued by the Government of India in this respect and recommended by the Board of Directors at their discretion and approved by the shareholders 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, 2013. For further details, please refer to chapter titled "**Dividend Policy**" and "**Main Provisions of the Articles of Association**" beginning on pages 204 and 331 of this Draft Red Herring Prospectus respectively.

#### **Face Value and Offer Price**

The face value of each Equity Share is ₹ 10/- and the Offer 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 Offer Price shall be determined by our Company in consultation with the Book Running Lead Manager and is justified under the chapter titled "**Basis for Offer Price**" beginning on page 114 of this Draft Red Herring Prospectus.

At any given point of time, there shall be only one denomination of Equity Shares.

## **The Offer**

The Offer comprises a Fresh Issue by our Company and an Offer for Sale by the Promoter Selling Shareholders. Expenses for the Offer shall be shared amongst our Company and the Promoter Selling Shareholder in the manner specified in “*Objects of the Offer*” beginning on page 103 of this Draft Red Herring Prospectus.

## **ICDR Regulations, 2018**

Our Company shall comply with all requirements of the SEBI (ICDR) Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

## **Compliance with the Disclosure and Accounting norms**

Our Company shall comply with all the applicable 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 attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws and regulations; and the Articles of Association of our Company; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, SEBI (LODR), 2015 and the Memorandum and Articles of Association of the Company

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to chapter titled “*Main Provisions of Articles of Association*” on page 331 of this Draft Red Herring Prospectus.

## **Allotment of Equity Shares in Dematerialized Form**

As per the provisions of the Depositories Act, 1996 and the regulations made under and Section 29(1) of the Companies Act, 2013 the Equity Shares to be allotted must 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. Hence, the Equity Shares being offered can be applied for in the dematerialized form only.

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite agreement among the NSDL, our Company and Registrar to the Offer dated January 29, 2024
- Tripartite agreement among the CDSL, our Company and Registrar to the Offer dated January 29, 2023

## **Minimum Application Value, Market Lot and Trading Lot**

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity Shares of ₹10/- each and the same may be modified by the NSE EMERGE from time to time by giving prior notice to investors at large.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of [●] Equity Shares of ₹10/- each subject to a minimum allotment of [●] Equity Shares of ₹10/- each to the successful Applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

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.



### Minimum Number of Allottees

In accordance with Regulation 268 of SEBI (ICDR) Regulations, the minimum number of allottees in this Offer shall be fifty (50) shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

### Jurisdiction

Exclusive Jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai, Maharashtra, India.

The Equity Shares have not been and will not be registered under the U.S Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S Securities Act and applicable state securities laws.

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.

### 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.

### Nomination Facility to the Investor

In accordance with Section 72 of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, the sole Bidder, or the first Bidder along with other joint Bidder, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidder, death of all the Bidders, 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 titled to make afresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or Corporate Office or to the Registrar and Transfer agents of our Company.

In accordance with Articles of Association of the Company, 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:

1. to register himself or herself as the holder of the equity shares; or
2. 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 ninety (90) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies 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 Offer will be made only in dematerialized form, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the Applicants require changing of their nomination, they are requested to inform their respective depository participant.

### Period of Operation of Subscription List of Public Offer

EVENTS	INDICATIVE DATES
BID/OFFER OPENING DATE	[●]
BID/OFFER CLOSING DATE	[●]
FINALIZATION OF BASIS OF ALLOTMENT WITH THE DESIGNATED STOCK EXCHANGE	On or about [●]

<b>INITIATION OF ALLOTMENT / REFUNDS / UNBLOCKING OF FUNDS FROM ASBA ACCOUNT OR UPI ID LINKED BANK ACCOUNT*</b>	On or about [●]
<b>CREDIT OF EQUITY SHARES TO DEMAT ACCOUNTS OF ALLOTTEES</b>	On or about [●]
<b>COMMENCEMENT OF TRADING OF THE EQUITY SHARES ON THE STOCK EXCHANGE</b>	On or about [●]

*UPI mandate end time and date shall be at 5.00 p.m on Bid/Offer Closing Date*

*Note 1: Our Company in consultation with the Book Running Lead Manager, may consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations*

*Note 2: Our Company in consultation with the Book Running Lead Manager, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

*\*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/Offer Closing Date for cancelled / withdrawn / deleted ASBA Forms, the Bidder shall be compensated in accordance with applicable law by the intermediary responsible for causing such delay in unblocking, which period shall start from the day following the receipt of a complaint from the Bidder. The BRLM shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. The Bidder shall be compensated in the manner specified in the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and 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 SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Circular No: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/76 dated May 30, 2022 shall be deemed to be incorporated in the deemed agreement of the Bank with the SCSBs to the extent applicable, in case of delays in resolving investor grievances in relation to blocking/unblocking of funds, which for the avoidance of doubt, shall be deemed to be incorporated in the deemed agreement of our Company with the SCSBs, to the extent applicable. The processing fees for applications made by UPI Applicants 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 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI Circular No: SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/76 dated May 30, 2022. The processing fees for applications made by UPI Applicants 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, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022*

*The processing fees for applications made by UPI Applicants 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, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022 and SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022.*

**The above timetable is indicative and does not constitute any obligation on our Company or the Book Running Lead Manager.**

**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/ Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/ Offer 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. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. Each severally and not jointly, confirms that they shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary**

**formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within three Working Days from the Bid/Offer Closing Date, or within such other period as may be prescribed.**

SEBI vide Circular No: SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 has reduced the post Offer timeline for initial public offerings (“IPO”). The revised timeline of T+3 days has been made applicable in two phases, i.e., voluntary for all public issues opening on or after September 1, 2023 and mandatory on or after December 1, 2023. Accordingly, the Offer will be made under UPI Phase III on mandatory basis, subject to the timing of the Offer and any circulars, clarification or notification issued by the SEBI from time to time, including with respect to SEBI Circular No: SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023.

In terms of the UPI Circulars, in relation to the Offer, the BRLMs will be required to submit reports of compliance with timelines and activities prescribed by SEBI in connection with the allotment and listing procedure within three (3) Working Days from the Bid/Offer Closing Date, identifying non-adherence to timelines and processes and an analysis of entities responsible for the delay and the reasons associated with it.

**Any circulars or notifications from SEBI after the date of this Draft Red Herring Prospectus may result in changes to the above-mentioned timelines. Further, the Offer procedure is subject to change to any revised SEBI circulars to this effect**

**Submission of Bids (other than Bids from Anchor Investors)**

<b>Bid/ Offer Period (except the Bid/Offer Closing Date) *</b>	
Submission and Revision in Bids	Only between 10.00 a.m. and 5:00 p.m. IST
<b>Bid/Offer Closing Date</b>	
Submission of electronic applications (Online ASBA through 3-in-1 accounts) for RIBs	Only between 10.00 a.m. and up to 5:00 p.m. IST
Submission of electronic applications (Bank ASBA through online channels like internet banking, mobile banking and syndicate ASBA applications through UPI as a payment mechanism where Bid Amount is up to ₹500,000)	Only between 10.00 a.m. and up to 4:00 p.m. IST
Submission of electronic applications (Syndicate Non-Retail, Non-Individual applications)	Only between 10.00 a.m. and up to 3:00 p.m. IST
Submission of physical applications	Only between 10.00 a.m. and up to 1:00 p.m. IST
Submission of physical applications (Syndicate Non-Retail, Non-Individual applications where Bid amount is more than ₹500,000)	Only between 10.00 a.m. and up to 12:00 p.m. IST
<b>Modification / Revision / Cancellation of Bids</b>	
Upward Revision of Bids by QIBs and Non-Institutional Bidders categories#	Only between 10.00 a.m. and up to 5.00 p.m. IST on Bid/Offer Closing Date
Upward or downward Revision of Bids or cancellation of Bids by RIBs	Only between 10:00 a.m. and up to 5:00 p.m. IST

\*UPI mandate end time shall be 5:00 p.m. on the Bid/Offer Closing Date.

#QIBs and Non-Institutional Bidders can neither revise their Bids downwards nor cancel/ withdraw their Bids

**On the Bid/Offer 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/Offer 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 BRLM to the Stock Exchange.

The Registrar to the Offer 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/ Offer Opening Date till the Bid/ Offer 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 BRLM and the RTA on a daily basis, as

per the format prescribed in March 2021 Circular and SEBI Circular No: SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022.

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/Offer Closing Date, Bidders are advised to submit

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date, and in any case, no later than 1:00 p.m. IST on the Bid/Offer Closing Date. Any reference to a particular time mentioned in this Draft Red Herring Prospectus is a reference to IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids and any revision to the Bids will be accepted only during Working Days, during the Bid/ Offer Period. Bids will be accepted only during Monday to Friday (excluding any public holiday), during the Bid/ Offer Period. Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101-6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays, Sundays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges.

The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5.00 p.m. on the Bid/ Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Our Company, in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Offer Period, in accordance with the SEBI ICDR Regulations. 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 all circumstances, the Cap Price shall be at least 105% of the Floor Price and less than or equal to 120% of the Floor Price.

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer 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 BRLM, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of one working day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer 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 BRLM 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 and Underwriting**

This Offer 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 be subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Offer through this Offer document including devolvement of underwriters if any, in accordance with applicable laws, or if the subscription level falls below the thresholds mentioned above after the Bid/Offer Closing Date, on account of withdrawal of applications or after technical rejections, or if the listing or trading permission are not obtained from the Stock Exchanges for the Equity Shares being offered in the Offer, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI circular bearing no. SEBI/HO/CFD/PoD2/P/CIR/2023/00094 dated June 21, 2023. If there is a delay beyond four days, our Company and every Director of our Company who is an officer in default, to the extent applicable, shall pay interest at the rate of 15% per annum.

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).

In terms of Regulation 260 of the SEBI (ICDR) Regulations, 2018, the Offer is 100% underwritten. For details of underwriting arrangement, please refer to chapter titled “**General Information - Underwriting**” beginning on page 83 of this Draft Red Herring Prospectus. Further, in accordance with Regulation 267 of the SEBI (ICDR) Regulations, 2018, the minimum application size in terms of number of specified securities shall not be less than Rupees One Lakh per application.

#### **Arrangements for disposal of Odd Lots**

The trading of the Equity Shares will happen in the minimum contract size of [●] Equity shares of ₹10/- each 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 Emerge Platform of NSE.

#### **Option to receive Equity Shares in Dematerialized Form**

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 in the dematerialized segment of the Stock Exchanges. However, Allottees may get the Equity Shares rematerialized subsequent to Allotment of the Equity Shares in the Offer, subject to applicable laws.

#### **Withdrawal of the Offer**

Our Company in consultation with the BRLM, reserve the right to not to proceed with the Offer after the Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two (2) days of the Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Book Running Lead Manager, through the Registrar to the Offer, 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 Exchanges on which Equity Shares are proposed to be listed.

Notwithstanding the foregoing, this Offer 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 Prospectus after it is filed with the RoC. If our Company in consultation with BRLM withdraws the Offer after the Offer Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh Prospectus with Stock Exchange.

#### **Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, Promoters’ minimum contribution as provided under the chapter titled “**Capital Structure**” beginning on page 87 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, chapter titled “**Description of Equity Shares and terms of the articles of association**” beginning on page 331 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 Manager do not accept any responsibility for the completeness and accuracy of the information stated herein above. Our Company and the Book Running Lead Manager 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 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-Offer Advertisement:**

Subject to Section 30 of the Companies Act, 2013 our Company shall, after registering the Prospectus with the RoC publish a pre-Offer 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 of Marathi with wide circulation where the Registered Office of our Company is situated.

### **Market Making**

The shares issued and transferred through this Offer are proposed to be listed on the Emerge Platform of NSE 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 Emerge Platform of NSE. For further details of the market making arrangement please refer to chapter titled “*General Information*” on page 79 of this Draft Red Herring Prospectus.

### **New Financial Instruments**

As on the date of this Draft Red Herring Prospectus, there are no outstanding warrants, new financial instruments or any rights, which would entitle the shareholders of our Company, including our Promoter, to acquire or receive any Equity Shares after the Offer. Further, our Company is not issuing any new financial instruments through this Offer.

### **Migration to Main Board**

As per the provisions of the Chapter IX of the SEBI (ICDR) Regulation, 2018, our Company may migrate to the main board of NSE Limited at a later date subject to the following:

- a. If the Paid-up Capital of our Company is likely to increase above ₹ 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favor of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the Company has obtained in- principal approval from the main board), our Company shall apply to NSE Limited for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- b. If the paid-up Capital of our Company is more than ₹ 10 Crores but below ₹ 25 Crores, our Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favor of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

Any company desiring to migrate to the Main board from the SME Board within three years of listing on Emerge platform of NSE has to fulfil following conditions as amended:

- a. The increase in post Offer face value capital beyond ₹ 25 crore should arise only because of merger/acquisition or for expansion purposes.
- b. The Company should have a minimum turnover of ₹ 100 crore as per last audited financials and market capitalization of ₹ 100 crore.
- c. The Company should have a minimum profit before tax of ₹ 10 crore for two years out of three preceding years.
- d. There should not be any action against the company by any regulatory agency at the time of application for migration.

## OFFER STRUCTURE

This Offer is being made in terms of Regulation 229 (2) of Chapter IX of SEBI (ICDR) Regulations, 2018, as amended from time to time, since our Post-Offer paid up capital which is more than ₹ 10.00 Crores, shall issue shares to the public and propose to list the same on the Small and Medium Enterprise Exchange (“**SME Exchange**”, in this case being the Emerge Platform of NSE). For further details regarding the salient features and terms of such an issue please refer to the chapters titled “*Terms of the Offer*” and “*Offer Procedure*” beginning on pages 287 and 298 of this Draft Red Herring Prospectus respectively.

### Offer Structure

Initial public offer of up to 30,00,000 Equity Shares of face value of ₹ 10 each of the company for cash at a price of ₹ [●] per equity share (including a share premium of ₹ [●]/- per equity share) (“Offer price”) aggregating to ₹ [●] lakhs comprising a fresh issue of upto 18,00,000 Equity Shares aggregating to ₹ [●] lakhs by our Company (“**Fresh Issue**”) and an offer for sale of upto 12,00,000 Equity Shares aggregating up to ₹ [●] lakhs by our Selling Shareholders and such equity shares offered by the Selling Shareholders, (the “offered shares”) (such offer by the Selling Shareholders, the “offer for sale” and together with the fresh issue, the “offer”). The offer and net offer shall constitute [●] % and [●] % respectively of the fully-diluted post- offer paid-up equity share capital of our Company.

Subject to finalisation of the basis of allotment.

Particulars	Market Maker Reservation Portion	QIBs	Non-Institutional Applicants	Retail Individual Applicants
<b>Number of Equity Shares</b>	[●] Equity shares	Not more than [●] Equity Shares.	Not less than [●] Equity Shares	Not less than [●] Equity Shares
<b>Percentage of Offer Size available for allocation</b>	5% of the Offer size	Not more than 50% of the Net Offer being available for allocation to QIB Bidders. However, up to 5% of the QIB Portion (excluding the Anchor Investor 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. (excluding the Anchor Investor Portion) The unsubscribed portion in the Mutual Fund Portion will be added to the Net QIB Portion	Not less than 15% of the Net Offer	Not less than 35% of the Net Offer
<b>Basis of Allotment/Allocation if respective category is oversubscribed</b>	Firm Allotment	Proportionate as follows (excluding the Anchor Investor Portion): [●] Equity Shares has been made available for allocation on a proportionate basis to all QIBs of which [●] Equity Shares has been made	Proportionate	Proportionate



Particulars	Market Maker Reservation Portion	QIBs	Non-Institutional Applicants	Retail Individual Applicants
		available for allocation on a discretionary basis to Anchor Investors		
<b>Mode of Application</b>	Only through the ASBA process.	Only through the ASBA process.	Through ASBA Process through banks or by using UPI ID for payment	Through ASBA Process through banks or by using UPI ID for payment
<b>Minimum Bid</b>	[●] Equity Shares of ₹10/- each in multiple of [●] Equity shares of ₹10/- each	Such number of Equity Shares and in multiples of [●] Equity Shares of ₹10/- each that the Bid Amount exceeds ₹ 200,000	Such number of Equity shares in multiple of [●] Equity shares of ₹10/- each that Bid size exceeds ₹ 2,00,000	[●] Equity Shares in multiple of [●] Equity shares of ₹10/- each so that the Bid Amount does not exceed ₹ 2,00,000
<b>Maximum Bid</b>	[●] Equity Shares of ₹10/- each	Such number of Equity Shares in multiples of [●] Equity Shares of ₹10/- each not exceeding the size of the Net Offer, subject to applicable limits	Such number of Equity Shares in multiples of [●] Equity Shares of ₹10/- each not exceeding the size of the Offer (excluding the QIB portion), subject to limits as applicable to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares of ₹10/- each so that the Bid Amount does not exceed ₹ 2,00,000
<b>Mode of Allotment</b>	Compulsorily in dematerialized mode			
<b>Trading Lot</b>	[●] Equity Shares of ₹10/- each, However the Market Maker may accept odd lots if any in the market as required under the SEBI (ICDR) Regulations, 2018.	[●] Equity Shares of ₹10/- each and in multiples thereof	[●] Equity Shares of ₹10/- each and in multiples thereof	[●] Equity Shares of ₹10/- each
<b>Terms of payment</b>	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder 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.			
<b>Mode of Bid</b>	Only through the ASBA process			

**Note:**

Assuming full subscription in the Offer.



- (1) *SEBI vide its Circular No: SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and NSE vide its Circular No: 25/2022 dated August 3, 2022 has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the investors' bank accounts. Accordingly, Stock Exchanges shall, for all categories of investors viz. QIB, NIB and RIB and also for all modes through which the applications are processed, accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked.*
- (2) *In case of joint application, the Application Form should contain only the name of First Applicant whose name should also appear as the first holder of beneficiary account held in joint names. The signature of only such First Applicant would be Required in the Application Form and such First Applicant would be deemed to have signed on behalf of joint holders.*
- (3) *Applicants will be required to confirm and will be deemed to have represented to our Company, the BRLM, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares in this Offer.*
- (4) *This offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.*
- (5) *SCSBs applying in the Offer must apply through an ASBA Account maintained with any other SCSB.*
- (6) *Subject to valid Bids being received at or above the Offer price, undersubscription, 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 Manager and the Designated Stock Exchange, subject to applicable laws.*
- (7) *Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Offer Price, shall be payable by the Anchor Investor pay-in date as mentioned in the CAN.*

This Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018. For further details, please refer to chapter titled "**Offer Procedure**" beginning on 298 of this Draft Red Herring Prospectus.

## OFFER PROCEDURE

All Bidders should read 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 and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 as amended and modified by the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, and SEBI Master Circular Number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 and Circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 01, 2018, notified by SEBI (“**General Information Document**”), which highlights the key rules, processes and 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 ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the Book Running Lead Manager. Please refer to the relevant portions of the General Information Document which are applicable to this Offer especially in relation to the process for Bids by UPI Bidders through UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of CAN and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of the Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund (xiii) disposal of applications and electronic registration of Bids. 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 UPI Bidders 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

All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SEBI Master Circular Number SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles as amended and modified by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019.

All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and SEBI Master Circular Number SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023 and (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles as amended and modified by the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019.

With effect from July 1, 2019, with respect to Applications by RIIs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Applications with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later (“UPI Phase II”), Further pursuant to SEBI Circular SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 UPI Phase II was extended till March 31, 2020. Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs (“UPI Phase III”), as may be prescribed by SEBI. Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change.

Further, our Company, and the BRLM are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Applicants are advised to make their

*independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Prospectus and the Prospectus. The BRLM shall be the nodal entity for any issues arising out of public issuance process. Our Company, and the BRLM are not liable for any adverse occurrence's consequent to the implementation of the UPI Mechanism for application in this Offer.*

*This section applies to all the Applicants, please note that all the Applicants are required to make payment of the Full Application Amount along with the Application Form.*

### **Phased implementation of Unified Payments Interface**

SEBI has issued a circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 and circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 June 28, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 08, 2019 (collectively the "UPI Circulars") in relation to streamlining the process of public issue of equity shares and convertibles. Pursuant to the UPI Circulars, UPI will be introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under the ASBA) for applications by RIBs through intermediaries with the objective to reduce the time duration from public issue closure to listing from six working days to up to 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 Circular proposes to introduce and implement the UPI Mechanism in three phases in the following manner:

#### **Phase I:**

This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended until June 30, 2019. Under this phase, a RIB also had the option to submit the ASBA Form with any of the Designated Intermediaries and use his / her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing would continue to be six Working Days.

#### **Phase II:**

This phase had become applicable from July 1, 2019 and was to initially continue for a period of three months or floating of five main board public issues, whichever is later. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 decided to extend the timeline for implementation of UPI Phase II until March 31, 2020. Under this phase, submission of the physical ASBA Form by a RIB through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds has been discontinued and is replaced by the UPI payment mechanism. However, the time duration from public issue closure to listing continued to be six Working Days during this phase. Subsequently, 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.

#### **Phase III:**

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 SEBI circular bearing number SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 ("T+3 Notification"). In this phase, the time duration from public issue closure to listing has been reduced to three Working Days. The Offer shall be undertaken pursuant to the processes and procedures as notified in the T+3 Notification 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.

The processing fees for applications made by UPI Applicants using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation, in compliance with the SEBI RTA Master Circular in a format as prescribed by SEBI, from time to time, and such payment of processing fees to the SCSBs shall be made in compliance with circulars prescribed by SEBI and applicable law. Accordingly, the Offer will be undertaken pursuant to the processes and procedures under UPI Phase III, subject to any circulars, clarification or notification issued by the SEBI pursuant to the T+3 Notification.

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint SCSBs as a sponsor bank(s) to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and/or payment instructions of the UPI Applicants using UPI.

The processing fees for applications made by UPI Applicants may be released to the SCSBs only after such banks provide a written confirmation on compliance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular SEBI/HO/CFD/DIL2/P/CIR/2021/570 dated June 02, 2021 and such payment of processing fees to the SCSBs shall be made in compliance with SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. NPCI vide circular reference no. NPCI/UPI/OC No. 127/ 2021-22 dated December 09, 2021, inter alia, has enhanced the per transaction limit in UPI from more than ₹2 lakhs to ₹5 lakhs for UPI based ASBA in initial public offerings. For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLM.

**This Offer is being made under Phase III of the UPI (on a mandatory basis).**

### **Book Building Procedure**

This Offer 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 Offer shall be allocated on a proportionate basis to QIBs. 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 (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15.00% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Offer 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 Offer 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 BRLM and the Designated Stock Exchange subject to receipt of valid Bids received at or above the Offer 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 according to Section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Applicants will only be in the dematerialized form. It is mandatory to furnish the details of Applicant's depository account along with Application Form.***

***The Application Forms which do not have the details of the Applicants' depository account, including the DP ID Numbers and the beneficiary account number shall be treated as incomplete and rejected. Application Forms which do not have the details of the Applicants' PAN, (other than Applications made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Applicants will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges. However, investors may get the specified securities rematerialized subsequent to allotment.***

### **Availability of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus and Application Forms**

Copies of the Application Form and the Draft Red Herring Prospectus / Red Herring Prospectus / Prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centers, and Registered Office of our Company. An electronic copy of the Application Form will also be available for download on the websites of the Stock Exchange(s), the SCSBs, the Registered Brokers, the RTAs and the CDPs at least one (1) day prior to the Offer Opening Date.

Applicants shall only use the specified Application Form for the purpose of making an Application in terms of the Draft Red Herring Prospectus / Draft Red Herring Prospectus/ Red Herring Prospectus / Prospectus. All the Applicants (other than Anchor Investor and Retail Individual Investor using UPI Payment Mechanism) shall mandatorily participate in the Offer only through the ASBA process for application. ASBA applicants must provide bank account details and authorization to block funds in the relevant space provided in the Application Form and the Application Forms that do not contain such details are liable to be rejected.

Retail Individual Investors submitting their application form to any Designated Intermediaries (other than SCSBs) shall be required to bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Application Form. Retail Individual Investors submitting their application form to any Designated Intermediaries (other than SCSBs) failed to mention UPI ID are liable to be rejected. Retail Individual Investors

may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of the SEBI.

ASBA Applicants shall ensure that the applications are made on Application Forms bearing the stamp of the Designated Intermediary, submitted at the Collection Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Application Form for various categories is as follows:

Category	Colour of Application Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Investors and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including Eligible NRIs, FII's, FVCIs etc. applying on a repatriation basis	[●]
Anchor Investors**	[●]

**Note:** *Electronic Bid Cum Application Forms will also be available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)).*

**\*\*Bid cum application for Anchor Investor shall be made available at the office of the BRLM.**

**Note:**

- *Details of depository account are mandatory and applications without depository account shall be treated as incomplete and rejected. Investors will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities re-materialized subsequent to allotment.*
- *The shares of the Company, on allotment, shall be traded on stock exchanges in demat mode only.*
- *Single bid from any investor shall not exceed the investment limit/maximum number of specified securities that can be held by such investor under the relevant regulations/statutory guidelines.*
- *The correct procedure for applications by Hindu Undivided Families and applications by Hindu Undivided Families would be treated as on par with applications by individuals;*

*In case of ASBA Forms, Designated Intermediaries shall upload the relevant Application details in the electronic Bidding system of the Stock Exchanges. Subsequently, for ASBA Forms (other than RIIs using UPI mechanism) Designated Intermediaries (other than SCSBs) shall submit/deliver the Application Form (except the Application Form from a RIIs using the UPI mechanism) to the respective SCSBs, where the Applicant has a bank account and shall not submit it to any non-SCSB bank or any Escrow Bank. For RIIs using UPI mechanism, the Stock Exchanges shall share the Application details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIIs for blocking of funds.*

*Electronic Bid Cum Application Forms will also be available for download on the website of the NSE ([www.nseindia.com](http://www.nseindia.com)). Same Application Form applies to all ASBA Applicants/ Retail Individual Investors applying through UPI mechanism, irrespective of whether they are submitted to the SCSBs, to the Registered Brokers, to Registrars to an Offer and Share Transfer Agents, Depository Participants or to the Syndicate (in Specified Cities).*

**Investors must ensure that their PAN is linked with Aadhaar and are in compliance with Central Board of Direct Taxes notification dated February 13, 2020 and press releases dated June 25, 2021 and September 17, 2021. Pursuant to the press release dated March 28, 2023, the last date for linking PAN and Aadhaar has been extended to June 30, 2023. Applicants should note that the Equity Shares will be Allotted to all successful Investors should note that Equity Shares will be allotted to successful Applicants in dematerialized form only. The Equity Shares on Allotment shall be traded only in the dematerialize segment of the Stock Exchange, as mandated by SEBI. The Bid cum Application Forms which do not have the details of the Applicants' depository account including DP ID, PAN and Beneficiary Account Number/UPI ID (for RII Applicants using the UPI Mechanism), shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Bid-Cum Application Form and entered into the electronic system of the stock exchanges, do not match with the DP ID, Client ID and PAN available in the depository database, the application is liable to be rejected. Applicants will not have the option of getting allotment of the Equity Shares in physical form. However, the Investors may get the Equity Shares rematerialized subsequent to the allotment.**

## **Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available at the offices of the Lead Manager, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of the BSE Limited, at least one day prior to the Bid/Offer Opening Date.

Copies of the Anchor Investor Application Form will be available at the offices of the Book Running Lead Manager.

All Applicants (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Applicants must provide either (i) the bank account details and authorization to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. The ASBA Forms that do not contain such details are liable to be rejected. Applications made by the RIIs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process. ASBA Applicants shall ensure that the Bids are made on ASBA Forms bearing the stamp of the relevant Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. Since the Offer is made under Phase II of the UPI Circulars, ASBA Applicants may submit the ASBA Form in the manner below:

- i. RIIs (other than the RIIs using UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- ii. RIIs using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs, or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.
- iii. QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

### **Anchor Investors are not permitted to participate in the Offer through the ASBA process.**

For Anchor Investors, the Anchor Investor Application Form will be available at the office of the Book Running Lead Manager. ASBA Applicants are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB.

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 Applicants has a bank account and shall not submit it to any non-SCSB Bank.

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant Bid details (including UPI ID in case of ASBA Forms under the UPI Mechanism) in the electronic bidding system of the Stock Exchanges. Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms (except Bid cum Application Forms submitted by UPI Applicants Bidding using the UPI Mechanism) to the respective SCSB, where the Applicant has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). For UPI Applicants, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank(s) on a continuous basis to enable the Sponsor Bank(s) to initiate a UPI Mandate Request to such UPI Applicants for blocking of funds. The Sponsor Bank(s) shall initiate request for blocking of funds through NPCI to UPI Applicants, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Applicants in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank(s), NPCI or the issuer bank) 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 Bank(s) and the issuer bank. The Sponsor Bank(s) and the Bankers to the Offer shall provide the audit trail to the BRLM for analyzing the same and fixing liability. For ensuring timely information to investors, SCSBs shall send SMS alerts as specified in 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 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/51 dated April 20, 2022. In accordance with NSE circular No: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Bank shall initiate requests for blocking of funds in the ASBA Accounts of relevant Applicants with a confirmation cut-off time of 5:00 pm on the Bid/Offer Closing Date ("Cut-Off Time"). Accordingly, UPI Applicants 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 Sponsor Bank(s) will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank(s) will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLM in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank(s) and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three-way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank(s) on a continuous basis. The Sponsor Bank(s) shall host a web portal for intermediaries (closed user group) from the date of Bid / Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks / unblocks, performance of apps and UPI handles, down-time / network latency (if any) across intermediaries and any such processes having an impact / bearing on the Offer Bidding process. Participation by Promoter, Promoter Group, the BRLM associates and affiliates of the BRLM and the Syndicate Members and the persons related to Promoter, Promoter Group, BRLM and the Syndicate Members and Bids by Anchor Investors the BRLM and the Syndicate Members shall not be allowed to purchase/subscribe the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLM and the Syndicate Members may purchase/subscribe to the Equity Shares in the Offer, either in the QIB Portioner in the Non-Institutional Portion as may be applicable to such Applicants, and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLM and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices which are associates of the BRLM or insurance companies promoted by entities or pension funds sponsored by entities which are associates of the BRLM, no BRLM or their respective associates can apply in the Offer under the Anchor Investor Portion.

Further, the Promoter and members of the Promoter Group shall not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to the Promoter and the Promoter Group shall not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with any of the Promoter or members of the Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoter or Promoter Group of our Company

#### **Availability of Draft Red Herring Prospectus/ Red Herring Prospectus/Prospectus and Bid Cum Application Forms**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and NSE ([www.nseindia.com](http://www.nseindia.com)) at least one day prior to the Bid/Offer Opening Date.

Bid cum application for Anchor Investor shall be made available at the Office of the BRLM.

As per the existing regulations, OCBs are not eligible to participate in this Offer. 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 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.

The Equity Shares have not been and will not be registered under the U.S Securities Act or any other applicable law of the United States and, unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S Securities Act and applicable state securities laws.

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.

## Who Can Apply?

**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 Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the DRHP 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 Eligible NRIs are not eligible to participate in this Offer;
- 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 to Trusts 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 Offer, under the laws, rules, regulations, guidelines and policies applicable to them.



**Application 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 Offer. 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 Offer 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 of ₹10/- each and in multiples of [●] Equity Shares of ₹10/- each 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 of ₹10/- each thereafter. An Application cannot be submitted for more than the Net Offer 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 Offer 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.

**Applicants 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 Applicants. The Company and the BRLM 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. 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.**

**Participation by associates/affiliates of Book Running Lead Manager**

The Book Running Lead Manager shall not be entitled to subscribe to this Offer in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the Book Running Lead Manager may subscribe to Equity Shares in the Offer, either in the QIB Portion and Non-Institutional Category where the allotment is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLM, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

**Option to Subscribe to the Offer**

1. Our Company shall allot the specified securities in dematerialised form only. Investors opting for allotment in dematerialised form may get the specified securities rematerialized subsequent to allotment.
2. The equity shares, on allotment, shall be traded on stock exchange in demat segment only.

A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guideline.

## Method of Bidding Process

- (a) Our Company, in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Offer and the same shall be advertised in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●], and [●] edition of [●] a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra where our registered office is located, each with wide circulation at least two Working Days prior to the Bid / Offer Opening Date. The BRLM and the SCSBs shall accept Bids from the Bidders during the Bid / Offer Period.
- (b) The Bid / Offer Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Offer Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid / Offer Period, if applicable, will be published in all editions of the English national newspaper [●], all editions of Hindi national newspaper [●], and [●] edition of [●] a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra where our registered office is located, each with wide circulation and also by indicating the change on the websites of the Book Running Lead Manager.
- (c) During the Bid/Offer Period, Retail Individual Bidders, should approach the BRLM or their authorized agents to register their Bids. The BRLM shall accept Bids from Anchor Investors and ASBA Bidders in Specified Cities and it shall have the right to vet the Bids during the Bid/ Offer Period in accordance with the terms of the Draft Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the BRLM (for the Bids to be submitted in the Specified Cities) to register their Bids.
- (d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to 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 Offer Price, the maximum number of Equity Shares Bid for by a Bidder/Applicant at or above the Offer Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- (e) The Bidder / Applicant cannot Bid through another Bid cum Application Form after Bids through one Bid cum Application Form have been submitted to a BRLM or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another BRLM 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 Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “*Build-up of the Book and Revision of Bids*”.
- (f) Except in relation to the Bids received from the Anchor Investors, the BRLM/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 up to three TRSs for each Bid cum Application Form.
- (g) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Offer Period i.e. one working day prior to the Bid/ Offer Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- (h) Along with the Bid cum Application Form, Anchor Investors will make payment in the manner described in “*Payment into Escrow*” in the section “*Offer Procedure-Payment into Escrow account for Anchor Investors*” on page 314 of this Draft Red Herring Prospectus.
- (i) 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.
- (j) 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. 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.

- (k) 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 Offer 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 Offer 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 Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

#### **Bids at Different Price Levels and Revision of Bids**

- a) Our Company in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/Offer Period, in accordance with the SEBI ICDR Regulations, provided that (i) the Cap Price will be less than or equal to 120% of the Floor Price, (ii) the Cap Price will be at least 105% of the Floor Price, and (iii) the Floor Price will not be less than the face value of the Equity Shares. Subject to compliance with the foregoing, the Floor Price may move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.
- b) Our Company in consultation with the BRLM, will finalize the Offer 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.
- e) The price of the specified securities offered to an anchor investor shall not be lower than the price offered to other Bidders.

#### **BIDS BY INDIAN PUBLIC INCLUDING ELIGIBLE NRIS**

Application must be made only in the names of individuals, limited companies or Statutory Corporations/institutions and not in the names of minors, foreign nationals, non-residents (except for those applying on non-repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF 's application shall be made by the Karta of the HUF. An applicant in the Net Public Category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public.

#### **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 BRLM, 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 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 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 Bid cum Applications from individuals.

### **BIDS BY ANCHOR INVESTORS**

Our Company in consultation with the BRLM, may consider participation by Anchor Investors in the Offer for up to 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 under subscription 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 BRLM
  - (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/ Offer Opening Date and be completed on the same day.
  - (5) Our Company in consultation with the BRLM, 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 up to ₹ 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 upto ₹ 2500.00 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 a minimum Allotment of ₹ 100.00 Lakhs per Anchor Investor.
1. Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Offer 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 BRLM before the Bid/Offer Opening Date, through intimation to the Stock Exchange.
  2. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
  3. If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within 2 (two) Working Days from the Bid/ Offer Closing Date. If the Offer 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 Offer Price.
  4. 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.
  5. 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 90 days from the date of Allotment, while the remaining 50% of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment.
  6. The BRLM, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLM) will not participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors will be clearly identified by the BRLM and made available as part of the records of the BRLM for inspection by SEBI.

7. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.
8. Anchor Investors are not permitted to Bid in the Offer through the ASBA process.

#### **BIDS BY ELIGIBLE NRI'S**

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 Offer 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 Offer 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 Offer, provided the UPI facility is enabled for their NRE/ NRO accounts.

NRIs applying in the Offer 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, please refer to chapter titled “*Restrictions on Foreign Ownership of Indian Securities*” beginning on page 330 of this Draft Red Herring Prospectus. Participation of eligible NRIs shall be subject to FEMA NDI Rules.

#### **BIDS BY FPIs**

In terms of the SEBI FPI Regulations, the offer 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 the post-offer paid-up capital.

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 in consultation with the BRLM, reserves the right to reject any Bid without assigning any reason, subject to applicable laws.

If the total holding of an FPI increases beyond 10% of the total paid-up Equity Share capital, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, in terms of the FEMA Rules, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 51%).

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time. In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for Offer procedure, as prescribed by SEBI 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 is permitted to 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 asset) directly or indirectly, only if it complies with the following conditions: (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 as specified by SEBI; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by, or on behalf of it is subject to, *inter alia*, the following conditions:

- (i) such offshore derivative instruments are transferred to persons subject to fulfilment of the criteria provided under the SEBI FPI Regulations; and
- (ii) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred to, are pre-approved by the FPI.

Further, Bids received from FPIs bearing the same PAN will be treated as multiple Bids and are liable to be rejected, except for Bids from FPIs that utilize the multiple investment manager structure in accordance with SEBI master circular bearing reference number SEBI/HO/AFD-2/CIR/P/2022/175 dated December 19, 2022 (such structure "**MIM Structure**") provided such Bids have been made with different beneficiary account numbers, Client IDs and DP IDs. Accordingly, it should be noted that multiple Bids received from FPIs, who do not utilize the MIM Structure, and bear the same PAN, are liable to be rejected. Further, in the following cases, Bids by FPIs shall not be treated as multiple Bids:

- (i) FPIs which utilise the multi investment manager ("**MIM**") structure
  - (ii) Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments
  - (iii) Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration
  - (iv) FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager
  - (v) Multiple branches in different jurisdictions of foreign bank registered as FPIs
  - (vi) Government and Government related investors registered as Category 1 FPIs; and
  - (vii) Entities registered as collective investment scheme having multiple share classes.
- A. The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).
- B. In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids shall be rejected.
- C. The FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for non-residents (in [●] colour). For details of restrictions on investment by NRIs, please refer to chapter titled "**Restrictions on Foreign Ownership of Indian Securities**" on page 330 of this Draft Red Herring Prospectus.

#### **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. While the SEBI VCF Regulations have since been repealed, the funds registered as VCFs under the SEBI VCF Regulations continue to be regulated by such regulations until the existing fund or scheme managed by the fund is wound up.

Subject to compliance with applicable law and investment restrictions, the holding in any company by any individual VCF or FVCIs registered with SEBI should not exceed 25% of the corpus of the VCF or FVCI. Further, FVCIs and VCF's can invest only up to 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. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking whose shares are proposed to be listed. AIFs which are authorised under the fund documents to invest in units of AIFs are prohibited from offering their units for subscription to other AIFs. 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 Offer) 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.

Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules. Further, VCFs, Category I AIFs or Category II AIFs and FVCIs holding Equity Shares of the Company, shall be exempt from lock-in requirements, provided that such Equity Shares shall be locked in for a period of at least six months from the date of purchase by the venture capital fund or alternative investment fund of Category I or II or foreign venture capital investor.

**There is no reservation for Eligible NRIs, AIFs, FPIs and FVCIs, and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

Our Company, or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

#### **BIDS BY SYSTEMICALLY IMPORTANT NON-BANKING FINANCIAL COMPANIES**

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 BRLM, reserves the right to reject any Bid without assigning any reason thereof. Systemically Important NBFCs participating in the Offer 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 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 BRLM, reserve the right to reject any Bid without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

#### **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 BRLM, 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 Offer 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 Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

#### **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 ₹ 2,500 lakhs (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, in consultation with the BRLM, 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 BRLM, 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 BRLM may deem fit.

#### **BIDS BY PROVIDENT FUNDS/ PENSION FUNDS:**

In case of Bids made by provident funds/pension funds, with minimum corpus of ₹ 2,500 Lakhs, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013, subject to applicable law, 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 BRLM reserves 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 BRLM, 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, please refer to chapter titled beginning “*Key Industries Regulations and policies*” on page 171 of this Draft Red Herring Prospectus.

#### **BIDS BY SCSBs**

SCSBs participating in the Offer 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.

#### **ISSUANCE OF A CONFIRMATION NOTE ("CAN") AND ALLOTMENT IN THE OFFER:**

1. Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Offer shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Offer.
2. The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder

#### **OFFER 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 Manager 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.**

Lists of banks that have been notified by SEBI to act as SCSB (Self-Certified Syndicate Banks) for the ASBA Process are provided on [www.sebi.gov.in](http://www.sebi.gov.in). 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 Offer 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 Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, Banker to the Offer and the Registrar to the Offer 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 Offer 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 Offer and consequent transfer of the Application

Amount to the Public Issue Account, or until withdrawal/ failure of the Offer 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 Manager, 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: “Sona Machinery Limited IPO – Anchor Account- R”
- b. In case of Non-Resident Anchor Investors: “Sona Machinery Limited IPO – Anchor Account- NR”
- c. Bidders 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 Offer 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 Offer Closing Date.
3. The Designated Intermediaries shall be responsible for any acts, mistakes or errors or omissions and commissions in relation to,
  - a) the applications accepted by them,
  - b) the applications uploaded by them
  - c) the applications accepted but not uploaded by them or
  - d) 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 Manager nor our Company nor the Registrar to the Offer, 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 Offer. This facility will available at the terminals of Designated Intermediaries and their authorized agents during the Offer 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 Offer 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 Manager on a regular basis.
6. 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 Offer or Designated Branch, as applicable, and bank code of the SCSB branch where the ASBA Account is maintained; and
  - Bank account number.
7. In case of submission of the Application by 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.
  8. 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 accepted the 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.
  9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
  10. In case of Non-Retail Bidders and Retail Individual Bidders, applications would not be rejected except on the technical grounds as mentioned in the Draft Red Herring Prospectus. The Designated Intermediaries shall have no right to reject applications, except on technical grounds.
  11. 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 Manager 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 Promoters, 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.
  12. The Designated Intermediaries will be given time till 1.00 p.m. on the next working day after the Bid/ Offer Closing Date to verify the DP ID and Client ID uploaded in the online IPO system during the Offer Period, after which the Registrar to the Offer will receive this data from the Stock Exchange and will validate the electronic application details with 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.
  13. The SCSBs shall be given one day after the Bid/ Offer Closing Date to send confirmation of Funds blocked (Final certificate) to the Registrar to the Offer.
  14. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for 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 BRLM at the end of the Bid/ Offer 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/ Offer Period.

#### **WITHDRAWAL OF BIDS**

- a) RIIs can withdraw their Bids until Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer 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 Offer 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 BRLM, shall finalize the Offer Price.
- b) The SEBI ICDR Regulations, 2018 specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP. 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 spill over from any other category or combination of categories at the discretion of the Issuer and the in consultation with the BRLM 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.
- d) In case of under subscription in the Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. 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.
- f) Allocation to Anchor Investor shall be at the discretion of our Company and in consultation with the BRLM, subject to compliance with the SEBI Regulations.

#### **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 Offer; 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, Offer 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.

<b>Bid Quantity</b>	<b>Bid Amount (₹)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
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 Offer 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 BRLM, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹ 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

#### **SIGNING OF THE UNDERWRITING AGREEMENT AND THE ROC FILING**

- a) Our Company and the Underwriter intend to enter into an Underwriting Agreement on or immediately after the finalization of the Offer Price but prior to the filing of 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 Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

### **PRE- OFFER 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-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (all editions [●], an English national daily newspaper, all editions of [●], a Hindi national daily newspaper each with wide circulation and [●] edition of [●] (a widely circulated Marathi daily newspaper, Marathi being the regional language of Maharashtra where our registered office is located),

In the Pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer 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.

### **ADVERTISEMENT REGARDING OFFER PRICE AND PROSPECTUS:**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the final derived Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

### **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 Application Form 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 for all 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 should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;
11. RIBs bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for RIBs using the UPI Mechanism) to make an application in the Offer 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 blocking funds 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 Offer 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 Aadhar 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 the Depository database;
22. Ensure that when applying in the Offer 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 used for 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 authorise 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/ Offer 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 the mandate 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 the UPI 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 SEBI at [www.sebi.gov.in](http://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 Lot;
2. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;
3. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
4. Do not Bid for a Bid Amount exceeding ₹2,00,000 (for Bids by Retail Individual Bidders);
5. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediary;
6. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;
7. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
8. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
9. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;
10. Do not submit the Bid for an amount more than funds available in your ASBA account.
11. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;
12. In case of ASBA Bidders (other than UPI Bidders using the UPI Mechanism), do not submit more than one Bid cum Application Form per ASBA Account;
13. If you are a UPI Bidder and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;
14. Anchor Investors should not Bid through the ASBA process;
15. Do not submit the Bid cum Application Form to any non-SCSB or our Company.
16. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;
17. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
18. Do not submit the General Index Register (GIR) number instead of the PAN;
19. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID details (if you are a UPI Bidder Bidding through the UPI Mechanism). Further, do not provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;
20. 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;
21. 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);

22. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
23. Do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date;
24. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid/Offer Closing Date; (for online applications) and after 12:00 p.m. on the Bid/ Offer Closing Date (for Physical Applications);;
25. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
26. Do not Bid for Equity Shares in excess of what is specified for each category;
27. In case of ASBA Bidders (other than 3 in 1 Bids) Syndicate Members shall ensure that they do not upload any bids above ₹5,00,000;
28. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
29. 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. Retail Individual Bidders or Eligible Employees bidding in the Employee Reservation Portion can revise or withdraw their Bids on or before the Bid/ Offer Closing Date;
30. Do not submit Bids to a Designated Intermediary at a location other than at the relevant Bidding Centres. If you are a UPI Bidder using the UPI Mechanism, do not submit the ASBA Form directly with the SCSBs;
31. If you are an UPI Bidder 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;
32. Do not Bid if you are an OCB;
33. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by UPI Bidders using the UPI Mechanism;
34. Do not submit more than one Bid cum Application Form for each UPI ID in case of UPI Bidders Bidding using the UPI Mechanism;
35. Do not submit a Bid cum Application Form with a third-party UPI ID or using a third-party bank account (in case of Bids submitted by Retail Individual Bidders using the UPI Mechanism); and
36. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB or a bank which is not mentioned in the list provided in the SEBI website is liable to be rejected.
37. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account.

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-Offer or post-Offer 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, see “*General Information*” and “*Our Management*” beginning on page 79 and 182, respectively of this Draft Red Herring Prospectus.

For helpline details of the BRLM pursuant to the SEBI/HO.CFD.DIL2/CIR/P/2021/2480/1/M dated March 16, 2021, please refer to chapter titled “*General Information*” beginning on page 79 of this Draft Red Herring Prospectus.

## **OTHER INSTRUCTIONS FOR THE BIDDERS**

### **Joint Bids**

In the case of Joint Bids, the Bids should be made in the name of the Bidders whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidders would be required in the Bid cum Application Form/ Application Form and such first



Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid -cum Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

### **Multiple Bids**

Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid\ cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

### **Investor Grievance**

In case of any pre-Offer or post Offer related problems regarding demat credit/ refund orders/ unblocking etc. the Investors can contact the Compliance Officer of our Company.

### **Nomination Facility to Bidders**

Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders should inform their respective DP.

### **Submission of Bids**

- a) During the Bid/Offer Period, Bidders may approach any of the Designated Intermediaries to register their Bids.
- b) In case of Bidders (excluding NIIs and QIBs) Bidding at cut-off price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).
- c) For details of the timing on acceptance and upload of Bids in the Stock Exchange platform Bidders are requested to refer to the DRHP.

### **GROUNDINGS 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/ Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/ Offer Closing Date, and Bids by RIBs uploaded after 5.00 p.m. on the Bid/ Offer Closing Date, unless extended by the Stock Exchange.

Further, in case of any pre-Offer or post Offer 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, please refer to chapter titled “**General Information**” beginning on page 79 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/ Offer 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/ Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLM 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 circular no. SEBI/HO/CFD/DIL2/CIR/P/2021/2480/1/M dated March 16, 2021 read with SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2021/47 dated March 31, 2021 and 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.

#### **Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorized employees of the Designated Stock Exchange, along with the BRLM 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.

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 Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the 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 BRLM 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 Offer, spill-over to the extent of such under- subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Offer, Bidders may 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 Offer. However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

#### **Flow of Events from the closure of bidding period (T DAY) Till Allotment:**

- On T Day, RTA to validate the electronic bid details with the depository records and also reconcile the final certificates received from the Sponsor Bank for UPI process and the SCSBs for ASBA and Syndicate ASBA process with the electronic bid details.
- RTA identifies cases with mismatch of account number as per bid file / Final Certificate and as per

applicant's bank account linked to depository demat account and seek clarification from SCSB to identify the applications with third party account for rejection.

- Third party confirmation of applications to be completed by SCSBs on T+1 day.
- RTA prepares the list of final rejections and circulate the rejections list with BRLM(s)/ Company for their review/ comments.
- Post rejection, the RTA submits the basis of allotment with the Designated Stock Exchange (DSE).
- The Designated Stock Exchange (DSE), post verification approves the basis and generates drawal of lots wherever applicable, through a random number generation software.
- The RTA uploads the drawal numbers in their system and generates the final list of allottees as per process mentioned below:

#### **Process for generating list of allottees: -**

- Instruction is given by RTA in their Software System to reverse category wise all the application numbers in the ascending order and generate the bucket /batch as per the allotment ratio. For example, if the application number is 78654321 then system reverses it to 12345687 and if the ratio of allottees to applicants in a category is 2:7 then the system will create lots of 7. If the drawal of lots provided by Designated Stock Exchange (DSE) is 3 and 5 then the system will pick every 3rd and 5<sup>th</sup> application in each of the lot of the category and these applications will be allotted the shares in that category.
- In categories where there is proportionate allotment, the Registrar will prepare the proportionate working based on the oversubscription times.
- In categories where there is undersubscription, the Registrar will do full allotment for all valid applications.
- On the basis of the above, the RTA will work out the allottees, partial allottees and non- allottees, prepare the fund transfer letters and advice the SCSBs to debit or unblock the respective accounts.

#### **BASIS OF ALLOTMENT**

##### **a. For Retail Individual Bidders**

Bids received from the Retail Individual Bidders at or above the Offer 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 Offer Price.

The Offer size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares of ₹10/- each at or above the Offer 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 of ₹10/- each at or above the Offer Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Share of ₹10/- each and in multiples of [●] Equity Shares of ₹10/- each 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 Offer 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 Offer Price.

The Offer size less Allotment to QIBs and Retail shall be available for Allotment to Non- Institutional Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to [●] Equity Shares of ₹10/- each at or above the Offer 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 of ₹10/- each at or above the Offer Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares of ₹10/- each and in multiples of [●] Equity Shares of ₹10/- each thereafter. For the method of proportionate Basis of Allotment refer below.

##### **c. For QIBs**

Bids received from QIBs Bidding in the QIB Category at or above the Offer 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 Offer Price. Allotment may be undertaken in the following manner: Allotment shall be undertaken in the following manner:

- a) 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 be done 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 Offer Price.
  - Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available for Allotment to all QIB Bidders as set out in (b) below;
- b) In the second instance Allotment to all QIBs shall be determined as follows:
  - In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Offer Price shall be allotted Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares of ₹10/- each thereafter for [●] % of the QIB Portion.
  - Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis, upto a minimum of [●] Equity Shares and in multiples of [●] Equity Shares of ₹10/- each 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 of ₹10/- each.
- c) **Basis of Allotment for QIBs and NIIs in case of Over Subscribed Offer:**

In the event of the Offer being Over-Subscribed, the Offer may finalise the Basis of Allotment in consultation with the NSE Emerge (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 basis in 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 of ₹10/- each the allotment will be made 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 Shares worked 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 of ₹10/- each of ₹10/- each 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 of ₹10/- each, 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, up to 110% of the size of the Offer 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 the stock exchange.**

**The Executive Director / Managing Director of the Stock Exchange in addition to Book Running Lead Manager and Registrar to the Public Offer 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 Offer.

The Book Running Lead Manager or the Registrar to the Offer will dispatch an Allotment Advice to their Bidders who have been allocated Equity Shares in the Offer. The dispatch of Allotment Advice shall be deemed a 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 Offer Closing date. The Issuer also ensures the 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 transfers the funds represented by allocations of the Equity Shares into Public Issue Account with the Bankers to the Offer.

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 two working days of the Bid/ Offer 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 Offer with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. [www.bseindia.com](http://www.bseindia.com) and NSE i.e. [www.nseindia.com](http://www.nseindia.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 Offer 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 ETA and DPs centres for collecting the application shall be disclosed is available on the websites of NSE i.e. [www.nseindia.com](http://www.nseindia.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 Offer 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 Offer.

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 Offer, 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 Offer should be addressed to the Registrar to the Offer 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 Offer in case of any pre- Offer or post Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.**

<p><b>Royal Arc Electrodes Limited</b> 72 B, Bombay Talkies Compound, S.V. Road Malad West, Mumbai City, Mumbai- 400064 Maharashtra, India, <b>Tel No:</b> +91 78880 00553 <b>Email:</b> cs@royalarc.in <b>Website:</b> <a href="https://royalarc.in/">https://royalarc.in/</a></p>	<p><b>KFin Technologies Limited</b> Selenium Tower-B, Plot 31 &amp; 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana <b>Tel No.:</b> +91 40 6716 2222 Toll Free No.: 1800 309 4001 <b>Contact Person:</b> M Murli Krishna <b>Email:</b> <a href="mailto:rael.ipo@kfintech.com">rael.ipo@kfintech.com</a> <b>Website:</b> <a href="http://www.kfintech.com">www.kfintech.com</a> <b>Investor Grievance Email:</b> <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> <b>SEBI Registration No:</b> INR000000221</p>
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#### **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 NSE Emerge where the Equity Shares are proposed to be listed are taken within 3 (three) working days from Offer 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) working days of the Offer Closing Date;
2. Giving of Instructions for refund by unblocking of amount via ASBA not later than 4(four) working days of the Offer 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.

## **BASIS OF ALLOTMENT**

Allotment will be made in consultation NSE (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 of ₹10/- each the allotment will be made as follows:
  - a) Each successful applicant shall be allotted [●] equity shares of ₹10/- each; and
  - b) 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 of ₹10/- each, the applicant would be allotted Shares by rounding off to the lower nearest multiple of [●] equity shares of ₹10/- each subject to a minimum allotment of [●] equity shares of ₹10/- each.
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 Offer, the obligations of the Underwriters shall get triggered in terms of the Underwriting Agreement. The Minimum subscription of 100.00% of the Offer 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 Stock Exchange in addition to Book Running Lead Manager and Registrar to the Offer 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 Offer. 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.**

## **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:*

- a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- b) *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*
- c) *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 up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to 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**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchange where the Equity Shares are proposed to be listed shall be taken within three (3) Working Days of the Bid/Offer Closing Date or such other time as may be prescribed by the SEBI or under any applicable law;
- if Allotment is not made within the prescribed time period under applicable law, the entire Bid amount received will be refunded/unblocked within the time prescribed under applicable law, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) to unsuccessful Bidders as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- no further issue of the Equity Shares shall be made until the Equity Shares issued through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.
- Our Company, in consultation with the BRLM, reserves the right not to proceed with the Fresh Issue, in whole or in part thereof, to the extent of the Issued Shares, after the Bid/ Offer 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 days of the Bid/ Offer Closing Date or such other time as may be prescribed by the SEBI, providing reasons for not proceeding with the Offer and inform the Stock Exchanges promptly on which the Equity Shares are proposed to be listed; and
- if our Company, in consultation with the BRLM withdraws the Offer after the Bid/ Offer Closing Date and thereafter determines that it will proceed with an issue of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus with the SEBI.

#### **UTILIZATION OF OFFER PROCEEDS**

Our Board certifies that:

- all monies received out of the Fresh 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;
- details of all monies utilized out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Offer proceeds remains unutilized, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized; and  
details of all unutilized monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilized monies have been invested.

#### **EQUITY SHARES IN DEMATERIALIZED 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) We have entered into a tripartite agreement between NSDL, the Company and the Registrar to the Offer on January 29, 2024
- b) We have entered into a tripartite agreement between CDSL, the Company and the Registrar to the Offer on January 29, 2023
- c) The Company's Equity shares bear an ISIN: INE0EO401019.



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.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The responsibility of granting approval for foreign investment under the Consolidated FDI Policy and FEMA has been entrusted to the concerned ministries / departments.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry (formerly Department of Industrial Policy and Promotion), Government of India (“DPIIT”) issued the Consolidated FDI Policy, which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. Under the current FDI Policy, 100% foreign direct investment is permitted in the manufacturing, under the automatic route, subject to compliance with certain prescribed conditions.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that: (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the SEBI Takeover Regulations, (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI policy, and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI / RBI.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of 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 (“**Restricted Investor**”), will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction / purview, such subsequent change in the beneficial ownership will also require approval of the Government. Furthermore, on April 22, 2020, the Ministry of Finance, Government of India has also made a similar amendment to the FEMA Rules. Each Applicant should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Applicant shall intimate our Company and the Registrar to the Offer in writing about such approval along with a copy thereof within the Offer Period.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

**The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold (i) outside of the United States in offshore transactions in reliance on Regulation S under the U.S. 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 Bids 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 Manager 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. 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.**

For further details, please refer to chapter titled “*Offer Procedure*” beginning on page 298 of this Draft Red Herring Prospectus.

## SECTION IX – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

### Table - F

applicable to company as notified under schedule I of the Companies Act, 2013

#### ARTICLES OF ASSOCIATION\*

#### OF

#### ROYAL ARC ELECTRODES LIMITED\*\*

#### A Company Limited by shares

#### Interpretation

- I. (1) In these regulations
- a) “the Act” means the Companies Act, 2013,
  - b) “the seal” means the common seal of the company.
- “Public company” means a company which
- (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[a] 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.\*

#### SHARE CAPITAL AND VARIATION OF RIGHTS

- II. 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 fit.
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.
- (iv) 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.

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\* **The Company has adopted new set of Articles of Association by passing a special resolution at the duly conveyed Extra-Ordinary General Meeting held on 29th May, 2023.**

\*\* **The name of the Company has been changed from “ROYALARC ELECTRODES LIMITED” to “ROYAL ARC ELECTRODES LIMITED” at the duly convened Extra Ordinary General Meeting held on 29th day of May, 2023.**

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 rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40.
- (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 rights 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 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 *pari passu* therewith.
8. Subject to the provisions of section 55, 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 sale.
- 12.** (i) The proceeds of the sale shall be received by the company and applied in 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 their 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 than one month from the date fixed for the payment of the last preceding call.
- (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 at the time when the resolution of the Board authorising 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 fixed 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 not approve; or
- (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 (J) 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 right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.
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 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 liability 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 time 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—

#### **FORFEITURE OF SHARES**

28. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or 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 the date of service of the notice) on or before which the payment required by the notice is 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 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 time, 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 time, 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 stock, 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 or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:  
  
Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.
  - (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 matters, as if they held 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 up) 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 fully 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 be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their 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.

#### **PROCEEDINGS AT GENERAL MEETINGS**

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—

#### **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 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, vote 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 time 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 notmore than 15.

The #Present Directors of the Company are:

- 1. BIPIN SHANTILAL SANGHVI**
- 2. HARDIK BIPIN SANGHVI**
- 3. SWAGAT BIPIN SANGHVI**

61. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue 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 88 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 think 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 time, 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 of 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.
71. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

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# **Present Directors means Directors present on the Board of Directors of the Company as on date of adoption of this new set of Articles of Association at the Extra Ordinary General Meeting held on 29<sup>th</sup> May, 2023.**

- (ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be 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 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 at a meeting of the Board or committee, duly convened and held.
76. In case of a One Person Company—

**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 think 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 least 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 RESERVE**

80. The company in general meeting may declare dividends, but no 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 fit 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 may be properly applied, including provision for meeting contingencies or for equalising dividends; and

pending such application, may, at the 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 time to time, think fit.

- (ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting 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 more 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 time 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 book or document of the company except as 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 as he 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 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.

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## SECTION X – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered into or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus and the Prospectus which will be filed with the Registrar of Companies and will also be available on the website of the Company. Copies of the contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 72 B, Bombay Talkies Compound, S.V. Road Malad West, Mumbai, Maharashtra, India, 400064, between 10.00 a.m. and 5.00 p.m. (IST) on all Working Days from the date of the Red Herring Prospectus until the Offer Closing Date except for such agreements executed after the Bid / Offer Closing Date).

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 applicable law.

#### A) Material contracts for the Offer

1. Offer Agreement dated July 03, 2024 between our Company, Book Running Lead Manager and Selling Shareholders
2. Registrar Agreement dated July 03, 2024 between our Company, Selling Shareholders and Registrar to the Offer
3. Underwriting Agreement dated [●] amongst our Company, the Underwriter, Book Running Lead Manager and Selling Shareholders
4. Market Making Agreement dated [●] amongst our Company, Market Maker and the Book Running Lead Manager.
5. Share Escrow Agreement dated [●] entered into between the Selling Shareholders, our Company and the Share Escrow Agent.
6. Bankers to the Offer Agreement dated [●] amongst our Company, the Book Running Lead Manager, Banker(s) to the Offer, and Selling Shareholders and the Registrar to the Offer.
7. Tripartite agreement dated January 29, 2023 amongst our Company, Central Depository Services (India) Limited and Registrar to the Offer.
8. Tripartite agreement dated January 29, 2024 amongst our Company, National Securities Depository Limited and Registrar to the Offer.

#### B) Material documents for the Offer

1. Certified true copy of Certificate of Incorporation, the Memorandum of Association and Articles of Association of our Company, as amended.
2. Resolutions of the Board of Directors dated July 03, 2024 in relation to the Offer and other related matters.
3. Shareholders' resolution dated July 06, 2024 in relation to the Offer including Fresh Issue and other related matters.
4. Consents letter of our Promoters, Selling Shareholders, members of Promoter Group, Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, Chartered Engineer, Statutory Auditor, Book Running Lead Manager, Legal Advisor to the Offer, the Registrar to the Offer, Underwriter to the Offer, Bankers to our Company, Market Maker and Banker to the Offer.
5. Consent letter dated July 3, 2024 from the Selling Shareholders in relation to the Offer for Sale.
6. Resolution passed on July 9, 2024 of the Board of Directors taking on record the consent of the Selling Shareholders to participate in the Offer for Sale
7. Consent dated April 30, 2024 from S.K. Patel, Chartered Engineer to include his name in this Draft Red Herring Prospectus, and as an "expert" as defined under section 2(38) and 26(5) of the Companies Act in his capacity as the independent chartered engineer and in respect of the certificates each dated April 30,

- 2024, issued by him in relation to our manufacturing facility and included in this Draft Red Herring Prospectus.
8. Consent letter dated August 2, 2024 from Bagadia & Jain, Chartered Accountants, to include their names as required under section 26(1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Draft Red Herring Prospectus, and as “experts” as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our statutory auditor, and in respect of their (a) examination report dated July 9, 2024 on the Restated Financial Statements, and (b) report dated August 2, 2024 on the statement of special tax benefits available to our Company and its shareholders included in this Draft Red Herring Prospectus; and such consent has not been withdrawn as on the 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.
  9. Resolution dated August 2, 2024 passed by the Audit Committee approving the KPIs for disclosure in this Draft Red Herring Prospectus.
  10. The Report dated August 2, 2024 from the Statutory Auditor of our Company, confirming the Statement of Possible Tax Benefits available to our Company and its Shareholders as disclosed in this Draft Red Herring Prospectus.
  11. The examination report dated July 9, 2024 issued by the Statutory Auditor on the Restated Summary Statements, included in this Draft Red Herring Prospectus.
  12. Copy of approval from NSE Emerge vide letter dated [●] to use the name of NSE in this Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus for listing of Equity Shares on Emerge Platform of NSE.
  13. Due diligence certificate dated August 2, 2024 shall be submitted to SEBI by Book Running Lead Manager to the Offer.
  14. Certificate on KPI's issued by Bagadia & Jain, Chartered Accountant dated August 2, 2024
  15. Copies of the annual report of our Company for the financial year ended as on March 31, 2023, March 31, 2022 and March 31, 2021.
  16. Board Resolution dated August 2, 2024 for the approval of the Draft Red Herring Prospectus.
  17. Board Resolution dated [●] for the approval of the Red Herring Prospectus
  18. Board Resolution dated [●] for the approval of the Prospectus

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 Equity Shareholders, subject to compliance with applicable law.



## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the guidelines or regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, 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, the SCRA, the SCRR, the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

### SIGNED BY ALL THE DIRECTORS OF OUR COMPANY

NAME OF DIRECTOR AND DIN	DESIGNATION	SIGNATURE
Bipin Shantilal Sanghvi (DIN: 00462839)	Chairman & Managing Director	Sd/-
Swagat Bipin Sanghvi (DIN: 01695341)	Whole Time Director	Sd/-
Hardik Bipin Sanghvi (DIN: 00617415)	Whole Time Director & Chief Financial Officer	Sd/-
Jayna B Mehta (DIN: 10455416)	Independent Non-Executive Director	Sd/-
Kunal Kamlesh Turakhia (DIN: 10455417)	Independent Non-Executive Director	Sd/-
Rahul Rajan Vattamparambil (DIN: 10455717)	Independent Non-Executive Director	Sd/-

### SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

<b>Hardik Sanghvi</b> <b>PAN: AOBPS1550E</b>	Sd/-
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**Date:** August 2, 2024

**Place:** Mumbai

### **DECLARATION**

I, Bipin Sanghvi, a Promoter Selling Shareholder, hereby confirm, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to myself as a Promoter Selling Shareholder and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct. I, Bipin Sanghvi, assumes no responsibility for any other statement, and undertakings, including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

Sd/-

Bipin Sanghvi

**Date:** August 2, 2024

**Place:** Mumbai

### **DECLARATION**

I, Tarulata Sanghvi, a Promoter Selling Shareholder, hereby confirm, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to myself as a Promoter Selling Shareholder and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct. I, Tarulata Sanghvi, assumes no responsibility for any other statement, and undertakings, including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

Sd/-

Tarulata Sanghvi

**Date:** August 2, 2024

**Place:** Mumbai

### **DECLARATION**

I, Hardik Sanghvi, a Promoter Selling Shareholder, hereby confirm, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to myself as a Promoter Selling Shareholder and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct. I, Hardik Sanghvi, assumes no responsibility for any other statement, and undertakings, including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

Sd/-

Hardik Sanghvi

**Date:** August 2, 2024

**Place:** Mumbai

### **DECLARATION**

I, Swagat Sanghvi, a Promoter Selling Shareholder, hereby confirm, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to myself as a Promoter Selling Shareholder and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct. I, Swagat Sanghvi, assumes no responsibility for any other statement, and undertakings, including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Selling Shareholder

Sd/-

Swagat Sanghvi

**Date:** August 2, 2024

**Place:** Mumbai

### **DECLARATION**

I, Pooja Sanghvi, a Promoter Group Selling Shareholder, hereby confirm, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to myself as a Promoter Group Selling Shareholder and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct. I, Pooja Sanghvi, assumes no responsibility for any other statement, and undertakings, including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Group Selling Shareholder

Sd/-

Pooja Sanghvi

**Date:** August 2, 2024

**Place:** Mumbai

### **DECLARATION**

I, Ami Sanghvi, a Promoter Group Selling Shareholder, hereby confirm, certifies, and declares that all statements, disclosures, and undertakings specifically made or confirmed by me in this Draft Red Herring Prospectus in relation to myself as a Promoter Group Selling Shareholder and the Equity Shares being offered by me pursuant to the Offer for Sale are true and correct. I, Ami Sanghvi, assumes no responsibility for any other statement, and undertakings, including statements made or confirmed by or relating to the Company or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Promoter Group Selling Shareholder

Sd/-

Ami Sanghvi

**Date:** August 2, 2024

**Place:** Mumbai